

Ways to Save Money on Insurance

Ready for some super simple ways to slash your expenses and feel good doing it?

Today we're going to show you how to save some big bucks on an expense we all hate to pay anyway: insurance. No, you can't just cancel your policies, but we are going to show you how to save hundreds—even thousands—on your insurance costs *without* sacrificing any of the coverage you need.

Tip #1: Eliminate Unnecessary Coverage

Thinking about insurance is almost as fun as thinking about taxes. So we all have a tendency to sign up for life insurance policies, stick the paperwork in a drawer and forget all about them. Bad idea! By not reviewing your policies regularly, you could end up paying for coverage you don't even need.

There are two types of insurance you can drop right now...

Cut These Policies to Save Big

- Credit card life insurance: Basically you're paying premiums so that your card will be paid off when you die. Chances are your balance on the card at your death will never be as high as the amount of premiums you pay out.
- Mortgage life insurance: If something should happen to you, the cash proceeds of your term policy can be invested and your spouse can make mortgage payments out of those proceeds. The tax deduction for the mortgage interest remains intact, and you earn interest on your investment instead of letting the bank earn the interest.

Tip #2: Save Money on Auto Insurance

The best auto insurance policies will save you money without sacrificing coverage. Here are a few ways to lower that bill.

Ask about the company's policy for raising premiums if you get a ticket. Absolutely avoid any company that will increase them after just one speeding ticket or moving violation (which almost all of us get at some point in our lives!) You shouldn't have to pay dearly for one mistake.

Save on Your Premiums

Did you know you may be able to cut 35% off your premium simply by increasing your deductible? Take the highest deductible you can afford and put the money you save on premiums in a savings account (where it's earning interest!) so it's available if you need it.

Remember to take advantage of *every* discount you're entitled to, including a safe driving record, anti-theft devices, and safety features, such as anti-lock brakes and airbags. It all adds up!

Tip #3: Save Money on Long-Term Care Insurance

Long-term care insurance costs are going up—like everything else! But a careful review of your policy specifics can dramatically lower your total bill.

Make sure your policy includes a four- to six-year cumulative benefit period rather than lifetime benefits. This should save you between \$600 and \$1,000 a year.

A 90-day or more "elimination" period, which is the waiting period between when you enter a nursing home and when your benefits kick in, should cut an additional \$30.

Tip #4: Save Money on Renter's Insurance

Now here's an insurance policy we can get behind. Renter's insurance is one of the cheapest policies you can buy, and is smart protection to have in case of a fire or other natural disaster.

The cost ranges somewhere between \$150 and \$350 a year. Lower your costs by cataloging your belongings and knowing exactly how much you would need covered in case of an emergency. Then go insurance shopping either online or through an independent agent who can show you the best deals.

Tip #5: Save Money on Homeowner's Insurance

Home insurance is a big expense that most of us pay too much for – and often we're not even getting the coverage we need! That's why we recommend saving money on homeowner's insurance by working with direct writers to get the best coverage for less. Direct writers don't have any agent commissions hiking up their premiums. Here are three we like:

- GEICO: www.geico.com, 1-800-841-2964
- State Farm: www.statefarm.com gives you policy information and will help you find an agent near you
- USAA: www.usaa.com, 1-800-531-8080

Tip #6: Save Money on Health Insurance

Health care costs continue to surge at whiplash-inducing speeds. Here's our secret weapon for combating them: Sign up for a Flexible Spending Account.

Here's how it works: An FSA allows you to use *pre-tax* money to pay your out-of-pocket medical and child care costs. Just have your employer take a specific amount out of your paycheck and then you get reimbursed for your medical bills with the money set aside in your account. Why is this beneficial? Because your money has a lot more muscle since you're saving 15 to 39.6 percent (depending on your tax bracket).

Tip #7: Disability Insurance

There are two key components to disability insurance: the waiting period (which is the amount of time you must be disabled before you begin collecting benefits) and the benefit period (which is

the length of time you'll receive those benefits). Adjusting these two periods can save you big bucks.

Waiting periods range from 30 days to one year. The longer you can wait, the lower your premiums. For example, you can cut your premiums by about 20 percent if you can wait two months for your policy to kick in ... 90 days is even better!

A benefit period with "lifetime" coverage is expensive. Instead, you can save up to 75 percent with a policy with benefits to age 65. You likely won't need the coverage past then anyway, and if you do, you'll have the money you saved to cover you.

Save Money on Insurance Without the Risk

Even in a strong economy, we would never want you to pay one red cent more than you need to for insurance. But these days, those savings seem to go even further. So don't wait to put these tips into action. You *can* get quality coverage without paying an arm and a leg!