

AUTUMN 2020

CAMBRIDGE QUARTERLY NEWSLETTER

**Are you sure
about your
insurance?**



HOLIDAY SPENDING STARTS NOW



Keep your card safe. If you're going to the stores, remember that there are malicious card readers and people watching over your shoulder. Always inspect the card reader to see if it's loose or unusual. Make sure other shoppers are keeping their distance.

Be cautious of Black Friday deals. Some are not as good as they seem! Many retailers will increase the regular price so that the apparent savings influence shoppers to act fast.

ARE YOU SURE ABOUT INSURANCE?

When it comes to budgeting, insurance costs often come into question, especially when a family is financially challenged. Do we really need it right now? If so, how much? Anyone who's been covered by insurance during an emergency will swear by it, but those who've never had cause to file a claim may be tempted to forgo insurance altogether. That's dangerous, particularly when you consider the typical costs of the things we insure, especially our health, our home and our automobile. Even when you pay monthly premiums for years without a claim, the peace of mind that comes from knowing you're covered is priceless. But how do we keep costs under control?

There are many factors that could influence the types and levels of insurance you need. Let's take car insurance for example. Your car's year, make, model, and even paint color play a role in determining your costs. Then there's you. Your age, location, income, driving history, and family size will all also impact your insurance premium. Let's say that you and your neighbor have identical cars, bought on the same day from the same dealership. You have the same income and family size, same spotless driving record, yet the insurance company you and your neighbor both use charges you more per month than your neighbor. How did that happen? Weren't all the key factors the same? We left one out: your credit score. Unless you live in Massachusetts, California or Hawaii, your car insurance company can use your FICO score in determining your monthly premium. Studies have confirmed that people with lower scores are more likely to file a claim.

It's now up to you to decide what level of coverage you want. How insured would you like to be? Your tolerance for risk could vary greatly from your neighbor. But before we get into that, let's make sure everyone understands the basics, especially younger adults who may not have purchased insurance before.

WHAT'S A PREMIUM?

Your premium is your payment. Many people make monthly payments to their insurance companies. Your payment, or premium, is agreed upon by you and your insurance provider. As we saw in our car insurance example, a premium is determined by a formula that weighs any number of factors. Any type of insurance will come with a comprehensive policy that explains to you, in detail, the ins and outs of your costs and options.

WHAT'S A DEDUCTIBLE?

Your deductible is the portion of the costs that you're responsible for before your insurance company steps in. Let's say your car insurance deductible is \$500, and you get into an accident that costs just \$350 to repair. Since you are responsible for the first \$500 of any claim against the policy, that \$350 repair cost is your responsibility alone. However, if you were in an accident that incurs \$1,200 in damage, you'd need to pay just your \$500 deductible, and your insurer would have to cover the remaining \$700. You choose your policy's deductibles, though, if you lease your car, you may discover that the lease requires a more extensive plan with



Tara Marshall
Client Services Manager

Tara Marshall manages our Client Services department. Here's what she has to say about working at Cambridge:

"I started working at Cambridge in 1998 as a Client Services Representative. It isn't just a job, it's like working with family and friends. It is a community of good people doing hard work to help people and I am happy to be a part of it."

Lock your car doors and watch your back. This is the time of year where many car break-ins and purse nabbing happen. Hide any spare change in your car and keep a watchful eye in the parking garage if you go out shopping.

Stay safe. Many people are shopping online this season. Consider purchasing a generic gift card for yourself that you can use as money. This prevents hackers from stealing your credit card information if they gain access to your account. Change your passwords! This is a good time for hackers to access any accounts where you have saved your credit card information for quick purchases. Delete those cards from your account. Sure, you'll have to type them in for each purchase, but it's worth the peace of mind.

a higher minimum deductible. Consider setting your savings goals to accommodate these potential costs. If you have a \$500 deductible on your car insurance, you'll want to have \$500 tucked away in your savings account, ready to use in case you're in an accident. That may seem like a lot to set aside, but remember, we're buying peace of mind.

COMMON TYPES OF INSURANCE

CAR - According to the National Highway Traffic Safety Administration, there were more than 6.7 million car accidents in 2018. Even though car insurance is required by law, each state has its own rules governing policy options. Car insurance can help cover damages and theft, and it can also help pay for the costs of injuries that have happened to you or your passengers. Anyone who leases a car should pay close attention to whether gap insurance coverage is included in their monthly premium.

HEALTH/DENTAL/VISION - Health insurance is required by law. Many employers offer health insurance (alongside vision and dental insurance) options that automatically deduct monthly costs from your paycheck. Your paystub will be able to tell you just how much of your paycheck is going toward your insurance costs. These types of insurance can be invaluable when you need them, often greatly reducing medical costs. Health insurances shield consumers from tens of thousands of dollars in medical bills every year.

HOMEOWNERS - These policies can protect your house, its contents, and your property. The greater the value of your home, the more coverage you might want, and, of course, the more you'll pay. Consider the value of the home if you needed to rebuild it at today's costs, and don't forget the expense of tearing down a home that is badly damaged by fire or natural disaster.

RENTERS - A renter's insurance policy typically covers the contents of the apartment, but doesn't include the physical structure, which is owned and covered by the landlord. (Renter's policies are usually a small fraction of a homeowner's policy for that reason.) To ensure that you'll be compensated for valuable items that have been stolen or damaged, take pictures of them and include their make/model number to build a comprehensive list of what would need to be replaced. It will save you a lot of stress in an already stressful situation.

PET - Medical costs for our furry friends are notoriously expensive, and pet insurance premiums are also increasing. While not quite as competitive as other types of insurance, a pet policy can go a long way in helping you get through emergency procedures that would otherwise cost thousands of dollars out of pocket. There are a growing number of policy options to choose from as medical care procedures for animals become more common.

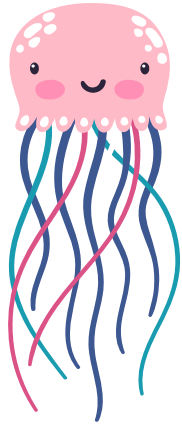
DISABILITY - If something happens to you and you're unable to work, disability insurance is there to make sure you'll be paid. The younger you are, the cheaper your premiums. Many young people choose not to purchase disability insurance because they don't see themselves needing it anytime soon, but policies aren't particularly expensive and much cheaper than being uninsured in the event of an emergency. When you're shopping for a plan, pay attention to what companies define as 'disabled.' Make your choices accordingly.

PRODUCE
IN SEASON
FOR
AUTUMN



- 1.) APPLES
- 2.) BELL PEPPERS
- 3.) CARROTS
- 4.) GARLIC
- 5.) GREEN BEANS

- 6.) MUSHROOMS
- 7.) ONIONS
- 8.) POTATOES
- 9.) PUMPKIN
- 10.) SPINACH



LIFE - Life insurance is a little different from the other types we've discussed, because, unless you're a Greenland shark or *Turritopsis dohrnii* jellyfish, one day your life will come to an end and the policy will be invoked. Having life insurance ensures that your loved ones (designated on the policy as your beneficiaries) receive a payout after you've passed away. In addition to covering funeral costs, death benefits can cover the lost wages of the deceased while a surviving spouse gets his/her finances in order, or, if there are no costs or expenses pending, can even serve as a nice nest egg. There are many types of life insurance, and like disability insurance, it's an investment that you choose to begin when you want, if you want. Term life policies can help keep costs lower for young families, while whole life policies are long-term peace of mind. Do lots of research on your own before reaching out to purchase a plan.

SHOP. REVIEW. SAVE. SHOP. REVIEW. SAVE. REPEAT

No matter the type of insurance, policies are rarely "one size fits all." If they were, they'd be much easier to explain. When money gets tight, and before giving up any of your insurance policies, try and see if you can make some cuts with the help of your insurance agent. Combing over your insurance policy paperwork can be overwhelming, but a simple call to your agent is the best way to explore cost-saving options. They can explain what's covered and what's not, and you should ask about any discounts the company offers to people in your situation. The longer you've been with an insurance company, the more chances you'll have to save money with them.

With that said, don't be afraid to explore your options with a different insurance company. ("In fact, you may save \$600 just for switching your car insurance today...") Many companies offer great benefits and discounts to new customers. Ask for quotes to see if you can get the same level of coverage for a much lower rate, but be sure to also ask how long those lower rates last before they increase. Too often, complacent consumers remain loyal to companies without seeing what else is out there. You could be saving hundreds of dollars a year by making a few phone calls.

Revisit your policies every year when your insurance company sends you your annual policy renewal packet. Inside, there might be new discounts that you could benefit from, or new coverage opportunities that suit your needs. Don't assume that you know all there is to know about your policies.

Is there someone in your life struggling with debt?

Be sure to tell them that a simple, safe solution is available. Please refer your



1-800-CAMBRIDGE
www.CambridgeCredit.org

We're giving away a \$50 gift card to give thanks to our Facebook followers!

For 15 days, we're be asking questions about your experience during the pandemic to share and learn from each other.

The winner will be randomly selected and announced on December 1st, 2020 and notified on Facebook via Facebook Messenger the winner will also be announced on our social media pages. You will have 48 hours to claim your prize!

<https://www.facebook.com/CambridgeCreditCounseling/>

You do NOT have to be a Cambridge client to enter.