

Chapter 21 Insurance and Estate Planning

Section 21.1 Insurance



Note Taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> • Policyholder: buyer of insurance policy • Property insurance covers things like cars, homes, and personal items. 	<p>INSURANCE</p> <ul style="list-style-type: none"> • Insurance is an agreement in which one party compensates another for any losses. <p>PROPERTY INSURANCE</p> <ul style="list-style-type: none"> • Types of property insurance: <p>LIFE INSURANCE</p> <ul style="list-style-type: none"> • Life insurance provides compensation for losses due to a person's death. <p>HEALTH INSURANCE</p> <ul style="list-style-type: none"> • Two major types: basic and major medical
<p style="text-align: center;">Summary</p> <p>Insurance compensates people for losses related to:</p>	

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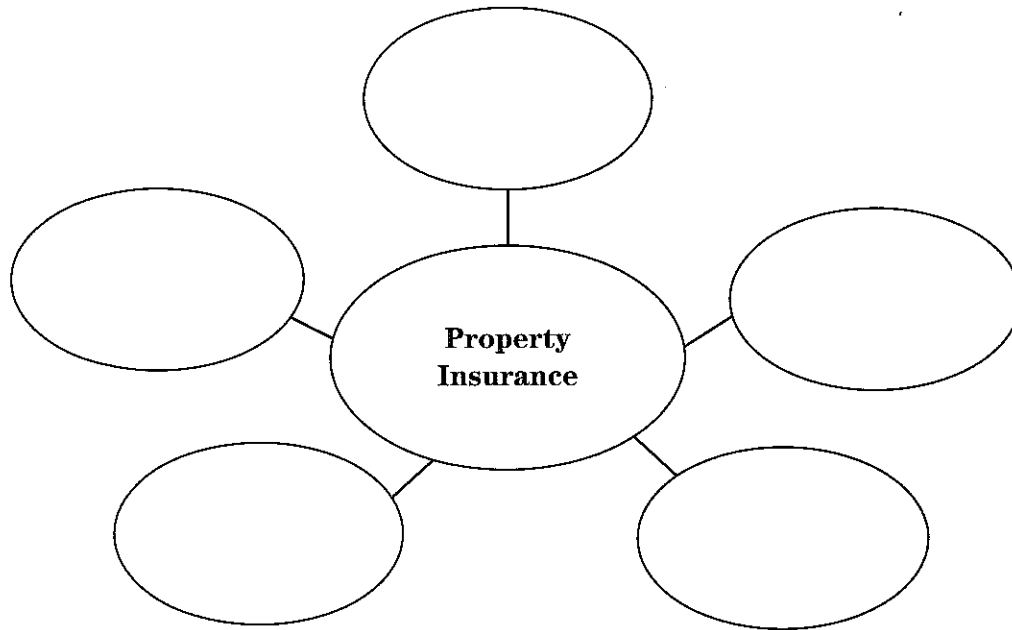
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Reading Skills

Using a Graphic Organizer

Directions Graphic organizers can help you organize and retain information as you read. Complete the word web by filling in the types of property insurance. Then answer the questions that follow.



1. What kind of insurance covers property that is transported?

2. What kind of insurance is legally required in many states?

3. What kind of insurance is usually required by mortgage lenders?

4. What kind of insurance should you carry if you own a home in an area that typically gets heavy rains year round?

5. What kind of insurance covers damages caused by soot and smoke?

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Study Skills Group Study

Directions Read the tips below. Then write short answers to the questions that follow.

PREPARING FOR GROUP STUDY

- Ask two or three others to study with you.
- Schedule enough time for your group to cover all the material. Make sure there is time for questions and discussion.
- Select a leader. The leader's task is to keep everyone in the group focused on studying.
- Before the group meets, the leader assigns sections of the text to each member. Members should read the entire text, then write questions covering their assigned section.
- During the study session, take turns asking and answering one another's questions. If someone cannot answer a question, put it aside to ask again later.
- All members of the group should come to the session prepared to answer questions. This will help all of you be prepared for any upcoming class discussion, project, or test.
- Plan for a short social time before and after the session. Take at least one short break during the session to rest and clear your minds. The leader should keep track of the time and get everyone focused after a break.

1. Why do you need a group leader?

2. Why should you take short breaks while studying?

3. Why is it important for everyone to be prepared to answer questions before the group meets?

4. What tips would you give to someone who wanted to organize a study group?

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Test Taking Fill-in-the-Blank Tests

Directions Practice the tips below while taking the practice test that follows. Fill in the blank with the best word choice from the list.

TAKING FILL-IN-THE-BLANK TESTS

- Carefully read each statement before answering. Think about what each word means.
- Read the statement again.
- Fill in the statements you are sure of with the best word choice. Some words may be close in meaning to others, so make sure you choose the best one.
- Cross out each word as you use it.
- Once you have eliminated the words you are sure of, go back over the words you are less sure of and reread each statement. Fill in the blank with the best remaining choice.
- Check your answers.
- Reread all the statements to make sure you have answered each one.

term life
policyholder
marine

endowment
Medicare
annuity

1. The buyer of an insurance policy is called a(n) _____.
2. _____ policies are typically written for periods of 10, 20, or 30 years.
3. Today, ocean _____ insurance covers goods shipped at sea.
4. A(n) _____ is a guaranteed retirement income that may be purchased by paying a lump-sum premium.
5. _____ insurance is the least expensive because it has no cash or loan value.
6. _____ is a federally funded health insurance program for people who are covered by Social Security.

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Note Taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Clues column. Then summarize the section in the Summary box.

Clues	Note Taking
<ul style="list-style-type: none"> • IRA = Individual Retirement Account • Testator/testatrix: • Trustee: 	<p>ESTATE PLANNING</p> <ul style="list-style-type: none"> • Estate planning assures your assets remain intact to protect your family before and after death. <p>WILLS</p> <ul style="list-style-type: none"> • Will: document signed during your lifetime that provides for the distribution of your property upon death • Wills must meet certain requirements: <p>TRUSTS</p> <ul style="list-style-type: none"> • Trust:
<p style="text-align: center;">Summary</p> <p>Estate planning is the process of assuring that a person's assets remain intact to protect the family before or after death. Estate planning includes:</p>	

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Reading Comprehension Reading a Table

Directions The table below shows what would happen to your estate if you died without a will in the state of Massachusetts. Use it to answer the questions that follow.

INTESTATE SUCCESSION	
If you are survived by:	Your estate is distributed:
1. Spouse and child(ren)	One half to spouse, one half to children
2. Spouse, no children, but next of kin (including parents, siblings, niece, nephew, aunt, uncle, cousin, etc.)	Where the estate is less than \$200,000, all to spouse. If the estate is larger than \$200,000, the first \$200,000 plus one half of everything in excess of \$200,000 to spouse. The remainder to next of kin in this order: parent(s), siblings, nieces and nephews, grandparents, uncles and aunts, cousins.
3. Spouse, no child, no next of kin	All to spouse
4. No spouse, one or more children	All to children
5. No spouse, no child, but next of kin	All to next of kin, in the order described above in 2.
6. No spouse, no child, no next of kin	All escheats to the state, that is, all turned over to the state because there are no heirs or beneficiaries.

Source: Massachusetts Law of Descent and Distribution Law of Intestate Succession (G.L. c. 190 §1)

1. If you died in Massachusetts, how would your estate be distributed if you had no spouse but one or more children?

2. If your estate was less than \$200,000 and you died with a spouse and next of kin but no children, how would your estate be distributed?

3. Who are first in the line of succession for next of kin?

4. What does *escheats* mean?

5. How would your estate be distributed if you had a spouse and one or more children?

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Study Skills Planning Study Time

Directions Read the tips below. Then answer the questions that follow.

TIPS FOR PLANNING STUDY TIME

- Planning out your time will actually result in more time to study, because you will be using your time more effectively.
- Write down all your tasks and activities for one week; for example, going to class, studying, after-school practice, chores, and sleeping.
- Record the hours you spend studying, in class, with your family, with friends, participating in sports, playing a musical instrument, sleeping, grooming, and so on. Include the time you use for relaxing. Time to relax is important so you can refresh yourself and clear your mind.
- Make a scheduling calendar. Use different colors to create blocks of time. For example, yellow for time in school and red for time with your friends.
- Look at your calendar. Are there any time conflicts? Are there blocks of time where you have too many activities and other blocks where you have nothing at all? Try to strike a balance by rearranging your schedule.
- Change your schedule as activities in your life change. For example, you may want to schedule more time for studying a week or two before a test.

1. How does planning your time help you study?

2. How might using different colors help you with your schedule?

3. Why should you plan time to relax and do things you enjoy?

4. Why might you need to revise your schedule?

5. On average, how much time do you think you should schedule for studying each week?
Explain your answer.

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Test Taking Test-Taking Tips

Directions Read the tips below. Then take the practice test that follows.

TEST-TAKING TIPS

- Skip questions you are stuck on and come back to them later. You just might come up with the answer while working on another part of the test.
- If you are not sure of the full answer, answer as much as you can. You might get partial credit.
- Once you have written an answer, move on to the next question. Do not waste time editing or rewriting your answer. If you have time at the end of the test, then you can go back and edit your answers.
- Write clearly. That is, make sure both your handwriting and your ideas are clear.

1. Why is it important to start a retirement plan early?

2. Who can make a will?

3. To be valid, a will must be attested. What does *attested* mean?

4. What is a living will?

5. What type of trust is usually set up by parents to provide for their own children?

6. What does the homestead exemption do?

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Chapter Content Vocabulary



English Language Arts Definitions

Directions Write the correct word on the line next to its definition.

insurance	term life insurance	intestate
premium	will	probate
beneficiary	testator/testatrix	executor/executrix
insurable interest	testamentary intent	trust
straight life insurance	testamentary capacity	trustee

- _____ The process of validating and executing a will.
- _____ An agreement in which one party compensates another party for any losses.
- _____ Life insurance that requires the payment of premiums until the face value is reached or the insured is deceased.
- _____ A person who dies with a will.
- _____ To be without a will.
- _____ The intention that the document is meant to be a last will and testament.
- _____ The person named to carry out the terms of a will.
- _____ A legal device by which property is held by one person for the benefit of another.
- _____ A person who holds title to the property for another's benefit.
- _____ Life insurance issued for a particular period, usually five or ten years.
- _____ The person named in an insurance policy to receive the proceeds.
- _____ The financial interest a policyholder has in the person or property that is insured and would suffer from the loss of.
- _____ The mental ability (being of sound mind) to create a will.
- _____ A document that is signed during your lifetime that provides for the distribution of your property upon death.
- _____ The amount of money an insured pays for insurance coverage.

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Chapter Academic Vocabulary



English Language Arts Reading Skills

Directions Use the academic vocabulary words to create a word-search puzzle like the one below. Carefully write each word in the squares of the grid, one letter per box. Arrange the words going up, down, across, diagonally, or backward. Fill in the remaining squares with random letters. When you are finished, exchange puzzles with a classmate and solve each other's puzzle.

comprehensive
endowment

routine
supplement

elective
directive

e	w	r	t	p	p	t	e	v	i	t	c	e	l	e
d	i	r	e	t	y	p	a	k	j	c	e	n	o	l
c	o	m	p	s	u	p	b	v	d	z	t	d	y	u
o	e	p	h	a	g	i	r	e	s	l	k	j	u	t
m	n	a	s	d	d	f	u	s	t	c	k	r	l	p
a	d	i	r	e	c	i	b	s	o	e	r	o	s	w
p	o	g	h	y	t	r	r	e	d	s	q	u	n	j
r	w	a	s	u	p	p	l	e	m	e	n	t	e	m
s	m	i	t	t	s	d	a	g	c	e	w	i	k	o
a	e	q	w	e	r	t	y	u	i	t	o	n	p	l
e	n	d	o	w	y	g	h	o	t	y	i	e	n	a
d	t	o	f	f	k	l	e	r	v	b	a	v	s	s
s	c	o	m	p	r	e	h	e	n	s	i	v	e	r
a	s	d	f	g	g	j	u	k	l	o	p	e	a	t
v	b	n	o	p	i	e	w	c	v	b	e	t	y	i

Puzzles will vary. All six vocabulary words must be used.