Wi$e Up Teleconference Call  
Estate Planning for Women  
June 30, 2006  
Speaker 3 – Pamela Bonds

Jane Walstedt: Now let me turn the program over to Jeannie Miller, who works in the Women’s Bureau Regional Office in Kansas City, Missouri, to introduce our third speaker.

Jaennie?

Jeannie Miller: Thank you, Jane.

It’s my pleasure today to introduce Pamela Bonds, a 20-year professional of the financial service industry. She is a personal financial representative with Allstate Financial Services LLC. She is committed to serving the needs of Allstate exclusive agents and their clients.

Pamela has dual degrees in Business Administration and Finance and Marketing from Beacon College in Washington, DC. She is fully licensed in Series 7 and Series 63 for investment services, and is licensed to assist clients with their life and health insurance needs. [Passing an exam is normally a pre-requisite for being licensed by a state before a broker-dealer or investment adviser can work with investors. The exams are administered for the North American Securities Administrators Association by the National Association of Securities Dealers. [Series 7 is the examination for General Securities Representative. The Series 63, Uniform Securities Agent State Law Examination, is the state law examination for broker-dealer representatives. See www.nasaa.org/Industry_Regulatory_Resources/Exams/473.cfm. For a definition of “broker-dealer” and “investment adviser,” see]
A native of Alton, Illinois, Pamela is President of the Black Chamber of Commerce of Greater Metropolitan St. Louis. She is a member of the Professional Organization of Women and current Co-Chair of the Professional Development Committee. She also serves on the Board of the Gateway Sickle Cell Advisory Committee.

Pamela has organized several fundraisers, health fairs, and career fairs and has fulfilled numerous pro bono speaking engagements for education, corporation, community and charitable organizations throughout the Greater St. Louis metropolitan area.

She is a member of the Transformation Christian Church and World Outreach Center.

Welcome, Pamela.

Pamela Bonds: Thank you, Jeannie.

Jeannie Miller: You’re welcome.

Pamela Bonds: Good afternoon everyone.

Woman: Good afternoon.
Pamela Bonds: I would like to thank everyone on the panel today. Patricia did a wonderful job; Rebecca was just fantastic.

I also want to thank the teleconference planning team for providing us with an opportunity to share information on topics that I think will benefit us all.

I think Rebecca and maybe Patricia both kind of touched on this—that I would talk about the financial aspect of the estate planning.

And obviously it makes sense to say that the key to a successful estate plan is starting with a strong financial plan.

I tend to think of the financial plan in terms of a pyramid. And in the form of a pyramid you have obviously a base or foundation, and then the pyramid of course goes up and tops off at an ending point at the top of pyramid.

I want to offer you today several strategies to guide you toward a goal of successful financial planning.

As I’ve mentioned, the foundation of any pyramid is going to be something. And typically we say the foundation is going to be some type of cash, cash account or some type of cash equivalent, which could be in the form of CDs, money market accounts, savings accounts, et cetera.

Most financial and budget experts say that you should set aside at least three to six months of savings in some type of savings account, checking, saving, et cetera, something that’s very liquid and you could
have access to very quickly in the event of an emergency or an opportunity. And most of us may know the difference between an emergency and an opportunity.

An emergency is something that happens just immediately. It just requires your attention right then and right there.

An opportunity on the other hand may require three things. It could require you to 1) recognize the opportunity, 2) [decide] whether or not you’re going to take advantage of it or make a decision to take advantage of it, and 3) it may require [a] little thing called money.

For many of us, the savings account is usually short term. Again you want to be able to access the money pretty quickly in the event of an emergency or an opportunity. It’s usually like a roller coaster; you build the account up and then something happens and you need access to the money and the account goes down again.

One of the things that we want to stress -- and this has also been something that both of the presenters have mentioned in the course of their comments -- is that you need some type of beneficiary designation. And that goes all across the board. Even if you have a savings account or a checking account at the bank, you do need some type of beneficiary designation.

In the case of the bank accounts, savings accounts, et cetera, a transfer on death is what you would use. And it’s pretty much just as it sounds. You’re going to put some type of beneficiary on your checking or savings account that in the event of your death, there’ll be someone who will, as I say, have access to that money.
The next level of a financial plan—and I think Rebecca might have touched on this or Patricia [or] both-- [is] that you need some type of life insurance. It makes good sense to insure some aspect of yourself.

I think Rebecca might have talked about the human life value. In the event that you were to take a look at what you’re actually worth, most of us are probably worth very much more than what we’re putting ourselves down [for] on paper.

One million [dollars], $2 million could be a human life value for many of us. So obviously you want to protect that asset, and the life insurance is certainly a way to do that. It’s going to give you the ability of providing an immediate estate upon your death to your family, and certainly it makes good sense too, taking into consideration that you care about your family and you want to take care of them.

There’s usually three types of life insurance that people think about. One being term life insurance. And that’s pretty much again just as the name implies. It’s going to last a certain term, whether it’s 10 years, 20 years, 30 years. You buy the protection usually for that “what if.” And it could be that you’re buying it to protect a specific financial need, whether it’s your home -- to make sure in the event of your death that your home is paid for--whether it’s college education for your children. It’s going to provide [for] some specific need, for the “what if.”

The other type of life insurance that people have heard a lot about lately is whole life, and it’s pretty much going to give an opportunity to build cash value. Unlike the term life insurance that’s just for the “what if,” the term life insurance doesn’t build any cash value, but the
whole life insurance actually does give you the ability to have an investment portion of the life insurance, and it gives you the ability to build a cash value.

Use of whole life insurance can have [provide] additional savings for retirement, estate preservation as soon as you die. There’s a lot of great benefits to whole life.

Another life insurance that has come into play most recently is universal life. Again this is a permanent insurance with a tax sheltered investment portion built right into the plan.

Unlike whole life, where the premiums are pretty much set for the rest of your life or set for a set period, universal life can have some fluctuations.

Now you can customize a plan that’s going to be a set premium, but there could be some flexible premium structures set up as well.

I think I’ve discussed about three terms -- three types of life insurance -- which make sense. There’s also other insurance products that actually come into play when you start talking about estate planning.

One of them is long-term care insurance. [Long term care insurance is insurance that covers the cost of continual custodial care in either a nursing home, other institutional setting, or the policy holder’s home. (Patricia Annino, Women & Money: A Practical Guide to Estate Planning).] The idea certainly is not how much you make but how much you keep that really counts. So having said that, it does make good sense to consider some type of protection plan in the event -- and I think both Rebecca and Patricia talked about this -- in the
event that something happens to you and all of a sudden you’re not in
a position to handle your affairs.

Long-term care--and many of us certainly recognize we may be young
enough that we don’t think about this right now today, but you may
have parents or grandparents who may have experienced some of these
things [such] as having to have nursing home care or “skilled care” [a
type of health care given when you need skilled nursing or
rehabilitation staff to manage, observe, and evaluate your care] in their
home-- long-term care [insurance] can help them protect their assets.

Obviously the idea is that you want to make sure that the assets aren’t
paid off to the nursing home. So it makes good sense to consider some
type of long-term care [insurance] plan that will cover those costs [the
costs of medical and non-medical care provided at home, in the
community, in assisted living, or in nursing homes to people who have
a chronic illness or disability] in the event that that illness or sudden
illness happens to happen to one of your family members. [Find
information on long-term care at
www.medicare.gov/LongTermCare/Static/Home.asp.]

The other thing that you may want to consider in terms of insurance
products is some type of an annuity [an annuity is a series of fixed
payments paid at regular intervals over the specified period of the
annuity. See www.investopedia.com/terms/a/annuity.asp]. Obviously
an annuity also is going to give you some type of retirement planning
in terms of the tax deferral. It also gives you the ability to make some
decisions about how to invest a portion of your money over the long
term.
There’s **fixed annuities** and there’s **variable annuities**. And pretty much the words pretty much say what they mean. [For information on types of annuities, see *Seniors: Educate Yourself on Annuities*, The National Association of Insurance Commissioners, at [www.naic.org/documents/consumer_alert_annuities.htm](http://www.naic.org/documents/consumer_alert_annuities.htm). For information on variable annuities, see *Variable Annuities: What You Should Know* on the Web site of the U.S. Securities and Exchange Commission at [www.sec.gov/investor/pubs/varannnty.htm](http://www.sec.gov/investor/pubs/varannnty.htm).]

The fixed annuity is just that. It’s going to be a fixed rate of return, and the variable annuity is going to give you the ability to participate in the market, and it’s going to have some fluctuation.

Obviously if you’re a conservative investor, the fixed annuity may make better sense than the variable annuity.

We’ve talked about also the fact that [your] beneficiary is a key factor in any of these investment strategies that you’re using. So, with life insurance obviously there’s a beneficiary, as with the annuity there’s the ability to list a beneficiary.

The IRA account also is another way to plan for your retirement. Obviously you can have 401(k) plans, or if you’re in a teaching position or some type of medical position, you may have a 403(b) plan. All of these options give you the ability to plan for retirement. And each and every one of them is going to have some type of beneficiary designation attached with it [that is, you will need to designate a beneficiary to receive the assets in these plans, when you die].
The Individual Retirement Account is, just as the name implies, an individual account. So it is not possible to have a joint IRA, but it is possible for say a husband and wife to each have his and her own account.

I don’t know if my time is up yet.

Jane Walstedt: You’ve got a couple of minutes.

Pamela Bonds: Okay.

One thing that I found…and I did a little research before I got on the call, and I think Rebecca or Patricia may have mentioned the trust. The idea is that you want to make sure that when you’re not in a position to take care of your affairs that there’s someone there that can do it for you. But sometimes you may not think that your children or your grandchildren are responsible enough to handle a large inheritance.

I found something called an incentive trust. And it was very interesting because it’s a legal entity that holds and manages assets for the grantor for the benefit of another person. And it’s typically established by a senior family member with the strategy of distributing wealth to younger generations, but it gives the younger generations an option to say how that money is going to be used. [See “Encouraging Good Habits With An Incentive Trust,” April 21, 2006, http://www.investopedia.com/articles/pf/06/incentivetrust.asp. The grantor can use the incentive trust’s provisions to reward a beneficiary for achieving a wide range of desired behaviors or goals, such as making trust distributions contingent on the beneficiary achieving
certain educational goals, or the grantor can stagger distribution of funds over time at various benchmark ages.]

So I thought that was quite interesting that you can again -- and I always say this -- control all of your assets from the grave. Certainly it makes sense to take a look at a lot of options and make some good decisions in terms of doing research about anything and everything that you’re considering when it comes down to your financial plan.

Jane Walstedt: Are you through, Pamela?

Pamela Bonds I think I’m through.

Jane Walstedt: Okay, thank you so much.