

Let's Talk

Conversations that make a difference.
Now and in your future.



INSIDE

2 Big Topics

Big Rewards

Dealing with life's big decisions

6 What If

Don't be afraid of change

9 The Ideal Equation

What does it take? Single? Married?

10 Tips & Insights

Replacement income
has no gender

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Genworth Financial 

Talking about **big topics**

Taking stock of what matters and what we've achieved in our lives is a great way to get started on one of life's most important subjects. You and your family have worked hard to create the life you want. Now might be a good time to have a conversation



brings big rewards.

about what it will take to preserve what you've created once you're gone. Think of it as an opportunity to make sure the people and things you care about continue to be cared for, so that a tough time isn't tougher than it needs to be. Why not start the conversation?

What is your main source of happiness? What makes you smile?

“Who or what make up the most important part of your world?” Have you ever asked yourself that question? Have you ever posed the question to someone you love? Maybe it goes without saying that family and loved ones are your number one priority, and that a particular lifestyle is central to your happiness. What is it for you that takes precedence over everything else?

Knowing the answer allows you to put your energy and resources where your values are and plan accordingly. Once your priorities are in clear focus you'll have an easier time making the decisions that best support them.

After you've given this question some thought, you may want to share what matters most to you with the people who matter most. To think “it goes without saying” isn't always true.

Give yourself permission for a short time out.

Life moves incredibly fast these days and as a result we rarely stop to consider what we're moving towards, and considering how we're living. Are we enjoying the pleasure and clarity that comes from being still long enough to think? Are we taking the time to check in and really engage with the people we care about? Are we putting our energy and resources where our values are? These questions may require looking at things that

make us a bit uncomfortable—it's natural to feel uncomfortable—but there's a wonderful sense of security to be gained.

Talk freely and listen closely. It's human nature to put off dealing with big life decisions. We all do it. And this particular subject is often one people put off. But life is unpredictable. The more you talk and listen, the more options will reveal themselves and often, the richer and more intimate the experience can be. When it comes to sitting down and making a plan, be easy on yourself. You'll sort it out.

Take a look at the life you've created, plan how it might unfold without you, then get back to the business of enjoying it. Share your thoughts and ask those you love to share theirs. Explore your options—weigh the pros and cons.

The important thing is to simply begin.

Let's Talk is a way of encouraging you to consider some of life's big issues, and a means of giving you some of the tools you may need to have these conversations. Your family's financial future is one of these big issues, and likely has a lot of different parts. We hope you'll see the subject as rich and interesting, worthy of thoughtful consideration, and not a problem to be solved. To that end, you'll find tips, advice and ideas to help get the ball rolling. That said, this is not something that has to be done all at once, it doesn't have to be done today. But it's good to put it on your radar and get started.

THE #1 Fact of Life

You know how they say there are only two guarantees in life, and taxes is one of them? Well, this is about the other one. To be clear...death. It's perfectly okay that looking at this subject might make you uneasy. But planning for the end does not make it come sooner, in fact it might even have the opposite effect—one less thing to worry about. Being able to decide right now how you want your family to live, and how you want to be remembered, might be challenging, probably will require some time and maybe even professional advice, but it's also empowering, even liberating.



Fresh perspectives on a tough topic:

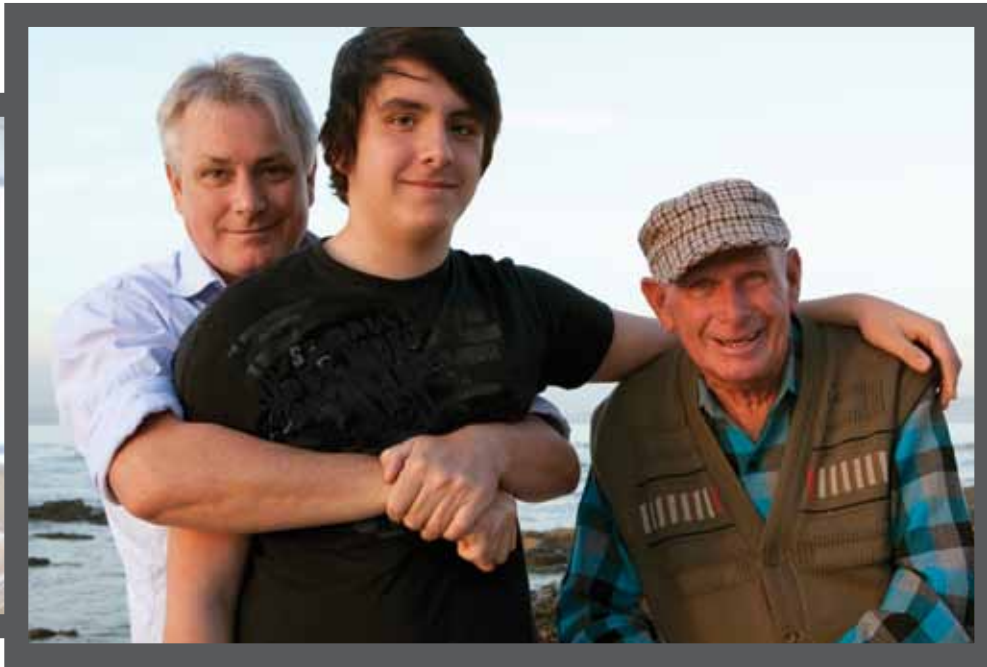
THE GOOD NEWS? THERE DOESN'T HAVE TO BE ANY BAD NEWS.

When you start talking about life and what comes after you're gone, stay positive and upbeat. After all, it's not your imminent demise you're talking about. You're simply taking advantage of this moment and this opportunity to help secure your family's future and a particular way of being remembered. If you're having the conversation with a spouse, you might learn things about each other that surprise and delight you. Maybe the idea of someday "downsizing" your home and lifestyle would be desirable. Perhaps this is your opportunity to leave money to causes that have always been dear to your heart but that you weren't able to give a big enough place in your budget. Just as with planning for retirement, planning how your family will carry on and how you'll be remembered is up to you.

YOU CAN PUT YOUR MONEY WHERE YOUR HEART IS.

Too often when we think about finances—whether short or long term—we jump straight into the nuts and bolts instead of thinking about what kind of opportunity we really have. If family is the most important thing in your life, isn't this an opportunity to show it? Certainly you do your best to provide for their current needs, but this is your chance to be proactive about their future. Do you have a savings account or a college fund? Do your "most important things" occupy an equally important place in your budget? Have you made sure that you're not leaving your family in debt or struggling? These are questions worth thinking about and—if you haven't already—doing something about.

*The best time to plant a tree was 20 years ago.
The second best time is today.*



3

Good reasons to talk about the future today.

- 1 -

“Tomorrow” doesn’t come with a guarantee.

- 2 -

The sooner you start planning, the more confident you’ll feel.

- 3 -

Your and your family’s financial sense of security can never come too soon.

Who to talk to. How to start:

Thoughts for rewarding discussions.

Open up the conversation.

Even though this is about what happens when you are no longer here, it’s good to think of it as a collaboration. If you’re married, you’ll probably want to include your spouse in the planning process because of the impact your passing will have. You may want to include your children, depending on their age. And they may want to take part, if only to be reassured that all will be well, or to understand what is planned for their future. You may also want to think about this topic *in reverse*. Think and talk about how your spouse’s passing would impact you and your family. Talk about how you should collaborate with your spouse in his or her planning process.

Think about all who will need to be involved in your plans, and not just in an emotional way, but a logistical way as well. You may want to consider including your “support group”—close friends, parents, neighbors, siblings, godparents—people your loved ones would call on in a time of need. If you have an attorney, a banker, or a financial advisor, you may want to let them know what you have in mind, and ask their advice. It’s very normal for this to sound daunting, but, as with most of life’s big issues, the more input you get, the more grounded the decisions you’re likely to make.

The conversation may be hard to start, but no one ever regrets having done it.

Two little words

THAT SPARK GREAT, BIG CONVERSATIONS:

What if?

Often we avoid “what if” talk because it recognizes that things could change, that there might someday be a shift in the status-quo. But asking “what if?” can lead to rich and important conversations and it’s also a way of making or revising plans.



Some “what ifs” might be “What if I died first? What do you think you’d do? Would you want to stay in the house? What if I had a life insurance policy? What would you use that money to cover? Would that be enough? What can I do now to make things easier in the short term and long term?” Chances are good that giving voice to various possibilities, then deciding on a game plan, will be a very comforting exercise, now and later.

When their children were three and five, *Lorraine and Tim* started thinking about the “what ifs”—such as a scenario in which Tim was not present. They were about half way through discussing their plans—all of them based on having to replace Tim’s income—when Lorraine said, “Wait a minute, are we missing something?” Though he made a good living, if Lorraine were to die Tim’s income might be diminished if he decided to work less in order to spend more time home with the kids. He would most likely need help with the children, and living expenses would certainly not go away. Tim’s job required a fair bit of travel, so somebody would have to stay with the children. Tim would, essentially, be covering the duties of both a wife and mother. In the end, two life insurance policies seemed like a wiser decision.

The idea is to trouble shoot as much as possible now so that one of life’s most emotional times isn’t also full of questions and confusion.

Women’s life insurance coverage is 63% that of men.

LIMRA, 2005 US OWNERSHIP STUDY

Whatever you say,
people respond differently.

Talking to the significant people in your life about this important topic will be:
□ easy, □ fun, □ like pulling teeth, □ the stuff of high drama, □ a non-event.

Here are some common types of reactions and how to make sure it's a
constructive conversation.

5 Common Personality Styles

1. THE ETERNAL OPTIMIST

These types will make it easy on you. They're the ones who never heard anything they couldn't put a positive spin on. "Oh good, you're taking care of things! And besides, it won't happen for a long, long time."

While everyone loves an optimist, it's important to make sure they are hearing you. Tell them you appreciate their up-beat attitude, and that you're counting on them to keep spirits up when your family and friends need it most. Giving them a definite role that so accurately matches their personality will serve to make the situation real—not imminent, just something that will require and benefit from their participation.

2. THE PERPETUAL PESSIMIST

Despite daily evidence to the contrary, they're always looking up, expecting chunks of sky to hit them. The mere mention of the D word will have them putting on their funeral attire, which is probably freshly pressed and hanging toward the front of the closet.

What can you do? As usual, you'll need to be the voice of reason. Let them know that this is something you don't anticipate happening anytime soon, but that you feel so much better to be taking care of things now. Thank them for taking the situation seriously—this puts a positive spin on their negative outlook.

3. THE NODDER

These folks engage quickly enough, but you can tell they're just going along. They certainly appear to be listening and understanding... still, you wonder if they're simply being polite, because for whatever reason, they may not be truly engaged.

Repeat yourself to make sure you've been heard. Next, look them in the eye and say, "Thank you for listening so well. Now I'd really like to hear what you think." The gentle directness of this gesture invites a focused engagement.

4. THE PROCRASTINATOR

They sense a serious discussion coming on. Suddenly they have to clean the gutters, or wash the unwilling cat, or one of a million other things that you both know can wait.

Resolute directness is required here. Assure them it's not bad news, just important "stuff." Make a date to talk and insist they stick to it no matter what. Better, yet, ask them to give you a time when it would be convenient to talk. Often, what a procrastinator really needs is time to digest the idea of talking and not the talking itself.

5. THE JOKER

Some people manage to make light of even the heaviest subjects—it's their way of processing things. So let them do just that, but at some point make sure they understand how important this is to you.

They clearly prefer to keep things light, so work within that realm. Go along for a few minutes. Let them know you enjoy their lighthearted approach to everything. Then pause and softly say, "Can we talk about something serious?" This allows fun-loving types to remain so, while still taking care of a matter that is important to both of you.

Talking to the Kids

They understand
more than you think.



Children's personalities develop early on. Some are always care-free, some are born worriers. But no matter how your child approaches life, it's important to consider how you would have a conversation with a child about a life without you—and just as important, when you would have such a conversation.

A child's age and maturity level will play a critical role in determining when, how and what you discuss. Chances are good that at some point he or she might ask, "What if something happens to you? Where would I live?" Having a confident answer may be a source of great comfort to you both.

*If stay-at-home
moms got paid a
fair wage for the
services they provide
it would be almost
\$138,095 per year.*

HTTP://ARTICLES.MONEYCENTRAL.MSN.COM/
COLLEGEANDFAMILY/RAISEKIDS/
THEPRICEOFAMOM.ASPX, OCTOBER, 2008,
VIEWED OCTOBER, 2010

Don't lose that thought.

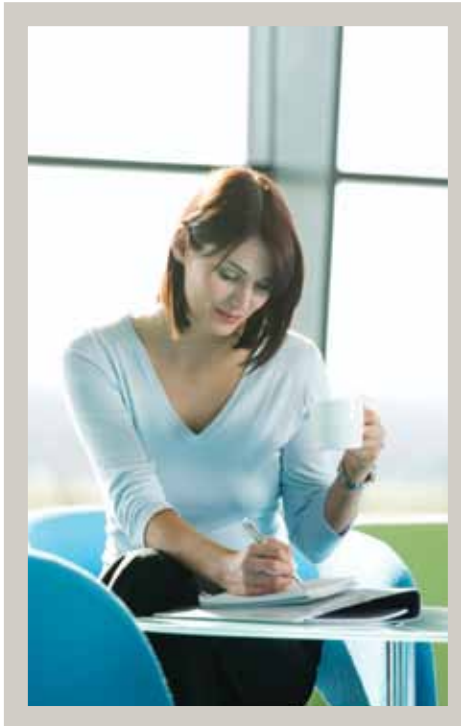
What to talk about, what to consider.

HOW DO YOU WANT TO BE REMEMBERED?

This is another important question. Will you be remembered as somebody who led by example? A giver? Someone who delighted in the success of others and took steps to promote it? A person who took care of things? To a great extent, how you will be remembered is up to you.

HOW WILL YOUR LOVED ONES' FUTURE LOOK?

For whomever you leave behind, no doubt your wish is for their lives to be filled with possibility and devoid of struggle. While some experts suggest purchasing 5 – 10 times your annual salary in life insurance coverage to secure your family's



financial future, recent research shows that there is not a one-size-fits-all formula. People who have received money from life insurance policies say they really needed twice as much as was planned for. In short, nothing takes the place of figuring out your unique situation and thinking about both short term and long term needs.

If you're married, do you want your spouse to have the choice of working or working less? If you've always been a caretaker, your family's financial security beyond your years will let your loved ones know that you're still on the job. The important thing is to empower your loved ones, to leave them with the ability and the means to make choices that are not based on financial constraints.

Just because you don't have dependents doesn't mean you don't have concerns.

If you're single, what obligations will remain after you're gone? Do you have parents or relatives you want to take care of? Are there people who are depending on you now, or who may be depending on you later in life? Are there godchildren, nieces, nephews, or friends you wish to leave something to? Will your pets need to be cared for? Are there charities and causes to which you'd like to give? Keeping in mind what is important to you will help you put plans in place that will ensure those people, pets and things are cared for.



Your Ideal Equation

When we take on debt, we assume that we'll be earning income as long as we have that debt. Unfortunately, the obligation to pay off debt remains after a person and their income are gone. That's why your "ideal equation" should consider not only the short-term costs associated with the death itself such as funeral expenses and medical bills, but also long-term expenses. Long-term expenses would be things like mortgage, car payments, and student loans. Planning for outstanding debt might mean your loved ones won't have to dip into savings, go back to work or work more to meet those obligations. It will be a very difficult time no matter what. The idea is to make sure that your passing doesn't carry the additional weight of significantly altering your family's financial picture.

A LIST TO GET YOU GOING

Some people can quickly identify what funds will be needed to cover obligations and other expenses once someone passes away. Some will have a tougher time. Have a look at these general areas and see what might apply to your situation, for both short-term and long-term needs. This exercise will help you determine the items and estimated amounts you should consider when deciding on the type and amount of life insurance coverage. Every list will look different. Consider your situation.

HOUSING

- Mortgage Payment or Rent
- Utilities
- Home Maintenance
- Yard Maintenance
- Insurance
- Homeowners Association Fees
- Property Taxes
- Relocation Expenses

FAMILIES

- Childcare
- Household Help
- School Supplies & Fees
- Health Insurance
- Entertainment
- Lessons
- Sports and Other Activities
- Clubs

TRANSPORTATION

- Auto Maintenance
- Periodic Replacement of Vehicle
- Car(s) for Others
- Auto Insurance

LIFESTYLE

- Groceries
- Clothing
- Vacations and Travel
- Second Home
- Birthday and Holiday Expenses
- Entertainment and Dining Out
- Periodic Technological Upgrades and Must-Haves

EDUCATION

- College for Children
- Continuing Education for Surviving Spouse
- Help with Grandchildren's College

DEBT & ONGOING OBLIGATIONS

- Credit Card Debt
- School Loans
- Funeral Expenses
- Medical Bills
- Estate, Property and Other Taxes
- Family Members Who Will Need Lifelong Support
- Obligations to a Former Spouse and/or Children

PETS

- Veterinary Bills or Procedures
- Pet Food
- Grooming
- Boarding
- Arrangements for Pets Who May Outlive You

MEDICAL EXPENSES

- Current and (to the degree you can predict) future medical or long-term care costs

OTHER CONSIDERATIONS:



Depending on the family's income, it can cost from \$185,000 – \$285,000 to raise a kid—and that's before paying for college.

[HTTP://MONEYCENTRAL.MSN.COM/CONTENT/COLLEGEANDFAMILY/RAISEKIDS/P37245.ASP](http://moneycentral.msn.com/content/collegeandfamily/raisekids/p37245.asp)
VIEWED OCTOBER, 2010.

Tips & Insights

Important Points to Ponder



Ladies First

Women should consider taking a leading role in life insurance discussions and plans. The reality is that women often outlive their spouses and will be most impacted by whatever decisions have been made. Without careful planning, women can be left with fewer resources than they had counted on. Take the initiative and start the conversation today.

Women on average outlive men by 5 years.

[HTTP://WWW.CDC.GOV/NCHS/DATA/NVSR/NVSR57/NVSR57_14.PDF](http://www.cdc.gov/nchs/data/nvsr/nvsr57/nvsr57_14.pdf),
APRIL, 2009, VIEWED OCTOBER 2010.

Experience is the best teacher.

Often it is difficult to relate to something that you have not experienced personally and that you believe will not happen to you in the foreseeable future. Sometimes, though we can learn a lot from the experience of others.

- 55% of spouses whose financial situation improved after their loved one passed away were involved in the decision to buy life insurance.
- 59% of people who worked with a financial advisor were confident that they would have enough money to maintain their standard of living through their retirement.
- 65% of people whose loved one had their policies reviewed annually by a financial professional were able to use the life insurance pay-out for immediate needs *and* long term plans such as college and retirement savings.

Talking about and being involved in the planning and decision making around life insurance coverage can help secure your and your family's financial future when someone passes away.

GENWORTH FINANCIAL LIFE BENEFICIARY STUDY, 2010

Replacement income has no gender.

If income goes away—whether it's his or hers—it either needs to be replaced, or some lifestyle changes may need to occur. Too often it is assumed that only the man or primary breadwinner needs to be insured, but this notion is shortsighted. Many households today rely on two incomes, and a loss of either could have significant consequences. Further, if there is a stay-at-home parent, it's because the family places significant value on that role; having the financial means to fill the day-to-day responsibilities of that role, should it become necessary, is vital.

Almost 2/3 of moms without adequate life insurance coverage did not work with a financial advisor.

GENWORTH INSURANCE ATTITUDES RESEARCH, OCTOBER, 2006.

Andrew and Catherine had three children and Andrew ran his own small landscaping business. Some years were better than others and although Andrew had finally been persuaded to buy a life insurance policy, a number of times he approached his agent about canceling it. But the policy had been accumulating cash value and his agent showed Andrew how to use that cash to keep paying the premiums until business got better. At age 42, Andrew died suddenly. Because he had purchased the policy and managed to keep it, his family's financial situation was not compromised when he died. His family was even able to set aside some money toward the kids' college education. Acquiring a life insurance policy had been important, so figuring out how to keep it, though not always easy, was critical.

Half of U.S. households readily admit they currently don't have adequate life insurance coverage.

LIMRA, 2010 U.S. OWNERSHIP STUDY

“*My dad* died when I was 12 and he didn't have much life insurance. Mom had to work two jobs to make ends meet and we hardly ever saw her. So in a way, I lost both my parents.”
-Michelle P.



The workplace: More food for thought.

Got Benefits? Many employers offer life insurance as part of a regular benefits package, and probably offer additional coverage that can be purchased. However, the coverage may be lacking, and buying additional coverage through your company can be more expensive than buying it outside the workplace. Also important to keep in mind is that people will typically have many jobs over their lifetime and a company's group coverage is usually not portable. The fact is that sometimes obtaining a policy on your own is better—the price will be determined by your own age, health, and wellbeing, and not by the pool of co-workers. In short, it's never a bad idea to talk to an advisor about what's best for you.

Freelance? Part-time?

Contract Worker? If you are not a permanent employee, which describes more and more people these days, you probably don't have any employee benefits, or very few. But just because an employer doesn't offer it doesn't mean you don't need it.

The Inside Scoop

When it comes to employer-offered life insurance, read carefully and do a bit of investigating. You could very well find the same coverage or better for less money by shopping around.

Be flexible. If and when your life changes, **YOUR PLANS MIGHT NEED TO CHANGE, TOO.**

Part of having a solid plan is knowing that it requires periodic adjustments. Your income might have changed. Your health may have declined, or improved. Your children may no longer be dependent, or your family may have expanded. Also, your plans for retirement might have undergone a complete retooling. Since lives change daily, it's a good idea to revisit your life insurance coverage at least annually.

If you're working with a financial advisor, "change" is something that should be part of your annual discussion. Such a person can help you see whether you need more coverage, or less, or perhaps an altogether different kind of coverage. And it's perfectly okay to have different types of coverage overlap if that's what your situation calls for, whether your needs are temporary or ongoing.

When an emergency arises, you and your family will never regret having "wasted" all those annual premiums on insurance you "don't need."

WWW.KIPLINGER.COM, "EIGHT KEYS TO FINANCIAL SECURITY";
DECEMBER 2008, VIEWED OCTOBER, 2010.



Families are living things: they grow, they shrink, they age.

For better or worse, people divorce and remarry, making blended families commonplace these days. Are there children from a first marriage? Children from a second marriage? Have the kids become independent? Have your parents started to rely on you more? When and if your family situation changes, you may want to think about updating your plans for their financial future.



Plan B

Take out the guesswork.

If married, it's easy to make assumptions about how you think that your spouse would want you to live in the event of his or her passing. It's also an easy subject to put off because it requires dealing with a sad possibility. That's okay, it's normal. But isn't it better to know, and have discussed what's important, than to guess? Life is unpredictable and frequently requires us to change course, and this becomes even more true as we grow older. So why not face it head-on? Create a Plan B, and then hope you'll never need it. And if you do, you'll feel better knowing that you created it with your loved one's input and you can feel confident putting it into place.



Adrienne and her Aunt Gin had always been especially close. Over the years they'd enjoyed many family get-togethers in the beautiful old Victorian home that was Aunt Gin and Uncle Hal's pride and joy. When Hal passed away, the upkeep of the property quickly became too much for Gin. The whole family watched her struggle without complaint until finally Adrienne sat her down for a heart-to-heart. "Is this what Hal wanted? For you to wear yourself out keeping the house up?" It turned out they'd never talked about it, Gin had just assumed. "I think he would want you to enjoy your life." Just hearing the words helped Gin move on, free of guilt, and into a new way of life. Now she lives in a nice condo and watches somebody else mow the lawn. Adrienne soon had a heart-to-heart with her own husband.



All this talking and planning? IT'S EASIER THAN YOU THINK.

This business of confronting your own mortality and then planning for what comes after is big, important stuff. But it can also be very rewarding. The sooner you take care of tomorrow, the more you'll enjoy today.

Here are a few simple steps to get you started...

- 1 Talk to your parents, your kids and anybody else who occupies an important place in your heart or world.
- 2 Talk to your financial professional or if you don't have one, find one with whom you are comfortable.
- 3 Make a plan, share it with your loved ones and put it into action.



Steve is a financial planner whose parents had both been teachers, so “Why didn't you become a teacher?” was a fair question. But Steve had sentimental reasons for not doing so. His father had died when Steve was 23 and his mother passed away just five months later, both quite unexpectedly. But they had made certain that if such a thing were to happen, Steve and his younger brothers would be taken care of. Thanks to his parents' planning, the boys were able to continue living comfortably, and arrangements had been made to pay for their college tuition, and even for their weddings. The older Steve got, the more his gratitude grew for his parents' willingness to plan a future in which they might not be present. He wanted to make that happen for other families so he became a financial planner.

“After Bob died I didn’t feel secure at all emotionally. It made it all the more important that I could feel secure financially as a result of his life insurance.” - *Mary D.*

“The best thing we did was to research all of the life insurance product choices and make choosing a policy a joint decision.” - *Teresa E.*

“The first 6 months were really hard—I had to learn so much. Having the insurance money freed me from tough financial worries and helped me focus on moving forward.” - *Jeanne D.*

Hindsight. Insight.

It’s always helpful to hear how planning and life insurance have worked for others. Here are some observations from those with first hand experience.



“I am reminded that you can’t plan for everything, but it still helps so much to have some sort of plan. Our life insurance used to be a very small portion of our retirement plan; but when my wife got sick, all of our retirement funds went to pay for her illness. After she died, our life insurance became a critical element of my retirement plan.” - *Steve B.*

“My husband had handled everything, so when he died I struggled just to find the paperwork, much less figure out what to do. I wish I had been more involved. It made everything so hard at a time that was already very tough.” - *Elizabeth H.*

“Purchase the amount of life insurance you can afford and, if necessary, consider cutting back on non-essentials if you have to. You never know if and when something will happen to you and you never want to leave your family struggling to survive.” - *Sara T.*

“I’m glad I already had an advisor I trusted. I can’t imagine trying to find one while I was emotionally vulnerable.” - *Elena C.*



Aren't we lucky to have a life worth protecting?

The Let's Talk series is designed to help families think through important issues. Other editions in the Let's Talk series may help you have conversations about long term care and retirement. Ask your financial professional for these and help in securing your financial future.

Let's Talk

Conversations that make a difference. Now and in your future.

The Genworth Financial family of companies help millions of people achieve their dreams of financial independence, a comfortable retirement and protection for their loved ones.

For more information visit our website:
genworth.com/lets-talk

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