Understanding Your Critical Period

Why protecting the years your family depends on you matters most.

12TH HOUSE
FINANCIAL AGENCY

1. What Is a Critical Period?

Your Critical Period is the season of life when the loss of your income would create the greatest financial hardship for the people who depend on you.

For many families, this is the time when:

- You still have a mortgage.
- Children are financially dependent.
- Retirement savings are still growing.
- Consumer or business debt still exists.
- Your household depends on one or two primary incomes.

2. Why Families Lose Homes

Contrary to what many people assume...

Families rarely lose their homes because the bank immediately demands the entire mortgage balance.

More often, financial hardship begins because:

- The monthly mortgage payment still comes due.
- Household income suddenly decreases.
- Savings become stretched by everyday expenses.
- Grief affects the ability to work and make financial decisions.
- Missed payments eventually lead to foreclosure.

Key Takeaway

The bank doesn't need the loan paid in full overnight.

The bank simply expects the monthly payment to continue.

3A. Questions to Ask Yourself

These questions help determine how vulnerable your household may be during its Critical Period.

Housing

- How long could your family comfortably remain in your home?
- Would staying in the home be your first choice?
- If not, where would you go?
- How long do homes typically take to sell in your area?

Cash Flow

- What monthly expenses would still exist?
- How much income would disappear?
- What financial challenges would immediately appear?
- What would maintaining your current lifestyle require?

3B. Questions to Ask Yourself (cont.)

Family Impact

For couples:

- How would your spouse feel about managing everything alone?
- What new responsibilities would they suddenly inherit?
- Would they want to remain in the home?

For individuals:

- Would your children inherit the home?
- Could they afford both their own housing and yours?
- Would one child have to move in?
- Would they need to sell the home?
- Could one child buy out the others?

4. The Goal Isn't Just Paying Off Debt

Many people assume protection means paying off the mortgage.

Sometimes that's appropriate.

Other times, protecting the monthly payment during your family's most vulnerable years may accomplish the same objective while fitting more comfortably within a household budget.

Every family's priorities are different.

The important question isn't:

"How much debt do I have?"

It's:

"What would my family need most if my income disappeared?"

5. Building Your Critical Period Plan

Your Critical Period changes over time.

Life events can extend or shorten it.

Examples include:

- Purchasing a home
- Getting married
- Having children
- Starting a business
- Taking on significant debt
- Becoming an empty nester
- Paying off major loans
- Approaching retirement

For that reason, it's wise to review your protection strategy regularly as life changes.

Critical Period Self-Assessment

Can you answer "Yes" to these?

✅ My family could remain in our home if my income disappeared.

✅ We know where our monthly income would come from.

✅ Our current insurance reflects our present stage of life.

✅ We have reviewed our coverage within the last two years.

✅ My spouse (or loved ones) know what financial resources are available.

Final Thought

Protection isn't just about replacing income.

It's about protecting your family's choices during one of life's most difficult seasons.

The greater your preparation today, the greater the freedom your loved ones may have tomorrow.

Schedule Your Complimentary

12th House Financial Second Opinion