

# U M B R E L L A I N S U R A N C E

## WHAT IS IT AND DO YOU NEED IT?



### WHAT IS IT?

Umbrella insurance is an optional policy that provides extra liability coverage beyond the limits of other policies. It sits atop your auto and/or homeowner's policy providing you extra protection. This type of insurance typically covers a wide range of liabilities, including property damage, bodily injury, libel, slander, and even certain lawsuits related to rental properties you own.

### HOW IT WORKS

Umbrella insurance can provide coverage when your homeowners, auto, and boat insurance policies limits are exhausted. It can cover the gap between your liability coverage and outstanding costs associated with a claim. For example, if you're liable for the medical bills of multiple people in an auto or boating accident, your auto or boat insurance policy would pay first, up to its maximum, followed by your umbrella insurance.

It provides an extra layer of protection not only for yourself but also for your family members living in your household. It extends coverage to situations that may not be covered by your primary policies, such as slander or libel claims.

### BENEFITS OF UMBRELLA INSURANCE

Unfortunately, we live in an increasingly litigious society. Having umbrella insurance is a protective move to safeguard your wealth. It provides peace of mind and ensures that you

re prepared for the unexpected. Some of the benefits include:

- **Peace of mind.** It allows you to focus on other aspects of your life without constantly worrying about the potential financial consequences of a lawsuit.
- **Legal defense.** This insurance often includes coverage for legal defense costs. This can help alleviate the financial burden of hiring an attorney and navigating the complexities of the legal system.
- **Increased liability limits.** You can secure significantly higher liability limits than standard insurance policies. This ensures that you have adequate coverage to handle the expenses associated with a lawsuit.
- **Protection for your assets,** By adding an extra layer of coverage, it helps protect your assets, including your savings, investments, and even your home.

### WHO NEEDS IT?

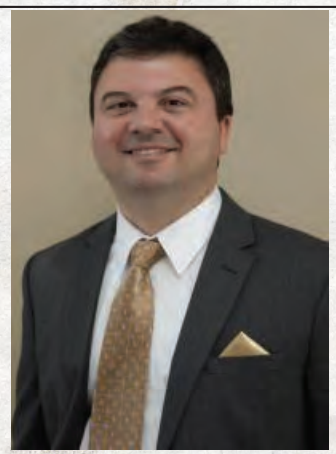
Anyone can face a lawsuit, regardless of their financial status. Factors such as your assets, lifestyle, and risk exposure will determine whether umbrella insurance is a worthwhile investment for you.

A good rule of thumb is a \$2M net worth threshold for this type of insurance if you don't have out of the ordinary risk factors.

Having said that, analyze your potential exposure to liabilities. The following are things which are considered risky from a liability perspective:

- Own things that can lead to injury lawsuits such as pools, trampolines, guns or dogs.

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I can't believe it is already April! Where does the time go? April features April Fools Day. But how did playing practical jokes on your friends become associated with April 1<sup>st</sup>? Its exact origins remain a mystery! Some historians speculate that April Fools' Day dates back to 1582, when France switched from the Julian calendar to the Gregorian calendar, as called for by the Council of Trent in 1563. In the Julian Calendar, as in the Hindu calendar, the new year began with the spring equinox around April 1. People who were slow to get the news or failed to recognize that the start of the new year had moved to January 1 and continued to celebrate it during the last week of March through April 1 became the butt of jokes and hoaxes and were called "April fools."

Alexis Hongamen, CFP®, CRPC®

## Travel Trivia!!

- 1) About what percentage of flights are delayed per day? A) 10% B) 20% C) 30%
- 2) According to the legend, what did St Patrick's drive out of Ireland?
- 3) Antarctica is a desert, true or false?
- 4) Approximately how many airplane flights depart and land daily worldwide? A) 50,000 B) 100,000 C) 150,000
- 5) Approximately, how much money is thrown into Rome's Trevi Fountain each day? A) 3,000 Euros B) 7,000 Euros C) 11,000 Euros
- 6) Are There Native Snakes In New Zealand?
- 7) Big Ben is located in what European city?
- 8) La Bodeguita del Medio in Havana, Cuba claims to be the birthplace of what cocktail? A) Daiquiri B) Mojito C) Piña Colada
- 9) Easter Island is known for having 1000 of these?
- 10) The movie Encanto is based in which South American country?
- 11) How big is Monaco? A) 0.43 square miles B) 0.77 square miles C) 2.12 square miles
- 12) How long in miles is the Great Wall of China? A) 11,186 B) 12,656 C) 13,170
- 13) How many capital cities does South Africa have?
- 14) How many countries still have a royal family? A) 9 B) 19 C) 43
- 15) How many Emirates does the United Arab Emirates (UAE) have?
- 16) How many floors are in the Empire State Building? A) 95 B) 102 C) 105
- 17) How many hours is the longest commercial flight? A) 17 B) 18.5 C) 19.5
- 18) What is the shortest commercial flight? 1.7 miles and is flown in 1 minute. Westray to Papa Westray, Scottish islands.
- 19) What is the largest hotel in the world? The First World Hotel in Malaysia with 7,351 rooms divided between two buildings. The largest single hotel building is MGM Grand Las Vegas, with 5,124 rooms in one building
- 20) What is the smallest hotel in the world? The Eh'Haeusl hotel in Germany is the world's smallest hotel at 8 feet wide and only 540 square feet.
- 21) How many Islands does Indonesia have? A) 8,222 B) 15,644 C) 18,110
- 22) How many states start with the word, "New"?
- 23) How tall in feet is the Eiffel Tower (to tip)? A) 899 B) 906 C) 1063
- 24) In what country would you find tapas?
- 25) In which capital city can you find the Parthenon?
- 26) In which city would you find Heathrow and Gatwick airports?
- 27) In which Country are Cows seen as sacred?

### ANSWERS:

- 1) B 2) Snakes 3) True 4) B! 5) A 6) No! 7) London 8) B although A is also a Cuban drink 9) Statues 10) Colombia 11) B (I once lost my wallet in Monaco which is a story for another time!) 12) C! 13) 3. Cape Town is the legislative capital, Pretoria is the administrative capital and Bloemfontein is the judicial capital. 14) C! 15) 7 16) B 17) B JFK-Singapore 18) C 21) C 22) 4 23) C 24) Spain 25) Athens 26) London 27) India

"...from page 1"

- Own property or are a landlord
- Coach kids' sports.
- Often host parties in your home.
- Serve on the board of a nonprofit.
- Are a public figure.

- Regularly post reviews of products and businesses.
- Take part in sports where you could easily injure others (such as hunting, skiing or surfing).

### WHAT IT DOESN'T COVER

Umbrella insurance doesn't cover your own injuries or

property damage. Nor will it cover liability associated with your business. Most umbrella policies also won't cover liability stemming from the breach of a contract you've entered into,

And if you hurt someone deliberately or commit a crime, you're almost certainly not covered.



## Our service offerings

### I Specialize In Helping

- Planning For Retirement/Retirees
- Federal Employees
- College Planning

### Fiduciary Services

- Financial Planning
- Wealth Management
- Hourly Consulting
- Flat Fee Consulting
- Fees as a % of Assets Managed

### Investments

- Exchange Traded Funds
- Stocks/Bonds

### Account Types

- Brokerage Accounts
- 401k Rollovers, Solo 401Ks
- Roth Conversions
- IRAs, Roth IRAs, SEP IRAs, Simple IRA

### Fiduciary, Fee-Only Advisor

I receive NO compensation from anyone besides my clients.

## Contact the office



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Evenings and Saturdays available by scheduling at totalfinancialplanning.com/schedule-call

I have been quoted in the following publications:



# Flashback 15 Years Ago This Month

Questions? Call Alexis' cell 407-729-8516

## Rule of 72

The Rule of 72 is an easy way to calculate just how long it's going to take for your money to double. Alternatively, you can also find out the rate of return you have, when you know how long it takes for your money to double. It is easy to comprehend and calculate.

### Years To Double: 72 / Expected Rate of Return

For example, if an investment promises an 8% annual compounded rate of return, it will take approximately nine years ( $72 / 8 = 9$ ) to double the invested money.

If it takes nine years to double a \$1,000 investment, then the investment will grow to \$2,000 in year 9, \$4,000 in year 18, \$8,000 in year 27, and so on.

If you know an investment takes 6 years to double, then the consistent yearly interest rate would be 12% ( $72 / 6 = 12$ ).

The Rule of 72 can be applied across all kinds of durations provided the rate of return is compounded annually. The Rule of 72 dates back to 1494 when Luca Pacioli referenced the rule in his comprehensive mathematics book called Summa de Arithmetica.

### MOVIES: April 2009

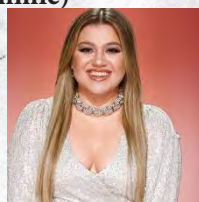
- **Fast & Furious.....**Number 4 in the franchise. Brian O'Conner, back working for the FBI in LA, brings down a heroin importer by infiltrating his operation.
- **Hannah Montana: The Movie.....**Miley Cyrus goes to the big screen and plays her television character that made her famous.
- **Monsters vs. Aliens.....**A woman transformed into a giant after she's struck by a meteorite on her wedding day becomes part of a team of monsters sent in by the U.S. government to defeat an alien mastermind trying to take over Earth
- **17 Again.....**Zac Effron and Matthew Perry (RIP) star in this comedy where a father and son switch places.



### MUSIC

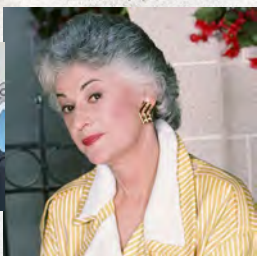
Billboard Hot 100: April 2009!!

- **Right Round (Flo Rida)**
- **Poker Face (Lady Gaga)**
- **Kiss Me Thru The Phone (Soulja Boy Tell'em Featuring Sammie)**
- **My Life Would Suck Without You (Kelly Clarkson)**
- **The Climb (Miley Cyrus)**



### NEWS/SPORTS

- US Navy rescues Richard Phillips from Somali pirates.
- Detroit Lions pick QB Matthew Stafford from Georgia as the first pick in the NFL draft.
- Mark Fidrych, American baseball player (Detroit Tigers) nicknamed "The Bird", dies at 54
- Bea Arthur, American Tony and Emmy Award-winning actress (Mame; Maude; The Golden Girls), and singer, dies of lung cancer at 86
- World's #1 professional tennis player Andy Roddick (29) weds fashion model and actress Brooklyn Decker (25) in Austin, Texas
- 44th Academy of Country Music Awards: Carrie Underwood & Brad Paisley win
- "Parks and Recreation" starring Amy Poehler debuts on NBC in the US



Wall Street Prep

Rule of 72		
Rate of Return		Years to Double
1%	→	72 Years
2%	→	36 Years
3%	→	24 Years
4%	→	18 Years
5%	→	14 Years
6%	→	12 Years
7%	→	10 Years
8%	→	9 Years
9%	→	8 Years
10%	→	7 Years

# Idiom Of The Month

## “Going Dutch!”



No, this has nothing to do with visiting the land of Anne Frank, wooden shoes or windmills!

It has to do with the habit some people have of being, ahem, "fiscally conservative" and splitting the bill when in a group. This is viewed as being cheap by some, perfectly fine by others. The expression originated as a British slur

towards the perceived stinginess of Dutch people.

Well, the phrase is actually not referring to Dutch people at all... it's referring to German people!

In the 17th and 18th centuries, many German-speaking people immigrated to the United States, Pennsylvania in particular. In Europe at that time, "High Dutch" was a nickname for people living in some parts of Germany. (The German word for "German" is "Deutsch," after all.) The "Dutch" moniker stuck over in the United States, where these people began to be called the Pennsylvania Dutch.

Apparently, the Pennsylvania Dutch quickly developed a reputation for never leaving a debt unpaid. They would always pay their own share at restaurants and taverns, never owing anyone any money.

And "going Dutch" isn't the only phrase that came from this association of "Dutch" with paying your share (even if it is the most widely used today). In 1873, *The Daily Democrat* comically suggested that drinkers in pubs might not be quite so rowdy if they chose "the Dutch treat." In 1897, a *Morning Journal* writer described how he and his friends "go on the 'Dutch lunch' plan: everybody for himself." In fact, "going Dutch" was the last of these phrases to gain popularity by 1914.

## FINANCIAL FUNNIES....



"I'm wealthy beyond my wildest dreams. Unfortunately, my dreams were never very wild."



"I finally put something aside for my retirement. I put aside my plans to retire."



"Here's our new retirement plan — At age 65, we'll get divorced then marry other people who planned better."