UF UNIVERSITY of FLORIDA
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FCS7253

Women and Money: Unique Issues — Protecting Your Assets[1]

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Societal dynamics and their effects on gender roles and family structures underscore a distinct need for financial management education to address the unique issues that women may encounter. This series of EDIS publications, "Women and Money: Unique Issues," encompasses financial management for women across the life cycle and through family transitions. This series focuses on the changes women may encounter throughout their lives and the impact of these changes on their economic status. For the rest of the publications in the series, see http://edis.ifas.ufl.edu/topic_series_women_and_money_unique_issues.

Introduction

Protecting your assets is similar to managing your risks. Managing risks means identifying and evaluating instances where you may experience a financial loss and then making a plan for how to deal with the situation. You can minimize risks by putting a plan into place before events occur. By having a plan to deal with unexpected events, you can increase your savings because you will not have to resort to quick "fixes." Quick "fixes" generally cost more in the long run.

Here's an example of a plan that protects your assets: Depending on your child's eligibility, you can sign him or her up for Florida KidCare (http://www.floridakidcare.org/ or 1-888-540-5437). That means if your child is sick and needs a prescription, you will pay a reduced price. Paying full price for one prescription could throw off an entire budget. Registering your child with the program is a good plan to have in place to protect your finances.

This publication shares some common ways you can protect your assets by purchasing different types of insurance, being aware of identity theft or fraud, and monitoring your credit reports.

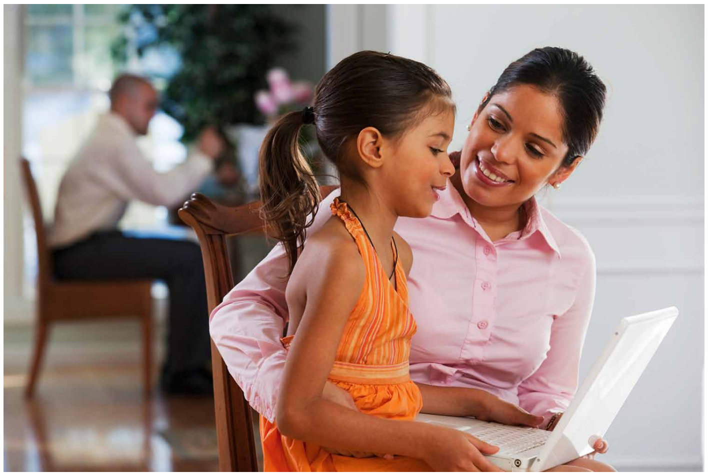

Figure 1. You should identify areas in your finances where you may incur unexpected costs, such as medical emergencies, car accidents, or other events. By having a plan to deal with these situations, you can save money in the long run.
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Life Insurance

You may have heard the phrase, "You don't want to be insurance poor!," meaning that all your money goes toward insurance premiums. It is true that you do not want to spend more on insurance than you have to, but you should be sure the family insurance needs are met. In all cases, consider the your stage of life and the changes you may face as the family structure changes. Most people purchase life insurance to protect someone who financially depends on them. This could include your children, parents, spouse, or a business partner. Life insurance may be a part of the benefit package from your employer. Here are key terms you should know about life insurance:

1. **Insured** – person whose life is insured by the policy

2. **Policyholder** – person who pays the premium and owns the insurance policy

3. **Beneficiary** – person (or persons) who receive face value when the insured dies

For more information about buying insurance, see the EDIS publication FY439/FCS5227 *Protecting Your Resources: Buying Insurance* (http://edis.ifas.ufl.edu/fy439).

Whole Life Insurance

Whole life insurance is the most basic form of cash value life insurance. It can be viewed as a component of savings. It can be used to pay off a mortgage or raise children. Mortgage protection insurance only pays off the mortgage if the insured dies.

Term Life Insurance

Term life insurance provides coverage at a fixed rate of payment for a limited period of time. After that period expires, coverage is no longer guaranteed. The next step would be to obtain further coverage with different payments or conditions.

Health Insurance

Health insurance offers protection from financial losses that could result from injury or illness. You should know the policy limits, deductibles, co-payment and co-insurance requirements, and the coordination of benefits for your health insurance policies.

Understand what your health insurance policy covers. What is the distinction made between treatment of illness or injury? What is the definition of preexisting? What is included as a covered expense? When does coverage begin? Some employers offer group plans at significantly discounted rates. There are also public and private providers. If you have school-age children, check with the school to see what plans may be offered through your state.

Through Florida KidCare, Florida offers health insurance for children from birth through age 18, even if one or both parents are working. Florida KidCare has four different parts (for more information, see http://www.floridakidcare.org/). When you apply for the insurance, the program checks which part your child qualifies for based on age and family income.

Disability Insurance

Disability insurance provides income paid weekly or monthly when you are unable to work because of sickness or injury. It is also known as DI or disability income insurance. It is a separate policy you purchase—it is not health insurance. It may be stated as a percentage of income or a set dollar amount. The policy defines the amount of the payments, when the payments begin following an accident or illness, and when they stop. The benefit period may depend on whether the disability was caused by an accident or illness. The longer the benefit period, the higher the premium. Premiums for these policies also depend on the period of time before the benefits start, as well as the length of time benefits continue.

Different types of disability insurance programs include the following:

1. Coverage through an employer's group health package

2. Private insurers

3. Various public sector programs

Public sector disability insurance programs include Social Security and state disability insurance. Veterans, current members of the armed forces, federal civil servants, and coal miners are also covered by federally sponsored programs.

Long-Term Care Insurance

When you think about a long-term care plan, long-term care (LTC) insurance is one option. LTC insurance may not be for everyone; many will not be able to afford it, and others may have ample resources/assets and not need it. This type of insurance would need to be purchased much earlier than retirement. Long-term care insurance is different from traditional medical insurance, Medicare, and Medicare-related plans, such as Medicare supplement plans. This type of insurance is often purchased as a complement to medical insurance or Medicare. You would benefit from having long-term care insurance if have a chronic illness or disability that prevents you from taking care of yourself without assistance. Most often, it is needed as a result of a chronic condition or illness, such as Alzheimer's, or a disability, such as memory loss, confusion, or disorientation. Another option is to consider assisted living or nursing home facilities.

Medical expenses and the incidence of life-threatening diseases generally increase with age. Long-term care is very expensive, so planning for these costs is essential. For example, in 2010, the average cost of one year of home care was $19,656, which included 18 hours of care per week from a home health aide. The average cost for one year of care in a nursing home was more than $74,825 for a semi-private room (typically, a room for two people). Purchasing long-term care insurance may help you plan for these costs later in life.

Car Insurance

Florida law requires every driver to have $10,000 personal injury protection (PIP). PIP covers you whether or not you are at fault in an accident, up to the limits of your policy. It covers you whether you are in your own or someone else's vehicle. Pedestrians and bicyclists are covered if they are injured in an accident involving a motor vehicle. Florida law also requires $10,000 property damage liability (PDL). PDL pays for damage that you or your family members cause to other people's property with an automobile, even if you are driving someone else's automobile. That property may include a fence, another vehicle, etc., but the policy does not cover damage to your car.

Homeowners Insurance

Homeowners insurance is required by your mortgage lender. It protects property and personal possessions against loss from fire and theft. A homeowners policy covers home and contents for at least 80% of replacement value, excluding land. Here's a quick way to determine how much homeowners insurance you should purchase:

Multiply the number of usable square feet times the present cost of construction per square feet in the area. There are five coverage components:

1. **Actual cash value** – This is the amount needed to repair or replace damage to the home after depreciation.

2. **Replacement cost value** – This is the amount needed to replace or repair damaged property with materials of similar kind and quality, without deducting for depreciation.

3. **Property coverage** – This includes home structure, other structures, personal property, and loss of use.

4. **Personal liability** – This covers against claims or lawsuits resulting from bodily injury or property damage to others.

5. **Medical payments** – This covers medical payments for persons accidently injured on your property.

Flood Insurance

Most homeowners policies exclude damage caused by floods. Depending on your location, you may be required to purchase flood insurance through the National Flood Insurance Program (for more information, see http://www.fema.gov/national-flood-insurance-program/information-homeowners-renters or call 1-888-FLOOD29). Others may purchase it if desired. Coverage requires a 30-day waiting period before the policy becomes effective.

Renters Insurance

Renters insurance covers you if you rent property. It provides protection from having to pay for another person's injury or damaged property when you could be held responsible.

Renters insurance provides protection for your personal possessions, and it is very inexpensive. It is not required, but you should be aware that your losses are not covered by your landlord's insurance.

For more information, see FM382/FAR5007, *Renter's Insurance* (http://edis.ifas.ufl.edu/fm382).

Identity Theft, Scams, and Fraud

If you have reason to believe you have been a victim of identity theft, fraud, or a scam, act immediately. Follow these steps to protect yourself:

1. File a police report where the crime took place.

2. Notify affected creditors or banks.

3. Send creditors your ID theft report.
4. Implement a fraud alert.
5. Contact credit reporting agencies.
6. Check your credit reports.
7. Change all account passwords.
8. Consider getting a credit freeze.
9. Call the Social Security Fraud Hotline (1-800-269-0271).
10. Contact the Federal Trade Commission (202-326-2222).
11. Contact the Attorney General Fraud Hotline (866-9-NOSCAM).
12. File a complaint online at http://myfloridalegal.com.

Credit

Protecting your credit means monitoring activity in your credit history. You can do this by viewing your credit report every four months, or more frequently if you suspect criminal or unauthorized activity. Each of the nationwide consumer reporting agencies (Equifax, Experian, and TransUnion) is required to provide you with a free copy of your credit report once every 12 months if you ask for it. The three consumer reporting agencies share a central website (http://www.annualcreditreport.com). You can use this site to order your report electronically, or you can print out the Annual Credit Report Request Form and mail it to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281.

You can also order your credit report by phone at 1-877-322-8228.

You can maximize the benefits of monitoring your credit by requesting one free report every four months from a different consumer reporting agency until you have received a report from each agency. Make necessary corrections on each one as you go. By the time you have ordered all three, a year will have passed, and you can request a free report from the first agency. There is a fee if you order more than one per year per agency, and there is a charge for your FICO score.

You can get a credit report at no charge under the following circumstances:

- Once every 12 months as required by the Fair and Accurate Credit Transactions Act (FACT Act).
- If you certify in writing that you are unemployed and seeking employment or receive public welfare assistance.
- If you believe you're a fraud victim or are at an increased risk of fraud.
- Whenever your request for credit, insurance, employment or rental housing is denied based on information received, but you must contact the credit reporting agency within 60 days of the denial.

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