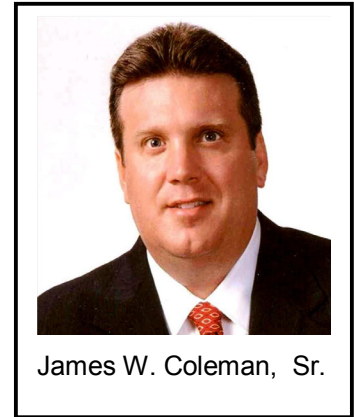




## NEWS

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James W. Coleman, Sr.

### **Prepare Now to Mitigate Financial Disasters** *Local Financial Advisor Gives Consumers Ideas on How to Reduce Money Woes that Accompany Life's Unexpected Turns by Building a Financial Preparedness Kit*

Waterbury, CT (October 25, 2007) – With the devastation that has been wrought by natural disasters in recent American history, Americans have become much better about creating disaster preparedness kits for themselves and their families. However, the one disaster for which most Americans are ill-prepared is of the financial variety. According to financial professional Jim Coleman, with a little bit of forethought and organization, anyone can prepare for and mitigate the effects of the most devastating financial problems.

“Financial woes come in all shapes and sizes from death, divorce and bankruptcy to loss of a job, unexpected household expenses and paying for long term care,” says Coleman. “But none of these financial disasters are insurmountable with proper planning. Just as you prepare for natural disasters like hurricanes, tornados and earthquakes, so too should you prepare for life’s unexpected financial hardships.”

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According to Coleman, one financial crisis more people are facing – but are unprepared for – is long-term care. As the boomers age, many are learning first hand why some have called this “the sandwich generation.” Boomers may find that they not only have to care for their children and themselves, but also their parents or in-laws. “Fifty years ago, it was unfathomable that we would have to provide tandem care for our parents as well as our children,” says Coleman. “But that scenario is becoming a reality for millions of Americans as they juggle the cost of getting braces for their children, plan for their own retirement and pay healthcare costs for their parents. The new reality is that people are living longer – what used to kill us now may disable us. That creates a whole new set of problems.”

To prepare for these kinds of unforeseen financial disasters, Coleman suggests gathering these seven items in a financial preparedness kit:

### **Build Up Your Savings Account**

To weather a financial storm, Coleman suggests that three to six months of income should be put into a savings account. “You need to not only have money saved, but also be able to get to it in a financial emergency,” says Coleman. “Socking away money in your retirement account is an important component of building a sound financial future, but you need to keep some money in a liquid account in case of a financial problem.” Coleman says that this is important not only for workers in the traditional workplace who are paid on a regular basis, but especially for those who are self-employed or work in commission-based occupations.

### **Go for a Line of Credit**

According to Coleman, now is the time to look at getting a line of credit. “Because rates are low right now, it’s an optimal time to look at getting a home equity line of credit,” says Coleman. “The cruel irony is that you may not be able to get credit once a financial disaster hits. Additionally, with the Fed having recently lowered interest rates – and conventional wisdom says that these low rates may not last much longer – now is a great time to take advantage of these rates.”

### **Get Enough Life Insurance**

Life insurance is an important part of being prepared for a financial disaster – your own death or the death of a loved one. While many people understand the importance of life insurance, they fail to

insure themselves at the proper level. “The main reason to own life insurance is to ensure that a surviving loved one is able to maintain their lifestyle, free from financial worry,” says Coleman. “A good guideline is to obtain a policy with a death benefit of 3 times your annual income. Stay-at-home spouses should calculate the cost replacing their services.

### **Consider Disability Insurance**

When disability strikes, a person may not be able to work for an extended length of time. Many people assume that disability insurance is needed primarily for accidents that may occur on the road or on the job. But according to the American Council of Life Insurers, the majority of long-term disabilities are because of illnesses, such as cancer and heart disease. “While many companies provide disability income insurance, the coverage rarely pays 100 percent of your salary,” says Coleman. “Because most people cannot afford to live on substantially less than their full salary, personally-owned disability insurance may be the best way to go. If you’re still working, the sad fact is that you are more likely to be disabled than you are to die.”

### **Don’t Forget Long-Term Care Insurance**

Many of the ailments and diseases that once were death sentences have become bumps on the road of life thanks to advances in modern medicine. That’s why long-term care insurance should be an integral part of a financial preparedness kit. Long-term care insurance can help to cover medical costs for skilled nursing care or rehabilitation training, among other things. “Many people are under the impression that Medicare or Medicaid will help them with health care and long-term care costs,” says Coleman. “The reality is that Medicare only covers skilled nursing for a limited time and Medicaid does not cover healthcare costs for Americans above a very low income level. Long-term care insurance can help you preserve assets. No one wants to see their life’s savings wiped out by healthcare and nursing home costs.”

### **Buy Homeowner’s or Renter’s Insurance**

Mortgage companies often require homeowners to have insurance, but renters often think they don’t need and/or can’t afford renter’s insurance. According to the U.S. Department of Justice’s Bureau of Statistics, renters were burglarized at a rate 79 percent higher than those who own their homes. The bottom line is that both renters and home owners should have insurance. “One of the benefits that homeowner’s and renter’s insurance can offer is partial coverage of the costs associated with

losing property as a result of theft, fire, or natural disaster,” says Coleman. “But policy holders also need to have money in their savings accounts to cover the difference between the replacement cost and the actual cost of replacing items they have lost.”

### **Have a Lock Box**

“Everyone should have a lock box that they can grab in the event of an emergency,” says Coleman. The box should be large enough to house important documents including prescriptions, healthcare information, copies of insurance policies, a list of bank accounts, loans, credit cards and investment accounts. “A lock box can be either physical or virtual,” says Coleman. “There are companies who will keep documents on their computer server which is becoming a trend among people who feel that saving documents on a remote computer server is safer than keeping those documents at home.”

### **About Jim Coleman**

Jim Coleman has been in the financial services industry for over 20 years. He founded Coleman Financial Advisory Group, a Waterbury-based financial services firm, in 1990. He specializes in providing comprehensive financial planning, asset management and estate planning services.

Mr. Coleman received a Bachelors of Science degree from Northeastern University, in Boston, with a double major in finance and marketing. He is an active member of the National Ethics Bureau, an organization dedicated to raising ethical standards within the financial industry. Coleman is also a member of the Financial Planning Association, the largest organization of professionals dedicated to championing the financial planning process.

Coleman’s passion is finding solutions to financial problems and further educating his clients and the community. Listeners in Connecticut rely on Coleman to deliver sound, accurate financial advice as host of *All About Money*, a radio talk program. He writes a financial planning column for a local newspaper, the Prospect Pages, and recently authored a book titled *Educated Investing: Your Guide to Surviving and Thriving in the Fast-Paced Global Markets of the 21st Century*.

Call Coleman’s office at (203)756-7526 or visit [www.ColemanAdvisoryGroup.com](http://www.ColemanAdvisoryGroup.com) to learn more.

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**NOTE:**

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