



# What's Your Biggest Asset?

by Cullen Douglass, CFP<sup>®</sup>

Quick: What's your biggest asset? Is it your home, your car, a piece of jewelry? Is it literally your largest asset, or is it the asset that generates the most income? What's worth more: the golden goose or the golden egg?

This can be a difficult concept, but the asset that creates the most income over the longest period of time is your most valuable. And what most people don't realize is that the answer is you.

The most valuable asset is the thing that creates the most economic value, which is easily you. The present value of your income, salary or earnings, is astronomical. The problem is looking at yourself as an irreplaceable asset. It's so much easier to see the monetary value of things than it is to look at the monetary value of ourselves. A car, for example, is much easier to replace than our personal economic value. Why do we so quickly spend \$10 a month to insure our cell phone, but question insuring our personal income? We review the coverage on personal auto insurance but haven't read or done an audit of our long-term disability policy through our employer. If a standard group policy through work covers less than 50% of your average after-tax income, are you going to be able to pay your entire living expenses, and feed your family and pay your mortgage on this? One of the top reasons for mortgage foreclosure is disability by the primary breadwinner.

The reason a lot of earners don't do an audit of their personal disability policy is, I believe, due to a lack of education. I can't imagine a reasonable person not taking income protection seriously. If a financial planner does an audit and determines the shortcomings, I hope a client would take action. Regretfully, my experience shows that this isn't the case. Too many times, people don't properly insure their biggest asset appropriately. Most financial decisions are made with emotion and it seems the reason someone won't insure their income appropriately is that they don't think anything will happen to them.

More than one in four of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age. How high does the likelihood have to be to take it seriously? Even if the odds are 1%, I hope I'm not on the wrong side of that statistic. Ask the 1% if income protection isn't important.

Disability Statistics; Chance of Becoming Disabled. (n.d.). Retrieved August 3, 2018, from <http://disabilitycanhappen.org/disabilitystatistic/>



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