

# Avoid these six costly insurance mistakes in 2010



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Insurance is an important part of most financial plans for families and businesses. If you have loved ones, little ones, own a company, run a charity or if your heirs face a big tax bill after you're gone, you may need an insurance checkup.

Here are a few common mistakes to avoid this year:

**1. Thinking you don't need insurance.** If anyone depends on your current or future income or if you have debt, you need some life insurance. That goes for stay-at-home parents, too. We often take them for granted until we have to juggle working full time with providing childcare, cooking, paying bills, running errands and cleaning the house.

**2. Not knowing what coverage you have.** Take a few minutes and make a chart of all your insurance policies. Include company names, contacts, contract numbers, death benefits, annual premiums and beneficiaries. (Ideally, your statements will include this information.) Then take your chart to your agent and ask if your coverage is adequate.

**3. Having too much insurance.** Maybe you just couldn't say no to the latest insurance flier or offer on TV and you somehow ended up with five insurance policies with five different companies and you aren't sure how they're similar or different. Often it makes sense—and saves you money—to consolidate them into one or two policies.

**4. Listing the wrong beneficiaries.** Unfortunately, people sometimes mistakenly disinherit their current spouse and end up giving a former spouse their life

insurance death benefits. If you have any doubts, ask your agent for beneficiary information and then, if necessary, request a form to make changes.

**5. Leaving life insurance to children.** If you have a child or a family member with special needs, consult an estate planning attorney before listing the child as a primary or contingent beneficiary. An attorney may recommend instead that assets be held in a trust for the benefit of your child.

**6. Buying the wrong type of insurance.** There are several types of life insurance. The most common include term, whole life, universal, variable life and products that combine universal and long-term care. Familiarize yourself with these so you can make sure your insurance fits your specific needs, and then shop around to get a feel for what type you need.

If you implement just one suggestion from this column that benefits you or your family, I'll have accomplished my good deed for the day. ◀▶

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*Jayne Di Vincenzo holds her life, health and annuity license. In addition she holds a Series 7 license, Series 24 general principal license, Series 31 license, Series 53 municipal principal license and Series 65/66 licenses with LPL Financial. Di Vincenzo has been advising families and corporate clients on investments, insurance and estate planning for more than 12 years. She owns her own firm, Lions Bridge Financial. Securities offered through LPL Financial. Member FINRA/SIPC. Di Vincenzo can be reached at 757-599-9111 or by email at [Jayne@LionsBridgeFinancial.com](mailto:Jayne@LionsBridgeFinancial.com).*