WIDMANN FINANCIAL SERVICES
4321 Northview Drive, Bowie, MD 20716
www.widmannfinancial.com
(301) 262-2919 (voice) (301) 262-3481 (fax)

Art Widmann, CFP® art.w@widmannfinancial.com

Michael Marshall mike.m@widmannfinancial.com
David Wolf david.w@widmannfinancial.com
Bob Ready bob.r@widmannfinancial.com
Laura Ruiz laura.r@widmannfinancial.com
Felicia Snyder felicia.s@widmannfinancial.com

Financial Briefs

SEPTEMBER 2017

Avoid These 10 Insurance Mistakes

Few people enjoy thinking about their insurance needs, shopping for coverage, or reading through a policy's fine print. Once they do buy a policy, many people rarely think about it again, other than when they pay the premiums. But that tendency to avoid thinking about insurance can lead to mistakes that can put a person's assets at risk. Below are some of the most common insurance mistakes:

Expecting the best — Some people may think they can skip various types of essential insurance (like car or health insurance), because it won't happen to them. Or they may buy a bare-bones policy thinking they won't ever need to make a claim. But the reality is that accidents and injuries can happen to anyone. A comprehensive insurance plan protects you when they do.

Not shopping around — If you're in the market for a new policy, shop around and compare prices to get the best deal. But make sure you're comparing equivalent policies and coverage — an ultra-cheap policy may offer skimpy benefits.

Buying too much insurance — While insurance is a valuable part of your overall financial plan, there is such a thing as being overinsured. If you're paying high premiums for insurance coverage you don't really need, you're wasting money. What types of insurance might you skip? Extended warranties, cell phone insurance, insurance that covers specific diseases (like cancer), rental car insurance, and mortgage life insurance are usually not worth the premium you pay.

Not negotiating on insurance rates — Here's a little-known tip: The premium price you're quoted isn't set in stone. Depending on the type of coverage you need, you may be able to get discounts based on your profession, the age of your car, installing an alarm system in your home, choosing a higher deductible, and more. Bundling — buying several policies through the same carrier — can also lead to premium price breaks.

Forgetting to pay the premium — It's a simple but potentially devastating mistake. Missing premium payments could cause your policy to lapse, leaving you without coverage. Reduce the risk of this happening by automating your payments.

Dropping coverage to save money — When your budget is tight, dropping insurance coverage may seem like a good way to save cash. But while you may save

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How to Protect against Medical Identity Theft

While we are used to hearing about hacking of personal data at large retailers, the medical industry is fast becoming the industry at the highest risk of data hacking — 91% of healthcare organizations experienced a data breach in the past two years (Source: *Forbes*, May 29, 2015).

The consequences of these data breaches can range from financial to medical fraud. Medical records typically contain payment information such as credit card numbers, but also carry data like Social Security numbers and insurance information, which can enable a criminal to obtain medical services and payments under another's identity.

There are several reasons the healthcare industry has become a new target for hackers. First, the American Recovery and Reinvestment Act of 2009 and the Affordable Care Act in 2010 required health care organizations to digitize their health information. Second, because most information was previously held in hard copy form, the healthcare industry has not been as savvy about data protection. These two things combined opened up a whole new world for cybercriminals.

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Avoid These 10

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money in the short term, you could end up worse off in the long term if you need to make a claim. If premium payments are straining your budget, consider raising your deductible or asking your insurer if you're eligible for any discounts.

Forgetting to update life insurance beneficiaries — As your life changes, so should the people named as beneficiaries on your life insurance policy. Divorce, remarriage, the death of a spouse, or the birth or death of a child are all times when you should update these designations. If you fail to take this simple step, your life insurance may not do its job when you need it most. After all, do you want your insurance benefits to go to your ex-spouse or have one child receive a generous insurance payment while the other receives nothing? Keeping your beneficiary designations up to date can help you avoid those outcomes.

Having coverage gaps — Everyone faces different risks and, thus, has different insurance needs. Sometimes, it's easy to overlook a risk until it's too late. For example, if you live in an earthquake-prone area, you likely need separate earthquake insurance. If you serve on a nonprofit board of directors, you may need personal liability coverage. If you own ATVs, snowmobiles, or other vehicles, you may need special policies to protect yourself in case of damage to the vehicle or a lawsuit. The list of possible risks goes on and on.

Not researching an insurance company before you buy — Not every insurance company is created equal, and what looks like a great deal today may be less appealing tomorrow when you are struggling to get a claim processed quickly. Before you buy, get multiple quotes, read the policy's fine print, review the insurer's complaint record with the state department of insurance, and check the company's ratings with agencies like Fitch, Moody's, and A.M. Best.

Not thinking about insurance as part of your overall financial plan — Insurance isn't something you should think about in isolation. In fact, it's an essential part of your overall financial plan. A solid risk management strategy protects your hard-earned wealth and your family's future. If you'd like to discuss insurance in more detail, please call.

5 Reasons to Consider Disability Insurance

Wondering whether you really need to obtain disability insurance to cover income losses? Here are five factors to consider when making that decision:

1. The odds of becoming disabled before you reach retirement are fairly high. Most people focus all of their planning and savings on the days when they retire, but what happens if you simply cannot work before you retire? According to the U.S. Social Security Administration (SSA), one in four 20-year-olds will become disabled before they reach retirement age. Moreover, illness accounts for 90% of all disabilities, greatly lowering the probability of turning to sources such as worker's compensation for help (Source: Council for Disability Awareness). If you haven't formulated a backup plan that pays the bills while you recover from an injury or illness, you're putting your financial stability at risk.

2. The average long-term disability claim lasts over two and a half years. Some people assume that the emergency fund they've worked so hard to build somehow replaces the need for any kind of long-term disability (LTD) insurance. However, even if you have one to two years of expenses saved, when you consider that the average individual disability claim lasts 31.6 months and one in eight workers will be disabled for five or more years, there's a high probability you may not have enough (Source: Commissioner's Disability Insurance, Tables A & C).

3. If you're part of the 1/3 of applicants approved, Social Security Disability Insurance (SSDI) is likely not enough. According to the SSA, the average monthly benefit paid by SDDI as of March 2017 was just $1,172. This figure accounts only for the 1/3 of SDDI disabled workers whose applications weren't denied. Keep in mind that as opposed to private disability insurance, which can provide more leeway in terms of qualifying as disabled, SDDI stipulates you must be unable to work at all.

4. You'll have additional expenses to account for. Considering that 90% of working-age disability claims are illness related, trips to doctors and/or specialists, tests, and medication will naturally accumulate, and if you're unable to work, you'll have the added expense of seeking private health insurance or going on your spouse's plan. Because a portion of your savings will be allocated to these new expenses, you'll need an additional source of income.

5. You don't want to work in a different, potentially lower-paying field. Depending on the severity of your injury or illness, without proper LTD coverage, you could be forced to find employment outside of the career you've worked so hard to build. For example, if you currently work in a profession such as a medical, artistic, or sales position that requires use of your hands or heavy travel, you may be forced to take a job only somewhat related to your field that doesn't require as much movement, such as teaching. Private LTD insurance can be customized so that unless you are able to work within your specific career, you qualify for benefits.

Please call if you'd like to discuss long-term disability insurance in more detail.

How to Protect

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Finally, healthcare information commands a much higher price on the black market. An FBI report shows that health insurance information has a $60 to $70 price tag compared to $1 for a Social Security number (Source: *Forbes*, May 29, 2015).

Cybercriminals profit from healthcare data by getting healthcare for themselves or selling it to someone who is uninsured and in need of medical care. But the big profit comes from private health insurance, Medicare, and Medicaid fraud. For example, for every Medicare or Medicaid number stolen, individuals can bill the government for services and equipment as well as prescription medicines.

How to Protect Your Information

While the healthcare industry is making strides in data protection, you should be diligent about protecting your medical information. Following are some steps you can take:

- Ask your physician for a copy of your medical records so you can review them for accuracy. You will want to make sure your medical history, prescribed treatments, allergies, blood type, etc., are accurate, so that if you are in an emergency situation, you're not receiving treatment that could be detrimental.
- Take time to review the Explanation of Benefits you receive from your insurance company. While most people don't review them closely, this is the best document to review to uncover medical fraud. Make sure the services received and dates are accurate. If not, you should report this to your insurance carrier.
- If your physician or a hospital is asking you to provide your Social Security number, find out why they need it and make sure it is absolutely necessary before you provide it.
- Monitor your credit report on a regular basis to ensure you don't see activity that is the result of stolen payment information.
- Consider a medical identity monitoring service, which will identify all healthcare transactions on your account. With the increase in data breaches in the healthcare industry, there are now many providers that provide identity theft protection services geared specifically to healthcare data.

Umbrella Insurance: An Extra Layer of Protection

Your standard insurance policies have liability coverage limits. If you're sued, you could quickly exceed those limits. Umbrella insurance (sometimes called personal liability insurance) is a type of supplemental insurance coverage designed to protect you from that possibility.

Umbrella Insurance Basics

Do you know how much your insurance would pay if you caused a car accident that resulted in a serious injury to someone else? What if someone tripped and fell on that loose step on your front stoop or your dog bit a neighbor? While your auto or homeowners insurance would cover some of the associated expenses, the coverage limits could be far lower than you realize. Those limits may be adequate insurance for minor incidents; but if you find yourself embroiled in a lawsuit, you may end up paying that much in legal fees alone, not to mention what you could owe in damages.

Umbrella insurance could be the answer. You can purchase this coverage as an add-on policy to your current primary insurance provider. Coverage limits typically start at $1 million and may reach as high as $10 million. The premiums are usually fairly affordable, costing a few hundred dollars for every million dollars of coverage. The one catch is that your insurer will require you to buy the maximum amount of coverage on your other policies. Also, you should make sure you have all the basic policies you need before buying umbrella insurance. (If you own a boat, you need boat insurance; if you have a snowmobile, you need coverage for that, as well.)

If you're concerned about the additional cost of umbrella insurance, you may be able to get the extra coverage for little additional expense by boosting your deductibles.

Who Needs Umbrella Insurance?

In theory, anyone could be the subject of a major lawsuit and, thus, could benefit from umbrella insurance. But this coverage is most appropriate for people who have a lot to lose in a lawsuit — those with significant assets or property they want to protect. Business owners; people who live in a household with teen drivers; and those with pools, ATVs, and dogs may be at heightened risk of lawsuits. Also keep in mind that your homeowners insurance doesn't typically provide coverage for certain types of claims, such as those related to libel or defamation (it's hard to believe, but you could be sued for comments you make on the Internet), or if you are sued because of your volunteer work on a nonprofit board.

How much coverage do you need? Financial advisors and insurance experts often recommend personal liability coverage that is at least equal to your net worth. In other words, if your home, retirement savings, jewelry and collectibles, and other assets are worth $4 million, you should have at least $4 million in umbrella coverage, and possibly more.

While your risk of being sued is probably relatively low, it just takes one moment to set off a chain of events that could destroy the security you've worked so hard to build. Please call if you'd like to discuss this in more detail.

Business Data

Indicator	Month-end Jun-17	Jul-17	Aug-17	Dec-16	Aug-16
Prime rate	4.25	4.25	4.25	3.75	3.50
3-month T-bill yield	1.02	1.11	1.02	0.56	0.34
10-year T-note yield	2.16	2.27	2.22	2.55	1.56
20-year T-bond yield	2.49	2.61	2.57	2.86	1.91
Dow Jones Corp.	2.99	2.96	2.95	3.17	2.51
GDP (adj. annual rate)#	+2.10	+1.20	+2.60	+2.10	+1.40

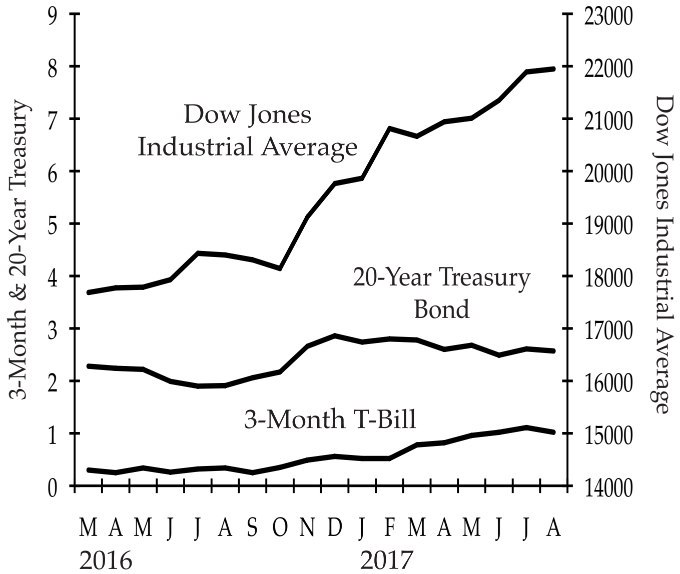
Indicator	Month-end Jun-17	Jul-17	Aug-17	% Change YTD	12-Mon.
Dow Jones Industrials	21349.63	21891.12	21948.10	11.1%	19.3%
Standard & Poor's 500	2423.41	2470.30	2471.65	10.4%	13.9%
Nasdaq Composite	6140.42	6348.12	6428.66	19.4%	23.3%
Gold	1242.25	1267.55	1311.75	13.2%	0.2%
Unemployment rate@	4.30	4.40	4.30	-6.5%	-12.2%
Consumer price index@	244.70	245.00	244.80	1.4%	1.7%
Index of leading ind.@	127.00	127.90	128.30	3.5%	3.2%

— 4th, 1st, 2nd quarter @ — May, Jun, Jul Sources: *Barron's*, *Wall Street Journal*

Past performance is not a guarantee of future results.

18-Month Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield

March 2016 to August 2017



News and Announcements

Should You Buy Term or Whole-Life Insurance?

The decision to buy term or whole-life insurance depends on your goals and financial situation.

Term life insurance is designed to provide coverage for a certain period of time to protect your dependents if you were to die prematurely. When you buy the policy, you select the term that makes the most sense for your family situation. The most common terms are 10, 20, or 30 years, and the premium typically remains the same throughout the term.

You'll want to select a term based on how many years you'll need coverage to replace your income if something should happen to you. Those who select term insurance often feel they no longer need coverage when their children are on their own, the house is paid off, and they have a good amount of savings.

As its name suggests**, whole-life insurance** provides coverage for your entire life and also has an investment component that is known as the cash value of the policy. The cash value grows at a guaranteed rate, is tax deferred, and the premiums remain the same for as long as you live.

With whole life, you can borrow money from the policy, but if the loan is not repaid with interest, it will reduce the death benefit. The policy can also be surrendered for cash, terminating coverage. Some policies also earn annual dividends, which can be taken as cash, left on deposit to earn interest, used to decrease premiums, or to repay any loans on the policy.

The Cost

Term life insurance is relatively inexpensive because it has no cash value, it has an ending term, and often there is no payout. Whole-life insurance, on the other hand, has higher premiums because the coverage lasts a lifetime, has cash value, and a guaranteed rate of return.

Please call if you'd like to discuss term versus whole life insurance in more detail. FR2017-0515-0048