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## Personal Financial Disaster Planning



You may have noticed that we've not sent out a newsletter for a couple of months. We at Stage 2 Planning apologize for this, but there has been a good reason. I've been going through some very tough Cancer treatments for the past year and have had some challenges with recovery. The good news is that I'm on the road to recovery and can start writing once again.

While going through the last four months of treatment and recovery the thought of disaster planning for a chronic health issue has crossed my mind more than once. I thought this first newsletter back should cover some of the things I've learned.

### Some basics

Planning for a health emergency needs to start before the actual event. This is especially true if you are an employee and might be out of work for an extended period of time.

If you must resign from your employer, your medical insurance can often lapse with your separation from your employer. This is where many people move from having a relatively comfortable living to having to deal with medical bills that can potentially cause you to declare bankruptcy.

Second, you need to identify someone who can be your advocate with your employer as well as with the medical structure--your doctors, the insurance companies, and the hospital. Many times you will be in a poor position to deal with these issues yourself. You need to have someone you can count on to negotiate with these organizations if it becomes necessary.

### Financing the disaster

Living with a chronic illness is expensive. Not only will you have less income coming in, but you will have higher expenses. The deductibles for your medical cost can run thousands of dollars even if you maintain your insurance during your illness.

Having an emergency fund can mean the difference between maintaining your lifestyle and having to make radical changes while you're attempting to get your health back.

We suggest that you have an emergency fund of at least six months of living expenses if you have disability insurance. If you don't have disability insurance, we then suggest that you have eighteen months of expenses set aside for a long-term medical emergency.

### Insurance can help

The chance of having a medical event that can cause a long-term disability is quite

We believe that a successful wealth management relationship starts with clarity of purpose.

Before embarking on any plans or strategies with our Client, we first seek to develop a clear understanding of your personal and financial goals.

We then work with you to select and implement strategies that will help you move toward your goals.

high. Individual disability insurance policies can be expensive, but they can also help you maintain your lifestyle if you are unable to work.

We also suggest that you speak with your employer about putting a group disability option in place. An employer sponsored group disability program is often very cost effective. For a few hundred dollars per year, you and your co-workers can protect your income if you can't work.

We at Stage 2 Planning would be glad to spend some time speaking with you about a personal disaster plan and how you can work with your employer to develop plans to protect you if the worst should happen.

Warmest Regards,

Stage 2 Planning Partners

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