Northwestern Mutual®

Addressing Risks in Your Financial Game Plan

- At every stage of life there are risks which, if left unmanaged, can have lasting financial consequences.

- Addressing these risks head-on is a key element to consider when creating and maintaining a financial game plan.

- Here are the six most common risks to address in your financial game plan:

  - **Longevity** – This refers to the possibility that an individual could outlive his or her resources. As people live longer, it is critical to prepare for a longer retirement than expected.

  - **Market** – Investing in the stock market can potentially help your portfolio keep pace with inflation. However, markets go down as well as up, and volatility in the markets can significantly affect income from investments and the balance of your accounts or the total amount of your nest egg. A holistic plan – that consists of both asset builders and risk management tools – is a well-balanced approach to consider.

  - **Inflation/tax** – These risks can take a bite out of assets – inflation can reduce purchasing power and taxes can impact liquidation strategies and leave less money to spend or invest. A sound financial game plan should include ways to protect assets from inflation and tax risk by ensuring there are adequate income streams that include tax-efficient options.

  - **Health care** – Rising medical and prescription drug costs, fewer employer-sponsored benefits and limitations of Medicare can impact income and savings.

  - **Long-term care** – The cost of care for an unexpected event, or long-term illness not covered by private insurance or Medicare, could require an individual to prematurely deplete his or her assets. Long-term care planning and disability insurance can mitigate these risks.

  - **Legacy** – Many people choose permanent life insurance as an efficient way to leave a financial legacy to loved ones or charity, and/or take care of survivors' needs.