

11/14

Tenant Tips

An occasional newsletter to help you financially

There is a time to plant ¹. So, buy insurance when you are young. It spreads the costs of happenstance accidents, disability and death. "Chance happens to us all"² But, buy for a reason -not for fear, the many kinds of insurances you or your family need.

CASUALTY INSURANCE

Accidental damage/death is cheapest because accidents are unlikely, but U should have it IF can NOT afford better health, life or disability insurance. Demand to see:

- cost per thousand of insurance per month;
- whether amount of insurance REDUCES or ENDS at some age or when your RELATIONSHIP with a bank or creditor or employer ends. Your next insurance may cost more IF cost is based on your age at sign-up!
- what causes of damage are EXCLUDED (bicycle, motorcycle, snorkeling, weather, motorized riding in a competition, mopeds, ATVs, snowmobiles, jet skis?);
- are injuries covered in Mexico/Canada/Bermuda/Europe/another state?;
- is an emergency room visit anywhere or recuperation covered?
- how long after damage do you have to make claim and REALLY IMPORTANT to sue.
- does it pay in addition to other insurance you may have from time to time?
- does it meaningfully reduce organ transplant or cancer etc. costs?
- will the payment in case of death make any difference to your spouse/kids?

Auto Insurance is government required to pay for damage arising from your auto, but may include some health payments or damage to you and your guest's property. Cancel "collision" which insurance will only pay 1-2K! Ask insurance agent for the new/used car insurance costs BEFORE buying a new/used car. Ask if your insurance covers Mexico/Canada/park roads/Indian reservations. White, which sunlight dulls the least and is the coolest and a shade of chartreuse supposedly make your car more viviblke and least likely to be in an accident which could increase your auto insurance. Car catalogues may have a color chart.

Umbrella Insurance: Do get this accidental ins. for it protects you from harm from all your cars or houses for less than \$50/mo for up to 1 million AFTER your 300K liability insurance on each car/rental. Attorney fees eat up 100K plus of your existing 300K policy!

Disability Insurance pays set dollars per month up to a maximum after many months BUT precise definition of what IS DISABILITY is how the company gets out of paying!

¹ Solomon Ecclesiastes 3:2.

² Solomon in Bible book Ecclesiastes 9:11.

LIFE INSURANCE

Term life Insurance ends when you stop renting it, but your funeral costs as do mortgage and education etc. It pays an untaxed lump sum for death & doesn't pay for exams, last-illness expenses, recuperation, embalming & flying the body back to the USA. So:

- At what age can you no longer can rent it?;
- items 1-6 above under "Accidental Death" above.

Whole Life Insurance is paid until you own it like your car and can be borrowed on, but is usually more expensive than term and depending on the period may have to be paid until you are 90, which then is about the same as renting term insurance. Advisors don't like it.

DEBT INSURANCE

Mortgage Insurance pays directly to your lender to pay off your mortgage. Wouldn't your spouse rather have that cash to buy another smaller place near relatives, and maybe rent out your home for more than the mortgage and delay paying the mortgage when your house is sold? Life insurance payable directly to your spouse or kids is more flexible and not more expensive. Selling the home AFTER the tax return is filed (which can be extended to Oct 15) for the year of death of the 1st spouse loses the 250,000 exemption on gain though there is a stepped up basis for tax calculations . Consult a CPA who understands what this is about!!

Credit-card Insurance is more expensive than mere life insurance and pays only to the card company. Use term life insurance payable to your heirs - let them decided who to pay.

BE SURE that *in ALL your insurance policies you have a 1st primary beneficiary PLUS a "contingent" beneficiary in case the 1st isn't alive or your trust as beneficiary doesn't exist!!*

SHOP INSURANCE & Ignore insurance plan names !!

BUNDLING POLICIES with 1 insurer reduces costs BUT prevents dropping umbrella or 1 company or other kinds to meet your monthly budget. Many bills gives YOU control.

Get your **SECRET MEDICAL CREDIT REPORT** kept by MIB, Inc. (866-692-6901, 50 Braintree Hill Park, Suite 400, Braintree, Mass. 02148-8734) BEFORE you apply for life or health insurance as what MIB reports could disqualify you or increase your cost. Correct it! www.ambest.com rates insurance companies.

Banks have access to a secret report from other banks of how often you overdraft, which can cause them to refuse to open a new account - **DON'T OVERDRAFT.**