

Office for Financial Success – Financial Tip of the Week

A service of the Personal Financial Planning Department
College of Human Environmental Sciences
University of Missouri-Columbia
(2/17/2006)

Do you have a home inventory?

I'm always intrigued about just how differently people manage their financial lives. Take insurance for example – there are those that simply ignore it, there are those that hear something and think "oh, I need to do that" or "I need to take a closer look at my deductibles [or substitute anything else here]," and then there are those that simply 'do it.' Tragedies are a strong motivator for many – the unfortunate events of Katrina and Rita have driven many people to take a closer look at their lives and their finances. My question today – are you doing something about it? Let me give you a good example of something that needs to be done where I've been a slacker ...

I've thought for a long time that I need to make a more detailed inventory of our home possessions. Doing so wouldn't require much more than some time – we have a digital camera and we have a camcorder where I could walk around and physically document what we have. How much easier would that information make our lives if our house were to be broken into, if there were to be a fire, or any other number of things that could occur. Why haven't I done it yet? Good question.

So, doing some personal reading this week, I came across a resource offered by I.I.I. (Insurance Information Institute). This is a great general insurance resource (<http://www.iii.org/>) that I was familiar with. They have, however, created a free software package to help you create a room-by-room inventory of your possessions. Reading this was exactly what I needed – I plan now to "do" something about it. What a great idea – a formal tool to help people not only take inventory of what they own, but also a record keeping system to help you document what you have and a way to manage receipts and other cost information. In addition to free, the site claims it is easy and fun! I don't know about that (being fun), but I'm going to do it. What about you? If you were to wake up in the morning and your house or apartment was empty, would you be able to document what was there? Just as importantly, could you substantiate the costs for those items?

Some facts:

- Burglary strikes every 15.4 seconds
- 402,000 home fires last year
- 1,000 tornados reported annually
- Floods cause \$2 Billion in damages annually

Start now – it's a lot easier to start now and add to it as you go along. You can then have a "system" in place to record and gather necessary information. Another reason I think it is critical is that regardless of your situation, you will be surprised at how much "stuff" you actually have. You may find that you don't have enough insurance on your possessions, or may lead to other areas that need to be explored more fully ...

To download the free home inventory software, go to: www.knowyourstuff.org

Additional home inventory systems (also free) – there are also numerous others as well as many ‘for fee’ resources:

- <http://www.contactplus.com/products/freestuff/mystuff.htm>
 - http://www.iii.org/individuals/homei/hbasics/home_inventory/
 - <http://www.statefarm.com/insuranc/homeown/hminvt.htm>
 - <http://www.century21.com/learn/inventory/>
 - <http://www.5star-shareware.com/Windows/Hobby/Home-Inventory/Home-Inventory1.html>
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Student Loan Consolidation reminder ... in case you're new to this e-mail list or have ignored the past few e-mails, consolidating your student loans this semester is important. Federal loans taken out after July 1st (2006) will be fixed at 6.8% but you have the opportunity to lock your rates at current levels (**4.7%**) by consolidating your loans today (this would be the rate for all loans not previously consolidated at the lower levels of prior years (~2.8%)). Contrary to popular belief, consolidation will not trigger immediate repayment (your loans will continue to be deferred); you will also have the opportunity to consolidate in the future to take advantage of other programs (like UHEAA), as well as the opportunity to consolidate any future loans. Based upon current financial data, the interest rate would rise to **6.14%**. This rate [which will "officially" be calculated the last business day in May] is the variable rate that your federal loans will rise to if you don't consolidate and lock your current rate. It will essentially have the same effect as last year (for those that didn't consolidate prior to July 1st last year (rather than a fixed rate of 2.82%, your loans are now at 4.7% by virtue of not consolidating) – don't let that happen this year. After July 1st, the law change will prevent you from the opportunity of doing an in-school consolidation in the future ... use the information below to schedule a session to talk more about student loan consolidation if you have unanswered questions or don't understand the importance of taking these steps.

Additionally, more information is available on the consolidation section of our site (<http://financialsuccess.missouri.edu/consolidationhome.htm>) to gather information about calculating your weighted loan average rate, consolidating while in-school, estimating your monthly student loan payment, etc.

Tip Archive.

Free access to recent weekly financial tips ...
<http://financialsuccess.missouri.edu/archive.htm>

A primary objective of the MU Office for Financial Success is to provide sound, non-biased information related to your financial life. Financial products are neither sold nor promoted. Our service is free to MU students and an inexpensive educational option for non-students. Visit us (<http://financialsuccess.missouri.edu>) to learn more and/or to schedule an appointment.

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Interested in a career in Financial Counseling/Planning? (<http://pfp.missouri.edu>)
Interested in becoming involved with the Office for Financial Success?

Contact me: olesonm@missouri.edu

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