

Solid Gold Wealth Protection

A recent radio advertisement touted, "If you want real wealth protection, you should purchase gold!" Is the purchase of an investment like gold real wealth protection or just another manner in which to diversify your portfolio? By definition "protection" indicates preservation from loss. But since investments are subject to increases and decreases in value, this definition would suggest that any investment (including gold) does not provide wealth protection.

So how should you "protect" your wealth? For some it starts with a visit to an attorney for an assessment and wealth protection advice. Although a great strategy, many never take this step.

What you may not realize is that if you have property and casualty insurance, you have some level of wealth protection. How much protection your policies provide is dependent on the coverage limit and types of policy.

At Resource Consulting Group, we feel that property and casualty insurance should be a component of every comprehensive financial plan. Philosophically, we believe that this type of coverage should be used to transfer major risks to your financial well-being to the insurance company. You can afford to self-insure the smaller risks.

The following is an illustration of this philosophy.

After having a nice dinner at your favorite restaurant, you pull your car out of the parking spot and your bumper scratches another car. In this instance, you could afford to write a check for the repair. Later that evening, you are changing lanes and forget to look in your blind spot. You cut off a car in the next lane, the car goes off the road and hits a telephone pole. The driver (a surgeon in his early forties) sustains significant injuries and is wheelchair bound for the rest of his life. In this instance you could not write a check for the damages. In fact, you could lose everything.

The information below provides additional insights and guidance about property and casualty insurance coverage. Although this list is not as comprehensive as the review we complete for financial planning clients, we hope you will find it useful. Prior to implementing any of these suggestions, you should meet with your insurance agent to discuss any potential changes and make sure you have a full understanding of how it will affect your coverage.

An umbrella liability policy provides liability coverage on top of the liability limits of your underlying policies. For example, if you had an automobile policy with a \$300,000 liability limit and an umbrella liability policy with a limit of \$1 million, you would have total liability coverage for your automobile of \$1.3 million.

When comparing premium cost to value, an umbrella liability policy provides a significant benefit. This type of policy generally starts with a \$1 million limit and can be increased to





meet your needs. A word of caution, however: if you choose to purchase this type of policy, make sure you have the appropriate underlying coverage properly coordinated. Examples of these types of policies could include: homeowners, automobile or boat. You also should make sure the liability limits of the underlying policies meet the minimum liability limits required by the umbrella policy.

Over the past few years an increasing number of drivers have no liability insurance or are significantly underinsured. Uninsured motorist coverage protects you and your passengers in the event you have a claim against an uninsured or underinsured motorist. This coverage can be purchased in three different ways. It can be bought as part of your base policy, stacked or extended to an umbrella liability policy.

If you have children who will soon get their driving permit, you should speak with your agent about the most effective strategy for insuring them.

If you are renting property, you should speak with your agent to make sure you are insuring this additional liability exposure.

It is important to research the details of your policies. For instance, if you are traveling outside of the United States, will your policy automatically provide you with coverage?

What are the deductibles on each of your policies? In some instances, your premiums could be significantly reduced by increasing your deductible. If you choose to increase a deductible, you should make sure you feel the premium savings are significant enough to compensate you in the event you have a claim and need to pay this deductible.

Another policy detail to check is whether scheduled items, such as jewelry are worth insuring. This coverage can be expensive and over time the premiums could add up to more than the replacement cost of the item itself. One frequently overlooked consideration is that although an object can be replaced, the sentiment attached to an object cannot.

Far too often, financial terminology is used out of context. Buying gold for wealth protection would certainly fit that billing. Seeking guidance from trusted professionals and evaluating your comprehensive financial plan are prudent steps toward proper wealth protection. In fact you might say these strategies are worth their weight in gold.

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Fostering our clients' financial peace of mind since 1988.

Financial independence means having the freedom to pursue the things in life that are really important to you. Resource Consulting Group is a fee-only financial planning and investment advisory firm. We look at the big picture concerning your finances with the goal of achieving or enhancing your peace of mind.