

Answers

Chapter 14 – Health, Disability, and Life Insurance

1. 15%
2. 85%
3. All of the investment is allocated to stocks. This portfolio is more aggressive.
4. Answers may vary. Real estate is considered a conservative investment and, if the homeowner has equity, may also provide cash that can be accessed if needed.
5. Capital preservation and current income.
 1. This portfolio will likely have smaller fluctuations in value.
 2. Answers may vary but should include short-term goals, such as a down payment on a house, a vacation, or college expenses for someone who is starting college in a year or two.

Teaching Tips

Chapter 14 – Health, Disability, and Life Insurance

1. Ask the students to write a letter to a friend explaining the need for health, disability, and life insurance.
2. Have the students create three financial goals for themselves for the next ten years. Using the asset allocation calculator, input the information on lines 1-8 that would accurately reflect their own goals.
3. Have the students use the search engine at the Standard & Poor's Web site. Ask them to find an article about health, disability, or whole or variable life insurance and give an oral report to the class.