

Preserving and protecting wealth – divorce, death, disaster

Carly Doshi: Hello, and welcome to Women and Wealth, Doing It All. An HSBC Private Banking series by women for women. I'm Carly Doshi and I'm the Head of Philanthropy, Family Governance and Family Office Advisory.

Women on average have a higher life expectancy than men, and yet, as we all know, we continue to earn less. This means we have to be even more mindful of our wealth and managing it over the course of our lifetimes. And this is exactly why we wanted to create this program of podcasts to inspire and empower you to take charge of your wealth and your future. So, with the help of some experts, we decided to dive into what this all means. How do successful women manage their wealth, effectively work with their advisors and stay on top of it all while continuing to manage businesses, their families and their other obligations? Each episode, you'll hear me engage with HSBC subject matter experts who every day work with women like you on important financial topics, from investing in your future to protecting your finances from divorce, death and disaster, to being part of something that outlives you.

Now, like everything these days, we're recording this podcast remotely from our respective homes, so please accept our apologies in advance for any glitches in sound or background noise.

Here with me today is Irene Blumberg, US Head of Insurance for HSBC Private Banking. Irene has been named an elite woman in insurance and she is an incredible champion of women. She's even been recognized for her work with such awards as the Delaware Women's Leadership Award. Together, Irene and I are going to tackle the somewhat tricky, but nevertheless incredibly important subject of preserving and protecting your wealth through the unpredictability's of life, including divorce, death and disaster. We'll discuss property ownership entitling, insurance and asset protection. We'll also hear from Irene what's currently keeping her up at night.

Hi, Irene, thanks for joining me.

Irene Blumberg: Thank you so much Carly. Thanks for having me.

Carly Doshi: So if we're going to discuss protecting your property, I suppose the first step is to discuss what property is actually yours. Can you start by telling us a bit about property ownership and why this is so important for women to consider?

Irene Blumberg: Absolutely, sure. Well there are different types of property ownership and understanding the difference is very important. So let's say I purchased a house at the beach with my sister. If we purchased the beach house as joint tenants with right of survivorship, when I die my sister inherits the entire property. Even if I have a will that states the property has to pass to my children, the house will pass by operation of law to my sister. If we purchased it as tenants-in-common, when I die, my one-half interest in the beach house is distinctly my own property and I can pass it via will to my children so then after my passing my children will own half, and my sister will own half. The right way to title completely depends on what you want the end result to be. If I want my sister to have the house when I die then joint tenants with right of survivorship is the way to go, but if I do not want it to pass to her then careful thought needs to be given on how I want to title something.

Carly Doshi: What about other assets besides real estate?

Irene Blumberg: That's a really good question. I probably should point out you should also review your bank account. That's something people don't think about. A bank account can also be owned as joint tenants with right of survivorship or tenants-in-common. Most people would probably want to use the pay-on-death designation, because that's simply signing a beneficiary to the account. So, for instance, if you want your bank account passed to your daughter at death you can add her as the beneficiary now of a particular account. Then she just needs to take the death certificate to the bank and would have immediate access. If you leave the bank account in your own individual name, all the assets are either going to pass by the terms of your will, if you have one, and don't get me started on all the people who still don't have a will. And if you don't have a will, you're going to have to follow state intestacy laws and either way it's going to take weeks, sometimes months, to gain access.

Carly Doshi: It sounds like a payable-on-death account can actually solve for much of this. Is that a one-size-fits-all solution?

Irene Blumberg: In many cases I would say yes, POD accounts are the answer but, as with everything, things can always go wrong.

Carly Doshi: What do you think can go wrong?

Irene Blumberg: I have an example. There was a mom, three adult children, one daughter, two sons. The daughter had a medical condition. It was hard for her to work and mom wanted to provide something extra for her. So mom had a meeting with the three adult children and explained what she was going to do. She was going to name the daughter as the beneficiary on one of her bank accounts. When mom died it turned out that she had named the daughter as a beneficiary on two bank accounts. The sons felt that the mother did not mean to do this, that the second account was a mistake. Mom was very ill before she died so they thought maybe she'd just forgot, that she had already named the daughter on the one account. However, the daughter felt, no, mom meant to do this. Mom wanted me to have more. I have a medical condition. It's hard for me to work. So

POD accounts do not pay as via your will so even though the will says the mother's property was to be divided equally among all three children, it's going to pass via the beneficiary designation. So within months the daughter and the sons were in litigation over the bank accounts.

You know, in reality no one really knows for sure what mom wanted but, honestly, we can all assume that she sure didn't want her children in a fight over the assets after her death. So, again, POD can be the right choice, often is the right choice, but you really have to coordinate any choice you make carefully with your overall estate plan. Had somebody look over it they would have caught something like this. They would have caught that kind of mistake. They would have asked you questions and made you think about things.

You also want to review your assets periodically and the titling of those assets and any beneficiaries that you have to make sure any choices you made originally still make sense. So, overall, I think the most important advice that I could give you is that we all need an estate plan in place and that estate plan is going to include a will. This is the way you'll direct how your property will pass upon death and, please, you also need to consider how to protect your property during your lifetime, which you can do through the use of insurance.

Carly Doshi: Absolutely, insurance indeed. And speaking of which, you are the Head of Insurance for HSBC Private Banking US. So let me ask you, what are some key points to keep in mind when it comes to insurance and protecting your assets?

Irene Blumberg: Well, the first thing my team and I do in a review is to look at the carrier. You want to make sure you have an A-rated carrier, A-rated by AM Best. And you want an A-rated carrier because this is going to give you some peace-of-mind that you're dealing with a financially stable company.

Then we look at the writing company within the carrier, find out which writing company you are with and see if there is not one better. Every writing company has a different rate associated with it, so you want to make sure you're getting the best rate available. Obviously, you need to consider a deductible that you're comfortable with. The higher the deductible, the better the risk. And I recommend that you always purchase an excess liability policy, sometimes known as an umbrella policy, and then make sure all of your properties – your cars, your boats, your assets – are listed, because if they're not listed there's no use in having an excess liability policy.

It's imperative you think about the purchase of a separate art or collection policy. You can schedule items of greater value and blanket other items. I highly recommend everyone have at least a blanket policy. And then there's wine. Are you quickly building a nice wine collection? I see that very often and I see that people aren't getting it the coverage that it requires, so you might want to make sure it also has specialized coverage. You can't rely on your homeowner's insurance policy for these kinds of special assets.

Carly Doshi: Thanks, Irene. A lot to think about. Is there anything else we should be considering here? What's keeping you up at night?

Irene Blumberg: Carly, I'm kept up at night by cyber. Cyber attacks scare me, they should scare everyone. There's been a dramatic increase in at-home internet use as workplaces and schools have closed and families have turned their homes into makeshift offices and classrooms. And, unfortunately, a growing digital footprint is great news for a cybercriminal because the more online activity there is, that means there's more data and a greater opportunity for these fraudsters to stage cyber attacks.

And it's especially concerning for wealthy families, who are targeted because the potential financial gain from fraud and identity theft against them is so much more significant. You've got to make cybersecurity a top priority. These cyber bad guys are constantly using new techniques and technologies to find vulnerabilities. I mean this is their full-time job, 24/7. They are looking for ways in, so you have to be proactive. You've got to consider specialized solutions that combine education, response in the event of an attack and insurance to make you whole.

Carly Doshi: Thanks, Irene. I know cyber is an important theme for the family offices I work with. Shifting focus a bit. Let me ask you another question. Do you see more men or women purchasing life insurance and why do you think that is?

Irene Blumberg: Carly, I've been doing this, working with the high-net-worth, ultra-high-net-worth, for 30 years and overwhelmingly men are the ones purchasing life insurance and I don't like it one bit. The same needs exist for women. Women own and run businesses, successful businesses, and need to think about protecting what they've built.

Listen, you need life insurance. Even though you may not think you need it. Even if you are financially comfortable. Here's why – liquidity. When someone passes away their assets may not be easily transferred into cash. Income replacement. How will your family continue if the primary bread winner, you, passes away? It's a relevant concern across all income groups. And then wealth transfer. What if you're considering trust funds for the grandchildren? Look, we all work hard for our money and we hope we can pass it down.

The second thing I'll leave you with is financial plans for the future should include life insurance. Life insurance is a powerful tool that helps hedge against the knowns and unknowns in life. Many buy life insurance to help pay future estate taxes. That's what we see day in and day out. But if you own a business with a partner, you may want to use insurance to fund a buy/sell arrangement if you pass away unexpectedly. What if your family business is reliant upon you in order to survive, perhaps a key person policy.

Life insurance is a tremendous tool that has value far beyond the traditional reasons. So the important lesson is that we should all be looking down the road at the future costs that will impact our heirs when we pass away. And as with

protecting your property, recognize that goals and needs change, so life insurance should also be regularly evaluated. The US is the most competitive life insurance market in the world. We are constantly coming up with better policies so even if you purchased the policy three years ago, have someone take a look at it, I'll bet you there's something better on the market.

Carly Doshi: Those are some great points. Irene, you've advised a number of women over the years. What do you think stops women from getting involved in your insurance policies?

Irene Blumberg: I don't think it's just women. Insurance is not a cool topic. To me it is, because I'm an insurance nerd, but for anyone else it's seen as something that just costs a lot of money, often a lot, a lot of money, and people don't realize for like life insurance policies there's life insurance premium finances out there. So life insurance overall, any kind of insurance, it's just not seen for what it is, which is a way to settle a claim before it happens. It's a way to protect the people and the things you're passionate about. Just like anything else, get educated on the topic, you'll better understand the value and how to use insurance to your advantage.

Carly Doshi: Thank you Irene. Those are some fantastic tips and helpful advice for how to preserve and protect your wealth. It sounds like paying attention to title, getting serious about cyber and talking to an advisor you trust about your insurance needs can all be helpful. Appreciate you joining us.

Irene Blumberg: Thank you Carly. Thanks for having me.

Carly Doshi: To our listeners, thank you for joining us. Today's program was part of a series on Women and Wealth, Doing It All by HSBC Private Banking. We sincerely hope you enjoyed our discussion and found it inspiring, informative and also empowering. Let's keep the conversation going. For more on today's topic and other wealth management and planning solutions, visit us at [hsbcprivatebank.com](https://www.hsbcprivatebank.com) or if you have a Relationship Manager reach out directly to them. Thank you for your time today.