

INSURED AT EVERY STAGE STARTING OUT



The transition to adulthood is an exciting time that marks true independence. You may have graduated from college, started a job, and even rented your first apartment. With this new freedom comes some real responsibility, including protecting yourself from the financial risks that life can present.

For many young professionals, striking the right balance between parental aid and stepping out on your own is the hallmark of this life stage. Consider the following guidance as you consider your insurance strategy and decide how to protect your financial future.

AUTO 01

Once you are no longer on your parent's policy, you'll need to purchase coverage in your name. Auto insurance is often expensive for young drivers, so consider shopping around for the best rates. You can also explore the myriad of ways to reduce your costs, such as:¹

- **Completing a defensive-driver course**
- **Asking for all available discounts**
- **Driving a car that is more affordable to insure**

PLAN YOUR INSURANCE BUDGET

- **Figure out how much you can afford to spend monthly on insurance**
- **Rank the insurance options you need from most to least important**
- **Shop around for a policy**
- **Consider buying a policy you can comfortably afford**



“ Striking the right balance between parental aid and stepping out on your own is the hallmark of this life stage. ”

RENTERS 02

Renting on your own can open you up to new financial risks, such as what happens if a water line breaks and destroys your items? Renters insurance can help you fill these gaps. You may not think you've accumulated much in value, but when you add everything up, the totals can be surprising.

Take a moment to calculate what it would cost to replace everything you own, such as:

Computer

Clothes

Phone

Furniture

Collectibles

More

You could easily spend thousands! Or, you can purchase insurance to help cover your belongings if you need to make a claim. The good news is that renters insurance can be inexpensive. In fact, the average policy costs less than \$200 a year.²

When shopping for a policy, ask whether it includes liability coverage. This protection may help cover you if someone injures themselves in your home and sues you.





HEALTH 03

You may have access to health insurance through your employer, but if not, you have two choices for obtaining coverage:

Option 1: Stay on your parent's insurance. This choice may be relatively inexpensive. Right now, adults can stay on their parents' health insurance until they're 26 years old. This coverage option exists even if you are married, a parent, in school, or able to have insurance through your job.³ If you are under 26, consider asking your parents about what the monthly premium is to add you to their plan.

Option 2: Purchase a plan. If you can't or don't want to be on your parents' insurance, you can purchase a policy directly. Plans are available through:

- **Private insurers**
- **Federal health insurance exchange (HealthCare.gov)**
- **A state exchange, if available where you live**

DISABILITY

04

25% of 20-year-olds will experience at least 90 days of disability by age 66.⁴

As you launch your career, your most valuable asset is your future earning power. However, having a disability — even for a short period of time — can have substantial economic consequences, making disability insurance critical at this life stage. And the financial stakes are higher than you might think. In fact, 62% of U.S. bankruptcies are at least in part a result of medical problems.⁵

This coverage isn't just for injuries on the job, either. Illnesses are responsible for 90% of disabilities. If you would have a hard time paying your bills without the income you earn at work, this insurance is for you.⁶

Research both short- and long-term disability options to find the coverage that fits your current budget and potential needs.

LIFE

05

Right now, you may not have anyone else relying on your income (e.g., children, dependent parents). As a result, you might think you don't need life insurance. However, now can be a good time to prepare for the future. Coverage can be helpful if you have debt, such as student loans, that you don't want someone to be responsible for in the event of your death.

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

“ 25% of 20-year-olds will experience at least 90 days of disability by age 66. ”

EXTENDED CARE

For many young professionals, extended care insurance is not a priority, given their limited financial resources and stage of life. Even if you choose not to purchase this insurance for yourself, you may want to talk to your parents about their own extended care insurance, to learn how they are preparing to protect their financial health in retirement.

The Takeaway

Becoming an adult brings new responsibilities, and many decisions that can affect you for decades to come. By preparing yourself for both the good and challenging times that may lie ahead, you can help lay a path toward the future you've imagined.

While you may not have the budget to purchase every insurance option available, your youth can make many policies more affordable than they will be later. Take the time now to consider all of the insurance coverage that you may need, so you can build your adult life on a solid foundation. And remember, as you enter new stages — like getting married or having children — you may need to revisit your insurance plan, too.

FOOTNOTES AND DISCLOSURES:

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Perennial Investment Advisors, a registered investment advisor. Cobalt Unlimited and Perennial Investment Advisors are separate entities from LPL Financial. This material is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security or insurance policy.

All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your financial advisor for further information.

These are the views of Platinum Advisor Strategies, LLC, and not necessarily those of the named representative, broker/dealer, or investment advisor and should not be construed as investment advice. Neither the named representative nor the named broker/dealer nor the investment advisor gives tax or legal advice.

By clicking on these links, you will leave our server, as they are located on another server. We have not independently verified the information available through these links. They are provided to you as a matter of interest. Please click on the links below to leave and proceed to the selected site.

SOURCES:

¹ <https://www.carinsurance.com/Articles/cheap-car-insurance-for-young-drivers>

² <https://www.policygenius.com/renters-insurance/learn/how-much-is-renters-insurance/>

³ <https://www.healthcare.gov/young-adults/children-under-26/>

⁴ <https://www.daveramsey.com/blog/disability-insurance>

⁵ <https://www.tma.it.org/blog/10-important-statistics-in-honor-of-disability-insurance-awareness-month>

⁶ <https://lifelifehappens.org/insurance-overview/disability-insurance/who-needs-disability-insurance/>

Cobalt Unlimited

714.893.5400

thane@cobaltunlimitedfv.com

www.CobaltUnlimitedFV.com