Risk Management & Insurance

WaFd Wealth Management

An Educational Factsheet on Protecting What You've Built

Growing wealth is only half the equation — protecting it is just as important. Risk management is the process of identifying the financial risks that could derail your goals, from a sudden illness to a lawsuit to the loss of income, and putting safeguards in place before they happen. Insurance is one of the most powerful tools for managing these risks, transferring the financial burden of an unexpected event to an insurer so a single setback doesn't undo years of careful planning.

What Is Risk Management in Wealth Planning?

Risk management asks a simple question: what could happen that would derail your financial plan, and how can you prepare for it? Some risks — like market volatility — can be managed through diversification. Others, like the death of a primary income earner, a disability, a long-term illness, or a lawsuit, are better addressed through insurance. A comprehensive wealth plan identifies these exposures and determines which risks to insure against, which to self-fund, and which to accept.

Key Types of Insurance in a Wealth Plan

Life Insurance

Replaces lost income and protects your family's financial security if something happens to you.

Disability Insurance

Protects your income if illness or injury prevents you from working.

Long-Term Care

Helps cover the cost of extended care later in life without depleting your savings.

Liability & Umbrella

Protects your assets from lawsuits and claims that exceed standard policy limits.

The Risk Management Process

1. **Identify Your Exposures**
   We review your income sources, dependents, assets, and liabilities to identify where an unexpected event could cause financial harm.

2. **Evaluate Existing Coverage**
   We assess any insurance policies you already have to identify gaps or overlaps.

3. **Match Coverage to Your Plan**
   We recommend coverage types and amounts aligned with your goals, budget, and risk tolerance.

4. **Review Regularly**
   We revisit your coverage as your income, family, and goals change over time.

How Insurance Supports Your Wealth Plan

The financial impact of key life events, with and without adequate coverage

Life Event	Without Adequate Insurance	With Adequate Insurance
Loss of Primary Income Earner	Family may need to draw down savings or sell assets to cover ongoing expenses.	Life insurance proceeds replace lost income and preserve savings.
Serious Illness or Injury	Lost wages and medical costs can quickly deplete emergency funds.	Disability insurance replaces a portion of income during recovery.
Long-Term Care Needs	Extended care costs may be paid directly out of retirement savings.	Long-term care insurance helps cover costs without derailing your plan.
Lawsuit or Liability Claim	Personal assets may be at risk to help satisfy a judgment.	Umbrella liability insurance provides an added layer of protection above standard policy limits.

> Insurance doesn't grow your wealth — but it protects the wealth you've already built from being wiped out by a single unexpected event. That protection is often what allows the rest of your financial plan to stay on track.

Is a Risk Review Right for You?

A risk management review can be especially valuable during major life transitions — starting a family, buying a home, changing careers, or nearing retirement. A WaFd Wealth Management advisor can help you evaluate your current coverage and identify any gaps that could put your broader financial plan at risk.

Important Information

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