

LIFE INSURANCE

Do You Really Need It?



Many people feel peace of mind if they have life insurance. Some have had it for a long time, since they started working for an employer that offered it. Or maybe they have had it since their first baby was born, to cover the family financially in case something happened. In this article, I'm going to cover the three basic types of life insurance. But first I'm going to write a little about who needs life insurance and what its main purpose is. Life insurance is meant to replace income displaced by the untimely death of an individual. A family dependent on the income of the bread winner, needs life insurance. If anyone is in need of your financial assistance while you are alive, and your estate doesn't provide that assistance after you have passed, then you need life insurance. Insurance, wrapped as an investment, is generally a poor vehicle to generate wealth. So, if you are keeping a life insurance policy active, in order to leave someone you care about a lump sum of money, I would argue there are more cost effective ways of doing that.

Term Life Insurance

This is life insurance where it covers you for a "term" or period of time. It is simple life insurance in that you pay a premium and the life insurance company pays out to the beneficiary if you pass away during the time you are insured. The most common type is level term that pays out for a specific period of time. Common types are 10-year and 20-year level term, which pays out the same amount regardless of when the death occurs during that time period. Term is the least costly life insurance available.

Whole Life Insurance

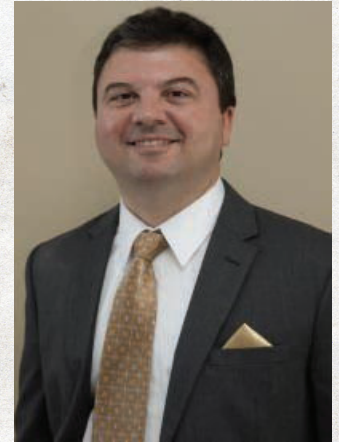
This is life insurance meant to cover you during your entire lifetime or "whole life". As long, as you keep paying the premium (monthly amount doesn't change), your insurance remains in effect. It also has an investment portion, in addition to life insurance. This makes the monthly premiums much higher than term life insurance. If you ever cancel your insurance, the policy may have a cash value that you can recover, minus any

fees. For this reason, it is also called cash value life insurance. There typically are many rules and time constraints to cashing out the investment portion of the policy. This type of insurance appeals to some because it is a forced savings program at a declared interest rate where they set aside money for you. You can borrow from these savings, although there are requirements that must be met. There are some tax savings strategies using whole life insurance that can be implemented by the very wealthy. In summary, this appeals to some for the lifetime insurance coverage at a fixed price, and the ability to generate a forced savings program that you can borrow from. The negatives are that it is much more expensive than term life insurance for the same coverage, there are surrender charges in case you want to cancel your insurance and use the cash value you've accumulated, and that there are more cost effective ways of investing than using this type of policy.

Universal Life Insurance

This is also insurance that covers you for a lifetime. It is also called adjustable or variable life insurance because of additional flexibility it offers compared to whole life insurance. You can adjust your premium up or down to cover more or less insurance as you age. Hence, the flexibility. There is also an investment portion of this policy in addition to the insurance. The investment portion is not fixed and the per-

"... continued on page 2"



August is a month with no official national holidays. But it is filled with family fun, outdoor BBQ's and fun get aways. Soon enough, the cooler weather will be here. When I was a kid, August was bittersweet as I enjoyed time away from school but I knew the end of the month meant back to the classroom!

My kids aren't in school anymore, but when I did have them in school, the month was for meet the teacher night and gathering school supplies. And eventually getting into a routine with carpooling, after school activities and homework. Looking back, I don't know how I had time to do everything that needed to get done. But we always find a way. Although hectic, I look back at those days with fond memories. Life is a journey, please remember to cherish all your moments. Wishing you and your family a fun filled end of summer!

Respectfully,
Alexis Hongamen, CFP®, CRPC®

Central Florida Bike Trails



Central Florida is not only known for its theme parks and sunny weather; it also offers a fantastic array of bike trails that allow you to get outdoors and stay active. From serene lakeside routes to challenging inclines, there's a variety of trails for everyone.

West Orange Trail: Cycling Through Nature

The West Orange Trail stretches for nearly 22 miles through Orange and Lake counties. It begins in Apopka, through Winter Garden and all the way to Clermont, this trail winds through charming bedroom communities, lush forests, and has some serious inclines. We usually start in Downtown Winter Garden and choose to head east towards

Apopka or west towards the Lake County line. We like to grab an ice cream at Scoops in Winter Garden as a reward once we finish our ride.

Seminole Wekiva Trail: A Tranquil Retreat

For those seeking a tranquil and scenic biking experience, the Seminole Wekiva Trail is a hidden gem. This trail meanders through the lush landscapes of Seminole County. We usually start in Sanlando Park close to SR436 and head north. You can go all the way to northern portions of Lake Mary. For much of the route, it parallels I-4 but you would never know it as you feel you are miles away in nature.

Cady Way Trail: Urban Connectivity

This 7.5-mile paved trail links Winter Park and Oviedo, passing through parks, neighborhoods, and even connecting to the scenic Baldwin Park. This trail offers a bit of everything. Urban biking in some sections, and lush greenery in

others. We usually start it in Oviedo and head southwest and finish with a lap around Lake Baldwin.

Blanchard Park Trail: Parkside Biking

Starting in East Orange County, this trail features a canal running beside it most of the way. Watch out for the occasional basking gator! This one has lots of families out with kids of all ages either walking or cycling. We usually start in Blanchard Park and work our way west until we get to Forsyth Road.

Green Springs and Gemini Springs Trails: Volusia County

Up north, there are two beautiful trails that have natural springs you can visit. Both are off of I-4 once you cross the bridge over the St Johns River heading north. After the first mile or so, Green Springs quickly gives the rider a very remote feeling. That's one of the nice things about riding the trails, you separate from the hustle and bustle of urban living.

"...Continued from page 1" formance of the investment can go up or down. The premiums are lower than Whole Life because it assumes a certain investment gain, which is not guaranteed. You can also borrow from this policy if it builds up a cash value. There are some tax savings strategies using universal life insurance that can be

implemented by the very wealthy. People sometimes favor this insurance because of the flexibility as opposed to whole life's guarantees. However, with that flexibility comes cost and risk. It can be costlier if the investments don't perform up to a point where your monthly premiums are

unaffordable or your insurance amounts drop dramatically.

I hope this has summarized what can be a very complicated topic.

As always, NEVER invest or buy something you don't understand.



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Phone: 407-900-1653
 Mobile: 407-900-1653
 Email: alexis@totalfinancialplanning.com
 Address: 1120 Bella Vida Blvd, Orlando, FL 32828

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Flashback 25 Years Ago This Month



Celebrity

Saving Private Ryan was the #1 movie in theatres.

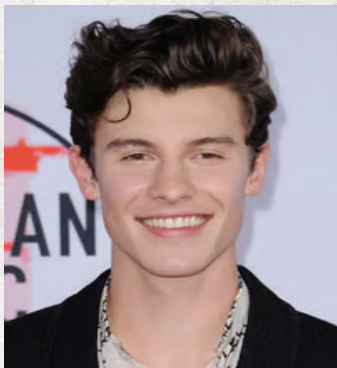


Monica

The nation was in the middle of the Monica Lewinsky – Bill Clinton scandal. President Clinton went on television admitting to the American public that he had misled them by his comments concerning a relationship he had with Ms. Lewinsky. This topic had lingered in the news for most of 1998. On a side note, I remember being in Los Angeles that year and driving around Beverly Hills when I

Lewinsky

saw what seemed like 100 people outside a home and television trucks parked on the street. I thought they were filming a movie or television show. I parked my car and went to see what was going. Someone told me that everyone was waiting for Monica Lewinsky's arrival, as it was her father's house and she was expected to see him.



Shawn Mendes, Canadian singer-songwriter, was born August 8th in Toronto.

"The Boy is Mine" by Brandy and Monica was the #1 song on the Billboard Hot 100. "You're Still The One" by Shania Twain was #2.

Jalen Hurts, quarterback for the Philadelphia Eagles, was born August 7th in Houston, Texas.

Tip Of The Month "Continued"

forward. There are some categories like maintenance and gifts where you won't have an expense every month. You can carry over your forecasts to the next month so when Christmas comes you don't blow your budget.

This is a good exercise to do with your spouse so both of you are on the same page on how to tackle your budget. Of course, there's going to be some back and forth on the categories. The exercise is really to help you be mindful of where your spending is going and to address any areas you feel you need to cut back in.

Questions? Call Alexis 407-729-8516



Tip Of The Month

Do you have a monthly budget? Do you set aside money (maybe on paper) for monthly expenses? Some people do and some people don't. However, I do know if you are having trouble making ends meet, it might be time to sit down and plan your expenses so you have enough money to cover them.

Here are a few tips to get started with budgeting.

1. In the first column, write out all your monthly take home income. If you get paid every two weeks, you can multiply this by 26 (# of paychecks in a year) and then divide by 12 (# of months in a year). Add up the amounts to get a total.

2. In the second column, categorize all the expenses you pay for. There's probably a good 20 or so categories you can come up with I'm sure. Housing, groceries, eating out, gifts, insurance, utilities, gas, car payment, HOA, savings, car maintenance etc. Don't forget to include a fun category to include whatever you want to do with the money. In the third column, add up the amounts you budgeted to get a planned total. The amount in Column 1 must match the amount in Column 3. Don't panic if it doesn't. Just go back and tweak your expenses so the numbers match. As the months go by, you'll get better at forecasting your expenses.

3. The fourth column is to see how you did predicting your expenses after the month is over. Over the course of the month, add up your expenses in each category. Yes, this means tracking everything you spend money on. Categorize them and add them in the fourth column. Use this column to tweak your predictions going

Idiom Of The Month

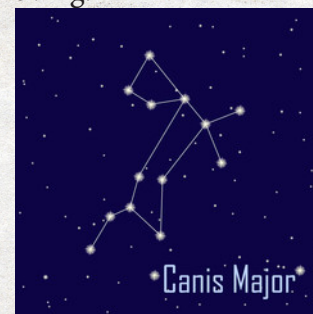
“Dog Days Of Summer”



We are definitely in the days when dogs are at their lazi-est? This term is usually associated with the hottest and most unbearable days of the year. Do you know where the term came from? Was it that these

brightest star visible from any part of Earth. Sirius is part of the constellation Canis Major, The Greater Dog. Sirius rises and sets with the sun in the northern hemisphere. On July 23rd specifically, it is in conjunction with the Sun, and because the star is so bright, the term Dog Days of Summer came to mean the 20 days before and 20 days after this alignment of Sirius with the Sun—July 3 to August 11 each year. That's the technical answer. I always thought it meant the middle two weeks in August when it is so hot and humid you don't even feel like moving.

ancient Romans believed it actually gave off heat and added to the Sun's glow, accounting for the long stretch of hot weather. They referred to this time as phrase references Sirius, dies caniculares in Latin or "dog days". So,



Dad Jokes (with a \$ twist)

OK, here are some jokes to send you off with a laugh (or shaking your head). I thought of some myself and others were “loaned” to me from the internet. Here we go:

“Where does 007 invest his money?” In Bonds.

“Are you going to participate in the 401k at work?” I could never run that far!!

“Why did the corner pizza place go out of business?” They weren't making enough dough!

A boy asked his bitcoin-loving dad for 1 bitcoin on his birthday. Dad: “What? \$14354? \$15537 is a lot of money! What do you even need \$13998 for??”

How did my friend Scott get such a good price on his cruise? “It was on sail!”

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