



The Lantern

Illuminating Insurance Information

January 2007

Newsletter of
Peter M. Bakker Agency, Inc.
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I Can't Find My Automobile ID Cards

Your automobile insurance identification cards are sent to you with your automobile policy. If you received your policy directly from the insurance company, they commonly staple the auto ID cards into the policy. If they are not on the first page, they may be a few pages into the policy. The Auto ID Cards are printed on an 8 1/2" x 11" page with perforated lines so they can be torn out and put in your car.

If you can't find or misplace your auto ID Cards, we are here to help. We can replace your ID cards in just minutes. All we need is your fax number or e-mail address to send them to. To request new auto ID Cards, please call us at 860-676-1957 or send us an e-mail at PL@bakkerinsurance.com.

Hit the brakes!

If your car has an Antilock braking system, remember not to pump the brakes but to push down firmly on the pedal and let the computer do the pumping to stop your car without skidding or sliding

Welcome to the Agency

Sabrina McAllister and Junsong Hong recently joined our agency as sales producers. Sabrina joins us as an in-house agent in the Personal Lines Department. Jun's focus will be both Personal Lines and Commercial Lines.

The George Lundberg Insurance Agency, LLC has joined the Bakker Agency as an affiliate agency. They are located in Enfield CT.

Welcome to all of them!

Contact us by phone, fax or email

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"Teenage Drivers"

Inexperience and immaturity make it much more likely that a teenage driver will have an accident than an adult driver. A driver in the age group of 16-19 is FOUR times more likely to have an accident than an older adult and TWICE as likely to die in an auto accident (in some states, a 16-year-old is TWENTY times more likely to have an accident than an older adult). A 16-year-old is THREE times more likely to have an accident than someone 18-19 years old. OVER ONE-THIRD of all deaths in the 16-19 year old range are due to auto accidents.

From an insurance standpoint, it is more expensive if your child has a vehicle driven primarily by them. Consider not getting your child his/her own auto and letting him/her drive a family car. If you insist on providing him/her with an auto, consider buying an inexpensive, but reliable, used car.

Unless it is impossible, do not insure your child's auto under a separate policy. It is almost always advantageous, from a pricing and coverage standpoint, to have your child's auto on your policy. In addition, since statistics show conclusively that teenagers have a higher claims frequency and severity, make sure you have a personal umbrella policy with at least a \$1 million limit. The cost can be as low as \$150, but could be as high as \$300 or more. Still, it's a bargain to protect yourself and your assets from catastrophic loss.

Have your child complete a driver's education program. That can reduce your premium by 10% or more.

If applicable, ask for a "good student" discount. If your child's grade point

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average is a "B" or better, you could get a discount of 10-20% or more.

MOST IMPORTANT, practice sound loss control. When dealing with teenage drivers, preventing accidents is more important than relying on insurance to fix things. Insurance can replace your vehicles and pay for broken bones, but it can't replace the most important thing in life...your child. So, consider the following:

Talk seriously to your child about the dangers of driving, including driving under the influence, horseplay, etc. Use statistics from web sites such as www.iii.org to impress upon them how dangerous driving can be.

Consider prohibiting your teen from transporting more than one passenger...some state graduated licensing laws may require this too. (CT has a graduated license law) Reckless behavior is directly proportional to the number of teens in a vehicle. By limiting the number of passengers, you reduce the chance that peer pressure and dares might result in your child taking foolhardy chances.

Consider having your child sign a "contract" similar to the one at <http://www.parentingteendrivers.com> — if anything, it will get his/her attention.

Driving is a privilege, not a right. If your child violates your rules or the rules of the road, take that privilege away from them until they can demonstrate that they understand the seriousness of this responsibility and the possible consequences of their actions.

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*Flexible people never get
bent out of shape*

The Workers' Comp Maze

Just to remind you—workers' compensation laws are designed to provide medical benefits, disability income, and necessary rehabilitation for victims of work accidents or employment-related disease. And if you are an employer, state law is clear that—with some exceptions, such as casual employees—you must carry insurance for the protection of your employees.

If you don't buy workers' compensation insurance, you are a self-insurer and could be on the hook for benefits that are dictated by statute—with *no limit of liability*. And the benefits are compulsory for virtually all private employment, although corporate officers may reject coverage, and it is elective as to sole proprietors or partners.

Winter Safety Tips

- Keep at least half a tank of gas in your car
- Make sure you have good tires
- Keep an ice scraper handy and a small broom
- Put a small bag of sand in the trunk
- Get a mechanic to do a winter check of your battery, antifreeze, wipers, fluids, heater and brakes
- If you are stuck in a storm stay in the car; only leave the car if help is visible within 100 yards
- Watch for sign of hypothermia—loss of feeling and pale color in the skin



LANTERN LIGHTS

Our newsletter is also available at our website www.bakkerinsurance.com.

If you change the mortgagee of property we insure, be sure to notify our office promptly, advising the name and address of the new mortgage company so that we may make the change on your policy. Notification is especially urgent if your escrow account pays your insurance premium—in which case you should also advise us of the loan number.

Top Ten Estate Planning Goof-ups

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Retirement Plan Consultant
Raymond James Financial Services, Inc.

When beginning to plan for leaving their property to heirs, people are confronted and frightened by the high estate tax rates and rush to utilize sophisticated estate planning techniques to avoid them. Yet, there are some simple moves that can frustrate these elaborate plans and are easily avoided. Here are some of the common mistakes to watch out for.

(1)Not Funding Your Living Trust: Many individuals have attempted to install a modern estate plan and use a living trust. Yet, too many fail to transfer the necessary property to the trust, which is like having a conductor without an orchestra.

(2)Too Much JTWROS Property: Titling assets under joint-tenancy-with-right-of-survivorship does avoid probate, yet does not avoid estate taxes. Further, improper titling can frustrate an estate plan because property titled JTWROS goes to the surviving joint tenant regardless of what a will or trust says.

(3)Leaving Too Many Assets to a Surviving Spouse: Leaving all your property to your spouse does avoid estate taxes at the first death due to the unlimited marital deduction. However, such a plan wastes the first-to-die spouse's applicable exclusion amount (previously called the "unified credit"). It may also often be better to pay some estate taxes at the first death at lower marginal rates.

(4)Not Equalizing Assets Through Gifts Between Spouses: This is another example of improper titling and wasting the applicable exclusion amount. Having all property titled in one spouse's name looks silly when the non-titled spouse dies first and does not pass on any property under his/her credit.

(5)Not Having a Will: Do we really need to say more? Probate property of the decedent will pass under the state intestacy laws at possible increased costs. Personal wishes, whether written or oral, will most likely not be followed in the absence of a will.

(6)Improper Ownership of Life Insurance: Most policies are owned by the insured, payable to the insured's estate or survivors

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and therefore are included in the owner's taxable estate. Policy owners should consider giving policies directly to the beneficiaries or transferring them to an irrevocable trust to avoid a large estate tax bite.

(7)Being Donor & Custodian of a UGMA/UTMA Account: Creating and contributing to a UGMA/UTMA account of which you are the custodian will cause the account to be includible in your estate and possibly subject to painful estate taxes.

(8)Not Knowing Where All the "Stuff" Is: A scattered estate plan by a secretive decedent may cause some assets to be left uncollected, undistributed and even lost.

(9)Naming the Wrong Executor: The tasks facing an executor are often formidable and demanding in all but simple estates. Spouses and close family relatives are under enough burdens. A professional or trust company is often a better choice.

(10)Not Periodically Updating an Estate Plan: People don't like to think about dying and therefore want to set up an estate plan and be done with it. However, many economic, health and family changes require revising your estate plan. It's best to work with an experienced financial planner who can help make the necessary modifications.

Understanding and avoiding these gaffes can make sure that your wishes can be fulfilled and minimize the tax bite for your heirs. Be sure to work with an experienced financial planner or other professional to help you achieve your estate planning goals.

Real success is finding your lifework in the work you love.

- David McCullough

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The opinions expressed are intended as general information for our clients. For the special conditions and restrictions of a policy contract, or for specific advice, we suggest you consult your insurance agent, financial planner, accountant, attorney, or other special advisor. Your comments and questions will be appreciated.