Wealth Matters Newsletter

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Teaching and Reinforcing Pre-Employment Skills for Special Needs Students

By Jessica Searcy Kmetty

My 15-year-old son, Tyler started his first ever job at McDonald's a couple of weeks ago. It's been entertaining to hear his anecdotes about how each shift has gone when he comes home. Some of his stories have me thinking about all of the skills he's been taught that have now become the cornerstone of job readiness for him.

Most of us take pre-employment skills for granted, but for students with disabilities, these skills are often not learned through osmosis, but rather, they have to be explicitly taught.

These skills might include basic hygiene, dressing and self-care, managing time and travel. Some of these skills can be trained and reinforced at home, while others might be able to fold into a child's IEP.

While in school students can learn to dress for a job interview and how this might differ from more casual dress at home. My neurotypical 14-year-old daughter is learning about professional dress in her education professionals class in high school, so this may be a life skill that all teenagers should be taught.

Managing time is something that needs to be reinforced at school and at home.

Once a child learns the basics of telling time, they can learn time management. Parents can reinforce helping children set alarm clocks or smart phones and helping them to get themselves up in the morning. If a child has a particular activity they participate in (maybe a weekly music lesson or a monthly appointment), you can help them by teaching them how much time it takes to get ready, leave the house, and to drive to their activity. The more opportunities they have to master this skill, the more likely they will be to become proficient.

Travel training is also an essential pre-employment skill.

The key to making travel training useful for the child is not just a fixed routine (e.g., teaching them to get from location A to location B and back again) but how to manage contingencies. What happens if your ride doesn't show up? Who do you call? Who do you inform? What are the next steps?

Aside from home and school, you may wish to utilize resources available through one-stop partners defined under the Workforce Innovation Opportunity Act (WIOA) that congress passed in 2014. These partners offer skills assessments, evaluation of employment barriers and appropriate employment goals, development of an employment plan, group counseling, individual counseling, career planning, short-term pre-vocational services, internships, and work experiences linked to careers, workforce preparation activities and financial literacy services. There's really a lot of services offered!

Look for year-round or summer programs that offer opportunities for your child to gain soft employment skills like punctuality, grooming, travel training, etc. If your kids are anything like mine, they tend to enjoy learning things from others more than learning them from their parents, so tap into as many resources as you can.

Without a solid foundation, Tyler may never have even gotten an opportunity to land his new job. His interviewer openly indicated that he was impressed that Tyler (1) showed up on time, well dressed for an interview, (2) shook his hand, and (3) made eye contact. Sometimes it's the little things that make all the difference in getting the job offer and/or getting paid a little higher hourly rate.

Is Umbrella Liability Insurance Right for You?

In 2020, the U.S. had a record 22 million millionaires, up from 20.2 million in the previous year. An increase in personal wealth may bring greater financial flexibility; it may also bring greater liability. Individuals with high net worth, or those who are perceived to have high net worth, may be more likely to be sued. And personal injury claims can reach into the millions.

Umbrella liability insurance is designed to put an extra layer of protection between your assets and a potential lawsuit. It provides coverage over and above existing automobile and homeowners insurance limits.

For example, imagine your teenage son borrows your car and gets in an accident, seriously injuring the other driver. The accident results in a lawsuit and a $1 million judgment against you. If your car insurance policy has a liability limit of $500,000, that much should be covered. If you have additional umbrella liability coverage, your policy can be designed to kick in and cover the rest. Without umbrella coverage, you may be responsible for paying out of pocket for the other $500,000, which could mean liquidating assets, losing the equity in your home, or even having your wages garnished.

Umbrella liability insurance is usually sold in increments of $1 million and generally costs just a few hundred dollars a year. It typically covers a broad range of scenarios, including bodily injuries, property damage caused by you or a member of your household, libel, slander, false arrest, and defamation of character.

Deciding whether liability coverage is right for you may be a question of lifestyle. You might consider buying a policy if you:

- Entertain frequently and serve your guests alcohol
- Operate a business out of your home
- Give interviews that may be published
- Drive a lot of miles or have teenage drivers
- Live in a manner that gives the appearance of wealth
- Have a dog, especially if the breed is known to be aggressive
- Own jet skis, a boat, motorcycles, or snowmobiles

Who's Got What?

In 2020, there were about 35.1 million households in the United States whose net worth was in the $100,000 to $1 million range (excluding primary residence). Only 173,000 households had a net worth of $25 million or more.

Even if you don’t yet have a tent in the millionaire camp, you may want to consider the benefits of liability insurance. You don’t have to be a millionaire to be sued for a million dollars. Anyone who is carefully building a financial portfolio may want to limit their exposure to risk. Umbrella liability can be a fairly inexpensive way to help shelter current assets and future income from the unexpected.

This is a simplified description of coverage. All statements made are subject to the provisions, exclusions, conditions, and limitations of applicable insurance policies. Please refer to actual policy documents for complete details regarding coverage.

Source: Credit-Suisse.com, 2020

When You Outlive Your Whole Life Insurance Policy

In most cases, you’re probably hoping to outlive your term life insurance policy. Outliving a policy of this type means you’re still around to experience more life, and hopefully, with less debt and obligations to cover in the future. But, what if you outlive your whole life insurance policy?

According to estimates from the US Census Bureau, the population of people over the age of 55 grew twenty times faster than the population of people younger than 55 between 2010 and 2020. The fastest growing age group was people between the ages of 65 and 74, who experienced a nearly 50% increase in growth in those 10 years. Living this long may have unexpected tax consequences. Here’s why.

Many older life insurance policies mature at a specific age, typically 95 or 100. If the insured individual attains that age, the policy’s cash value may be paid out to the policy owner in lieu of a death benefit payment.

Tracking Taxes

This payout may be taxed as ordinary income on the amount that exceeds the policy owner’s cost basis (or the sum of after-tax premiums). The after-tax amount would then become part of the policy owner’s estate and may be subject to further taxation upon the policy owner’s death.

If a policy is owned by an irrevocable trust, the trust is generally responsible for any tax owed, though the proceeds would not become part of the insured’s estate if the insured had no incidents of ownership.

Avoiding the Taxable Risk

This taxable risk may be mitigated through a maturity extension rider, which allows the policy to continue until the death of the insured. Many newer life policies come with a higher maturity age (like 120) or an indefinite period.

If your life policy does mature or expire at a specific age, you generally have a few options other than a payout to consider. Your policy may allow you to continue paying premiums until your death, or they may keep your policy active but not require you to continue paying. Others may offer exchanges into new policy or other opportunities. If you are faced with these options, it may be best to discuss them with your financial advisor who can help you determine which choice is right for you.

Sources and Footnotes:
1. Brookings.edu, January 11, 2021
2. Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

3. Investopedia.com, 2020
4. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.
5. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.

Community Involvement

We had a great time volunteering with Giving the Basics. With community help, Giving the Basics provides the necessities of life, not covered by government assistance programs, that most people take for granted such as laundry soap, shampoo, deodorant, toilet paper and other personal care hygiene products. Giving the Basics efficiently tracks the need for products and distributes them to more than 76 pantry locations and 350 schools, making the basics accessible to 250,000 people monthly. To learn more about Giving the Basics, visit https://www.givingthebasics.org/. They offer many ways to serve or get involved!

Webinar Recap

We enjoyed hosting Alison Patterson from Patterson Philanthropic Advisors, LLC for our "The Value of Intentional Philanthropic Planning" webinar. Alison discussed how to create substantive impact and help maximize the value of your charitable dollars and time and provided guidance on how to create a philanthropic plan that is driven by clear thoughts and intentions. If you would like to see the replay, email cali@searcyfinancial.com.

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