Please note: This is a transcription so there may be slight grammatical errors

Life is full of risks. At any time, you could become disabled, pass away, or need long-term care. And these life-altering events can have a major impact on your family's financial wellness. But there are smart ways to manage these risks. Insurance is one.

Most people understand the basics of insurance through their experiences with auto, health, or home insurance. Insurance works by pooling the risk of many people together and spreading the financial impact of any one loss across a large group.

When you purchase insurance, you pay a premium to the insurance company - usually a monthly or annual fee. In exchange, the company agrees to pay out a benefit or compensation in the event of a covered loss.

Perhaps the biggest risk to your financial health is that you may become unable to work. Disability insurance is one common way to guard against this risk. It works by replacing a portion of your income while you are disabled.

There are two main types of disability insurance: short-term and long-term. Short-term disability insurance typically provides coverage for three to six months. This can be helpful if you break a limb, develop a long-lasting illness, or become pregnant and have no other options for parental leave.

The other type - long-term disability insurance - can provide coverage for years, or even until retirement age.

Many employers offer disability insurance as part of their benefits packages. Some also provide the option to buy additional insurance on top of what they offer.

Remember, regardless of which type you buy, disability insurance won't replace your entire salary. It will only cover a portion of that salary for a specified length of time.

Another big risk to your financial health is that you might need long-term care services, such as nursing home care, in-home health care, or assisted living facilities.

Most people assume Medicare will cover all their healthcare needs after age 65. But Medicare only covers health issues that a person could possibly recover from or manage the severity of. It does not cover long-term care.

As we age, our risk of needing long-term care increases significantly. But this type of insurance isn't only for older people. Even younger people can have accidents that require long-term healthcare, and insurance is a reliable way to protect your savings and personal assets if this happens.

Lastly, consider what the financial impact would be on your family if you pass away and leave them without your income. Life insurance is a way to manage this risk. Essentially, life insurance is a legal contract that pays a death benefit to the policy's named beneficiaries when the insured person dies.

There are two main types of life insurance. One is term life insurance, which provides coverage for a specified period. Typically, 10 to 30 years. Term life insurance is usually the most affordable option.

The other type is permanent life insurance, which may provide coverage for a longer period, in some cases for the rest of your life. Permanent life insurance typically includes an investment component that can build up cash value over time.

There are many kinds of permanent life policies. And there are pros and cons to each. If you're interested in purchasing a policy, do your research to find the one that's right for your situation.

Managing risk is a big part of ensuring your financial health and wellness. All of the types of insurance we've discussed can help.

If you're not sure where to begin, start by reviewing your employee benefits package. Many employers offer group insurance plans that can be more affordable than individual coverage.

To determine how much insurance you might need, use the insurance calculator tools at captrustadvice.com, or give us a call. We're here to help you prepare for life's unexpected twists and turns.