



Shielding Your Finances from Disaster

Whenever catastrophic events occur, they clearly demonstrate that our communities and livelihoods can be unexpectedly destroyed in a matter of minutes. In the aftermath, many victims of natural disasters struggle to get back on their feet financially. While there is no way to completely prevent a natural disaster, there are steps you can take to protect yourself and your family from financial difficulties should you be forced to evacuate your home in an emergency.

Here are some strategies to help prepare for potential disasters:

Store important documents in an “evacuation box.” Gather and make copies of all your key financial and personal documents, including passports and birth certificates, marriage licenses, wills, property deeds, insurance policies, mortgage records, car titles, and stock and bond certificates. Make copies of the front and back of all credit cards and driver licenses. Then make a list of all your account and credit card numbers, as well as a written and photographic inventory of all your valuables. Be sure to have enough cash or travelers checks to last your family about three days.



Keep all essential documents in a bank safe-deposit box located away from your home or in an airtight, waterproof, and fireproof safe or container that can be easily taken with you in case of an evacuation. Inform family members or trusted friends of the box's location in case you are unable to personally retrieve it.

Maintain liquidity. Avoid tying up all of your assets in real estate or investments that cannot be tapped without paying penalties. Keep the equivalent of three to six months' income in a savings or money market account. You may also want to have on hand several credit cards with high available balances, or arrange in advance a line of credit for an emergency. If you have a 401(k) account with your employer, find out whether your plan allows you to take a loan out against your savings.

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Taking on Unpaid Interns: A Win-Win for Your Business

In response to a challenging economic climate, many businesses will trim their hiring budgets, even as large numbers of students, recent graduates, and other people with attractive qualifications are struggling to find work. For small businesses, taking on an intern can benefit both parties: The intern gains valuable work experience, and the company has the chance to utilize fresh talent, while getting help at little or no cost.

But before your business decides to recruit interns, consider carefully your organization's objectives and what tasks you can ask an unpaid intern to perform. While interns can be valuable contributors to the workplace, it is important to remember that they are not the equivalent of full-time employees, or even paid trainees or apprentices. Most interns take such positions for relatively short periods of time, usually between a few weeks and six months, and cannot be expected to perform or produce the same work as an experienced employee.

Generally, the U.S. Department of Labor (DOL) uses several criteria to distinguish between employees and interns. In an internship, students or recent graduates can expect to be given the opportunity to practically apply skills learned at school or college. If the individual receives training, it must be for his or her benefit, and not to generate revenue for the company. In most cases, interns should not be relied upon to perform rote tasks that are normally handled by lower-level employees, unless all of the company's employees regularly perform these jobs. Further, the employer should be prepared to provide instruction and mentoring to the intern. This may

not contribute to the operation of the business, however, and may even interfere with workflow, as managers and employees answer questions and demonstrate procedures.



By law, employers are not permitted to use intern programs primarily as a testing ground for new employees, and companies should not provide the promise of a job at the end of the internship period. When internships are unpaid, there must be an explicit understanding that the individual is entering into an internship in which no financial compensation is involved. To ensure that no misunderstanding about the arrangement arises, your organization can provide each prospective intern with a letter outlining the terms of the internship. Ask the intern to sign the letter and return it to your Human Resources department.

As long as these guidelines are observed, an intern can be a valuable contributor to your organization, especially if he or she brings certain skills, as well as enthusiasm and energy, to the workplace. Whenever possible, assign interns to work alongside

experienced employees, taking on tasks as they are able, with the level of responsibility and the amount of assigned work gradually increasing. Ideally, the work will challenge the interns and encourage them to use their skills, without causing them to feel overwhelmed or frustrated. Because they are still learning, interns may seek out regular feedback on their performance and guidance on how to correct or avoid mistakes. When assigning tasks, managers should consider the length of the internships and avoid involving interns in long-term projects.

Depending on your company's needs and objectives, you may choose to take on several interns at once. When entering the organization as a group, individual interns may feel less isolated, more supported, and may also be motivated by their peers. While a group of interns may require more supervision, they can also be trained and mentored as a group, and assigned to work as a team.

While internships are not intended to be "test runs" for employment, your company does have the option of making a job offer to an intern who has performed particularly well, either upon completion of the internship or after the intern has finished his or her education. If you are interested in taking on interns, your organization can post openings on internship listing websites or contact local schools and colleges that provide training relevant to your industry. In some cases, you may be able to set up a work-study program with an educational institution that can provide your company with ongoing interns eager to learn more about your business. ■

Revisiting Elder Care Issues

It is no longer unusual for people to live 20 or more years beyond their normal retirement age. But a financial plan that was satisfactory for retiring at age 65 may not be sufficient to maintain a comfortable lifestyle into your 80s and 90s, and may require a review with a qualified professional. Other areas of concern related to how longevity may affect your retirement include asset management, health care expenses, and living arrangements.

Managing Your Assets

The possibility of declining health is a subject that nobody likes to think about. However, if you should lose the cognitive ability to manage your assets, whether due to a progressive illness or an accident, there are a variety of options that will allow you to transfer that responsibility to others. Among them are the following:

Revocable Trust. If you would like to *retain control* over your property, while delegating the daily management to others, you may want to consider a **revocable trust**. This type of trust allows you to monitor the management of your assets, yet offers the flexibility to change the trust as your needs and circumstances warrant. As added protection, a revocable trust may remain unfunded, as long as you are legally competent.

Durable Power of Attorney. This allows you to designate a trusted relative or friend to make legal and financial decisions for you in the event of a disability or cognitive impairment. The powers granted may be limited or broad in scope, and they may vary from state to state. Some financial institutions are reluctant to recognize durable powers of attorney,

so it is worthwhile to thoroughly explore this option beforehand.

Informal Arrangements. You could transfer property *informally* to your heirs—in some cases, free of gift taxes—in exchange for being taken care of for the rest of your life. This arrangement, however, should be approached with caution. Even well-meaning adult children may unintentionally deplete assets through poor management, divorce, or creditor claims. Once your assets are gone, you could become dependent on the goodwill and financial assistance of others.

Health Care

With soaring U.S. health care costs, you will need to prepare for the possibility of higher medical expenses related to living beyond the normal retirement age. The **Medicare** and **Medicaid** Federal/state-funded programs provide *some* health care benefits, but it is important to understand your coverage and what out-of-pocket costs you may need to pay.

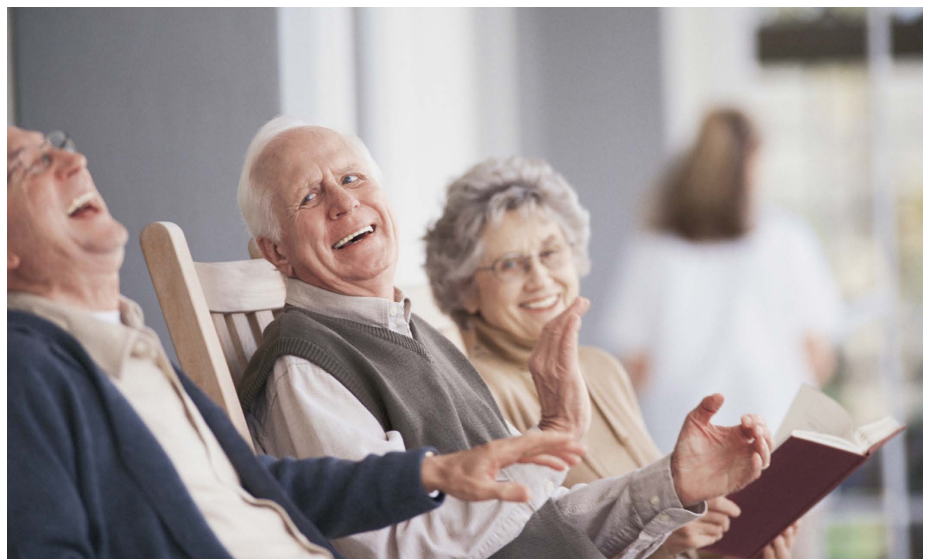
Medicare Part A covers inpatient services at hospitals and care for specific medical conditions at skilled nursing facilities for a limited duration. It is provided automatically, at no cost, for individuals age 65 and older who are eligible for Social Security. **Medicare Part B** helps cover medically-necessary services, such as doctors' office visits, outpatient care, and other medical services that Part A does not cover.

Medicaid covers long-term nursing home care for those with few or no assets, and has strict eligibility requirements based on financial need.

Living Arrangements

Many individuals age 55 and older with an active lifestyle may wish to remain in their own homes or move to a **retirement community for independent living**. Those who remain at home may be able to maintain their independence longer by hiring home health aides, assistance from family members, community-based services, or a combination of

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Protect your property. If you live in an area that is vulnerable to natural disasters, consider ways to mitigate potential damage to your property. Depending upon the type of disaster likely to strike in your location, you may want to take precautionary measures, such as anchoring the foundation and roof, installing hurricane shutters on windows and glass doors, adding fire-resistant siding, securing items that could fall or blow away, moving electrical panels and furnaces to upper levels, installing smoke detectors, and clearing brush from around the house. If uncertain, ask a building inspector to recommend structural or other types of improvements. By taking protective measures, you may be able to negotiate a reduction in your homeowners insurance premiums.

Purchase adequate coverage and review your policies regularly.

Many people who have lost their homes to disasters learn that their insurance policies do not cover the cost of rebuilding. If you have homeowners insurance, check your policy annually to ensure that it covers the actual replacement cost of your home and its contents. This is especially important if the value of your home has risen significantly or if you have made improvements to the property. Be aware that your policy may not cover damage due to specific causes, such as flooding. If the insurance you need is not available through private companies, find out if state or Federal insurance pools would provide coverage.

In addition, you may want to consider disability income insurance coverage to provide a source of income in case you are injured in a disaster and unable to work for a period of time. If you receive health

benefits through your employer but lose your job, you may keep your coverage for a specified period of time under Federal COBRA laws. Also, make sure that your life insurance coverage is sufficient to meet the needs of your family. It may be possible to withdraw some or all of the cash value from a permanent life insurance policy, if necessary. However, access to cash values through borrowing or partial surrenders can reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Don't wait until disaster strikes—the time to prepare is *now*. Consider consulting a legal professional about the potential benefits of additional protection, such as trusts, powers of attorney, or living wills. ■

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all three. For example, **adult day health centers**—either publicly or privately funded—offer supervised day programs that promote social stimulation and physical activities for older adults.

If you require more assistance with activities of daily living, such as personal care, dressing, meal preparation, and medication monitoring, **assisted living facilities** can provide

a secure environment with an atmosphere of independent living.

Continuing care communities offer the opportunity to age in place with a combination of independent living, assisted living, and more skilled nursing care on one campus.

The cost of living in all of these communities varies by type of accommodation, levels of assistance needed, and geographic location,

and will continue to rise to keep pace with inflation.

It is important to periodically review and update your retirement strategy so that it encompasses the costs associated with life planning beyond your normal retirement age. Be sure to consult with a qualified professional for guidance regarding your particular situation. ■

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