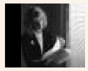


I ALREADY HAVE INSURANCE. DO I NEED MORE?

If you haven't examined your life insurance policies, homeowner's policy, disability policies and other insurance policies lately, they may no longer meet your needs. Your financial circumstances may have changed—perhaps you're making more money, you have children, you have more financial obligations. You need to take inflation into account as well. At a four-percent annual inflation, a $100,000 life insurance policy will buy only $67,600 worth of goods 10 years from now.

Or you may have too much of some kinds of insurance. For example, if you're older and your children are through college, you may not need as much life insurance as you once did.

HOW DO I KNOW IF I HAVE ENOUGH INSURANCE?

You need to assess your insurance needs in light of a broader approach called "risk management." First, determine how you can avoid or reduce risks that could cost you money. For example, stopping smoking can reduce your life, medical, and auto insurance premiums. Adding your teenager to your auto insurance policy could double your premiums. But you can minimize that increase by having your teenager take driver's education and drive an inexpensive car insured only for liability (they wreck it, they walk).

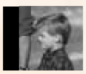
Insurance should be used to cover only those significant risks to your person, to your property, and to your assets that you cannot sufficiently avoid, reduce, or self-insure. But it isn't merely a question of having enough (or too much) insurance. It's a question of whether you have the right kinds of insurance.

WHAT KINDS OF INSURANCE DO I NEED?

Most everyone should be covered by some form of health insurance. If you own a car or a home, it's essential that you have coverage for them. (For the home, you may want special coverage if you live in a flood plain or earthquake zone.) Workers should have disability coverage. Most adults need life insurance. How much coverage they need also depends on their personal circumstances.

Again, the key is to first assess your needs. Insurance is the safety net for the rest of your financial plan. Premature death, disability, a long-term illness, a lawsuit, the loss of your home or car...these financial catastrophes could diminish or wipe out the assets you've worked hard to accumulate.

A CERTIFIED FINANCIAL PLANNER™ professional can help you select the right type and right amount of insurance to match your specific needs. The planner can also look at such issues as how you own your insurance and who is the designated beneficiary.



DO I REALLY NEED DISABILITY INSURANCE?

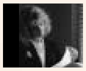
Working people often overlook disability insurance. Yet it is one of the most important types of insurance they should have. Statistics show that you are four times more likely to be disabled for at least 90 days before the age of 65 than you are to die. Social Security disability coverage is difficult to get (85 percent of the claims are denied) and usually not adequate. A disability policy through work or a personal disability policy can replace much of your lost income until you recover, or for the rest of your working life, if necessary.

WHAT OTHER TYPES OF INSURANCE ARE OVERLOOKED?

Personal liability insurance. Even if you do not work in an occupation vulnerable to malpractice lawsuits, such as medicine or other professions, you should have sufficient personal liability coverage for injury, libel, slander, and other liabilities. If you work in a volunteer capacity such as coaching a youth sport team, sit on the board of a charitable organization, or provide day care at your home, you should protect yourself in this litigious society.

Sometimes it's a simple matter of beefing up your coverage through an umbrella policy, which extends the liability coverage provided by your auto or home insurance. Or you may need to purchase separate liability coverage. By and large, umbrella coverage is inexpensive—but critical in protecting your assets.

Long-term-care insurance. Extended home health care or a stay in a nursing home can financially devastate a family. Long-term-care insurance can provide badly needed benefits to help pay the costs. Despite popular belief, the government generally will not pay these expenses unless you are impoverished. Anyone in their 50s or 60s, or older, with assets to protect, should seriously consider this insurance.



IS THERE INSURANCE I SHOULD BE CAREFUL TO AVOID?

Many insurance experts agree that most people should not purchase credit insurance to pay off a mortgage or other outstanding loans if they die or become disabled. It usually is expensive and less flexible compared with other sources of coverage. Other types of excessively expensive policies include hospital indemnity, specific disease coverage, rental car collision-damage waivers and flight insurance.

Your planner can help you make sure the coverage limits of your life insurance, disability and health policies are sufficient to cover any debt needs.

HOW MUCH LIFE INSURANCE DO I NEED?

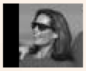
Your decision should be based on several factors:

- What expenses and debts would be associated with your death such as funeral expenses, probate costs, educational loans, installment debts and mortgage payments?
- What is your income? Determining your insurance needs solely on rough rules of thumb such as six or eight times your annual income may be inappropriate in your situation.
- Does your spouse work, and if so, what is his or her income? If your spouse doesn't work, would he or she go to work if you should you die?
- Do you have children? What are their ages? Are they planning to attend college?
- Do you have investments, savings or other assets the survivors could draw on? If these are sizable and relatively liquid, you may need less life insurance.
- What income would your family receive from Social Security, and would it be reduced by spousal employment?
- Would you need to maintain the same living standard, or should the survivors reduce their standard of living?
- Do you have a sizable but illiquid estate such as land or a small business that might require cash to pay for estate taxes?
- How much insurance can you afford? It may be easy to justify the need for a lot of life insurance, but it's not always easy to pay the premiums. Be realistic.

SHOULD I BUY TERM OR AN INVESTMENT-TYPE OF LIFE INSURANCE?

The answer to this question, as to the others, is to first review your insurance needs with your CFP® professional. When you buy investment-type life insurance, such as variable or universal life, part of the premium goes toward the death benefits, as with term or any type of life insurance policy. The remaining portion of the premium is invested and the earnings grow in a tax-deferred reserve account (cash value).

Because you can buy more protection for each dollar with term insurance (typically four to five times as much protection), term is often recommended for people who need larger amounts of insurance and who can't afford the investment element. Or you can buy the same face value of term as you would investment life and invest the difference outside the policy. However, the cost of term insurance increases as you get older, and some people prefer the generally level payments of an investment-type policy (whose earnings may eventually be sufficient to pay the annual premiums).

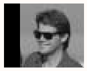


SHOULD I BUY A FIXED OR VARIABLE LIFE POLICY?

That depends in part on how much investment risk you are willing to take. With a fixed-return policy, the insurance company promises to pay you a certain interest rate for a certain period. However, the "promise" to pay depends on the company's ability to pay claims. It is not federally guaranteed. With a variable life policy, you select investments from a menu of bond, stock or mixed portfolio accounts. This gives you the opportunity to earn larger returns than with the fixed-return policy, but there is no guarantee because the returns are subject to market risk.

I OWN MY LIFE INSURANCE POLICIES. THAT'S RIGHT, ISN'T IT?

It may not be if the total value of your estate, including insurance benefits, exceeds the amount exempt from state or federal estate taxes. Assigning ownership of your policies to someone else or a life insurance trust can save significant estate taxes. However, seek professional advice before changing ownership, so as to avoid potential pitfalls.



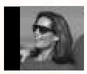
AREN'T THE VARIOUS INSURANCE POLICIES THROUGH MY EMPLOYER ENOUGH?

In some cases, they may be. But most employee coverage is through a group plan with specific limits. It's not tailored to your particular needs. Disability coverage, for example, is often inadequate. Group life insurance coverage also is limited.

Because of the high cost of health insurance, many smaller companies offer no coverage, or limited coverage that you'll need to supplement. On the other hand, if you and your spouse are working, you may actually be overinsured and paying too much for dual-coverage health insurance.

CAN'T I RELY ON MY EMPLOYEE RETIREMENT PLANS INSTEAD OF LIFE INSURANCE?

All employee retirement plans require that you continue employment in order for you and your employer to make contributions. If you become disabled, contributions stop and you may be forced to invade your accounts. This erosion of the wealth you would have accumulated for retirement is an item for strong consideration in the analysis of your coverage.

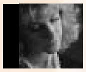


I'M AN OLDER PERSON. WON'T MEDICARE AND MEDICAID COVER MY HEALTH INSURANCE NEEDS?

You may need a Medigap policy to supplement Medicare. A qualified planner can help you determine the need and choose the most appropriate of the types of policies now available, if necessary. As mentioned earlier, Medicaid won't pay for such things as costly nursing home care unless you're nearly destitute.

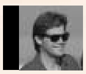
I OWN A SMALL BUSINESS. CAN A CFP® PROFESSIONAL HELP ME WITH ITS INSURANCE NEEDS?

Most CFP professionals are very knowledgeable about the insurance needs of a small business. As with individuals, small businesses often overlook some types of insurance. Besides property and casualty, liability, malpractice and perhaps group health, a small- business owner should consider insurance for buy-sell agreements, deferred compensation, key employees and disability (including partial disability and business overhead coverage). Tax issues involving business insurance are complicated, so you need qualified, comprehensive advice to be sure coverage fits your business and personal estate needs.



ARE INSURANCE COMPANIES SAFE THESE DAYS?

Most insurance companies are safe. But a CFP professional can help you evaluate and select the insurance carriers that are financially strong. Several independent rating services such as Standard & Poor's, Moody's, and A.M. Best rate the financial stability of carriers.



WHY DON'T I JUST TALK TO MY INSURANCE AGENT?

Working with a competent insurance agent is important. Many CFP professionals work with insurance agents to implement their clients' needs. However, a personal insurance program, as with any sound investment or retirement program, needs to be examined in light of your overall financial picture. No one knows that picture better than your financial planner. A CFP professional can offer an objective, comprehensive look at what mix of insurance you need, how much, and for how long you need it. And, your financial planner can work in tandem with your insurance agent if you already have one.

HOW IS A CFP PROFESSIONAL QUALIFIED TO HELP ME?

Not everyone who calls themselves a financial planner is a CERTIFIED FINANCIAL PLANNER™ professional. To obtain the CFP certification, a person must study and demonstrate competency in six areas vital to comprehensive financial planning, including insurance, retirement, investments, and estate planning by successfully completing the CFP™ Certification Examination. The emphasis of the educational program is the interrelationship of the financial areas and the need for an objective analysis of a client's circumstances and goals. The CFP professional must also meet educational, work experience and ethical standards to maintain the right to use the CFP mark.