

The Coleman Comment

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***"A man who does not plan long ahead will find trouble at his door."
--Confucius***

A Lesson from the Gulf Oil Spill: Get Your Financial House in Order

In recent weeks, the British Petroleum (BP) oil disaster in the Gulf has consumed our attention, tugged at our heart strings and elevated our social consciousness.

Perhaps just as disturbing as the images of the oil gushing into open waters is the seemingly haphazard approach BP has taken in trying to contain this disaster. Their "contingency" plan was obviously flawed and because of that the direct and indirect collateral damage may take years to realize.

So, what does the Gulf oil spill have to do with your financial life? Figuratively speaking, it can serve as an example to us, a lesson to be re-learned: Risk is real and it should be managed, not ignored.

Our financial lives are subject to known and unforeseen risks every day. And, although we can't eliminate risk altogether, we can and should build our own air-tight contingency plan to reduce the impact or minimize the damage.

Here are a few risk-reducing strategies to help protect you and your family:



Organize Your Family Records

Where are all of your important papers?

Your vital documents include personal and financial records such as marriage certificates, birth/death records, insurance policies, tax returns, wills, property records, passports, etc.

Compiling all of these essential life documents in a central location - like a personal records organizer - can save you and your family time, money and unnecessary stress. These important records may be needed for filing insurance claims, obtaining benefits, receiving medical treatment or carrying out legal instructions in case of emergency, death or disability.

It's important to take an inventory of all of your records. Create a master list of all of the originals and make sure there are copies of each. Keep your originals secured in a safety deposit box or fireproof lockbox at home. Provide a copy of your master list and documents to a family member and/or attorney.



Review Beneficiary Designations

Are the people currently listed as beneficiaries on your various financial accounts appropriate for your needs and wishes?

The beneficiary designation outlines to whom your assets will be distributed upon your death. (Regardless of whether or not you have a will, beneficiary designations are required for legal contracts including insurance policies and retirement accounts.)

With life sometimes moving at the speed of light, family changes occur - birth, illness, death, marriage or divorce - and sometimes we forget to update our important legal documents. Review your bank and brokerage accounts, retirement plans and insurance policies to ensure your beneficiary designations are up-to-date. Any changes to your designations must be in writing to your financial institutions.

Review Your Insurance Coverage

Do you have enough insurance?

You need to know you and your family are protected before something happens.

Financial catastrophe may come in many different forms - the destruction of your property (think tornado, flood), the inability to work because of injury or illness, or the death of the family breadwinner.

Review your current insurance policies- life, disability, long term care, auto, homeowners and umbrella.

Are the coverage amounts adequate to protect your family, not just for today, but for the long term? If you only carry coverage through your employer, consider personal policies to keep you protected if you change jobs.



If you need help determining proper insurance amounts talk to your agent or visit www.lifehappens.org for descriptions, calculators and more.

Update Your Estate Plan Documents

Do your loved ones know your wishes in the event you can't speak for yourself or you pass away?

Everyone has an estate. Your estate planning documents provide instructions for the disposition of your assets upon death, establish guardianship for your children and/or appoint someone to represent you if you become incapacitated. If you don't do the planning yourself, the state in which you live will essentially do the planning for you - according to state law.

Your documents should be reviewed regularly and each time there are critical life changes: retirement; moving to another state; marriage; divorce; new children; death of a spouse, etc. In addition to a will, basic estate planning documents include medical directives such as:

- o Living will: You specify treatment you want to receive if you cannot speak for yourself.
- o Durable healthcare power of attorney: You appoint someone to make healthcare decisions on your behalf when you cannot.

Estate planning does not have to be a daunting task. There are online resources that are helpful for getting started. Please consult a legal professional for specific advice.

Who pays the price when you or those closest to you fail to adequately manage risk?

We can't predict the future, but we can take the time now to prepare our personal "contingency" plan for the many financial risks swirling around us that we cannot control.

Take some time this summer to get your financial house in order and learn a lesson from the BP oil disaster: A little planning now can make a big difference later.



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