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Fun in the Sun: Is Your Insurance Protecting You?

By: Sarah Mahaffa, CFP®, Sr. Wealth Advisor and Manager of Financial Planning

Warmer weather leads to a summer full of outdoor adventures and activities. That means outdoor toys, like golf carts, boats, or electric bikes, will likely be put to use in the next few months.

Have you considered how your insurance might cover you in an accident? Just because you own it, don't assume your current property and casualty insurance will cover you or someone else if something unexpected happens.

Boat, jet ski, and Wave Runner owners typically know they need additional insurance coverage, but they should also understand the terms of their policy. For example, what if someone else hits your boat and they don't have insurance? Uninsured watercraft coverage will help cover expenses in an event like that. Do you plan on letting others drive your boat? What about people who don't live with you? The type of coverage you purchase will determine what drivers are covered in the event of an accident.

When talking with your insurance agent, you should also share your plan for storing your boat or watercraft during the colder months.

If it's stored on your property, there will be some coverage on your homeowner's policy, but there is likely a cap on the coverage amount.



If the boat is stolen, you might be on the hook for some of the cost to replace it. And remember trailers, accessories, and towing coverage. Those should be covered as well. Who doesn't love taking the golf cart out to get dinner or visit the neighbors? Did you know your golf cart may not be insured once you leave your property? It's true. Most policies require additional coverage if you plan to use your golf cart on public roads or outside of your primary residence. Golf cart accidents can result in property damage and bodily injury.

There have even been incidents where a golf cart rolled into a lake and needed to be retrieved. Insurance would help with that. Some insurance companies will allow you to add an endorsement to your homeowner's policy for recreational vehicles, while others may require you to purchase a separate policy. Coverage requirements vary by state, so make sure you have the appropriate policy.

Standard bicycles are commonly defined as sporting goods equipment and typically have fairly low coverage limits on a homeowners policy. This is only sometimes the case with e-bikes. Many insurance companies consider e-bikes motor vehicles. If you use your bike frequently or own an e-bike, you should talk to your insurance agent about expanding coverage. When it comes to e-bikes, insurance companies have specific plans depending on the type of e-bike you have (pedal-assist v throttle).

Accidents on standard bicycles alone can be significant but increase the speed to 28 mph, and the possibility of serious injury escalates tremendously.

In fact, the CDC reports that the cost of bicycle injuries and deaths exceeds \$23 billion annually.

Similar but different, electric scooters also have the potential for severe injuries. If you have an accident, your health insurance will cover your personal injuries, but it won't cover injury to others. Most rental agencies have insurance, but that coverage is usually there to protect the company, not those involved in an accident.

Homeowners insurance won't help you here either. Electric scooters can be fun, but if you plan to be a frequent user, do your homework and find a policy that will provide coverage. As this is a fairly new space, not all insurance companies have coverage available.

Beyond the specific policies or endorsements, you should also have an umbrella liability policy. Umbrella policies provide additional coverage in the event your liability limits are exceeded. For example, you may have \$500,000 in liability coverage for your boat and a one million dollar umbrella policy. If an accident results in \$650,000 in medical expenses, the umbrella policy will pay the additional \$150,000.

Even if you don't have outdoor vehicles, an umbrella policy is always worth discussing with your insurance agent.

Summertime is always a welcome season. Having the appropriate insurance in place will allow you to rest easier, knowing you've done your part to reduce your risk while enjoying outdoor activities.

Contact Sarah if you have questions or want additional information regarding this topic.

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BLT Corner

Things Are Heating Up



The summer of 2023 has arrived, and all of us at Bedel welcome the warm, sunny weather. In addition to trying to get outside more, we're also

challenging our current processes, expanding our knowledge through research, attending seminars, and keeping up with new software, applications, and investment strategies.

If you haven't already set up your new Bedel Client Portal, let one of your Bedel team members know, and we'll send you a link to get started. The new portal is much better for sharing, retrieving, and organizing documents. We're also in the process of installing new client relationship management (CRM) software which we'll be rolling out later this year.

Technology is making it easier to access different asset classes. Our investment team continues to research new investment strategies that may prove beneficial for your

portfolio. We are focusing on investments that tend to perform differently from stocks and bonds, which can keep portfolios more stable when traditional investment strategies become volatile. Also, be sure to check out Jonathan Koop's article about structured notes!

Our staff is continuing to grow like a perennial flower. Dominic Petrone (another Purdue Grad!) joined the investment team in April. Dominic is focusing on maintaining investment management databases, creating investment reports, and other data-centric projects that allow for large-scale investment changes within client portfolios. Welcome, Dominic!

We also have two interns working with us this summer. Corbin Atkins, a Finance Major at Ball State, is working with the financial planning team; and Sidney Dickman, a Marketing Major with IUPUI Kelley School of Business, is working alongside our Marketing Manager. Don't be surprised if you hear from either of them as they assist with our work. Both are doing great and have been very helpful to the teams!

Over the past few months, Bedel hosted our annual Ladies Luncheon featuring Dr. Moira Somers, a psychologist, and author specializing in the psychology of money. We all enjoyed learning how our behavior with money started at an early age. And, we hosted our 12th annual Shred Day in early June – great turnout!

We also celebrated two milestone staff anniversaries this quarter: Amy House, Technology Manager & Digital Marketing Specialist, has been with us for 15 years, and Olivia Maynes, Financial Planning Coordinator, just celebrated her 1st anniversary in May. Congratulations to both!

All of us at Bedel hope that you have a wonderful summer. Stay safe, and don't hesitate to reach out to us at any time if we can be of assistance. We appreciate you!

The Bedel Leadership Team

Generation NeXt

Retirement Plan Considerations when Changing Jobs

By: Austin Stagman, CIMA®
Portfolio Manager

Changing jobs can be an exciting yet stressful time in your life. Even though managing your finances may not be on your priority list, it is important to devote time to planning. And when it comes to your company-sponsored retirement plan, there are a few things to consider.

New Company Retirement Plan

One of the first important things to do when starting a new job is to check if your new company offers a sponsored retirement plan, such as a 401(k) or 403(b). These are great ways to save for retirement.

Assuming the company does offer such a plan, you will first need to decide how much to contribute. Although this amount will vary depending on your financial situation, the limit to contribute to most of these is \$22,500 for 2023 if you are under 50 years old. If you are over age 50, you can contribute an extra \$7,500.

Often your employer will also contribute to your retirement account. Usually, this is formatted to match your percentage contribution up to a certain threshold.

For example, they might match your contribution up to 6% of your income. If you contribute 4%,

then the company will contribute 4%. If you contribute 10%, the company will contribute 6% (because of the pre-determined cap). Trying to match at least what the company offers is a great starting point because it's essentially free money!

The next step with your new retirement plan is choosing the investment options. Most of these plans will offer a pre-determined list of investment funds that you can choose from. If no selection is made, it usually defaults to a target date fund.

The nice part about a company-sponsored retirement plan is that the contributions are automatically invested once they are deposited into the account.

The new employer will usually require a waiting period to participate in the company plan—typically six months. So you should have time to digest some of this information before taking action.

Former Company Retirement Plans

You likely had a company-sponsored retirement plan with your previous employer that you'll need to address. But don't worry, you have options!

1. Keep it at the current custodian. You usually don't have to do anything with the account if you

don't want to. Just make sure you are familiar with the fees that the current custodian is charging and how the account is invested.

2. Transfer it to your new company-sponsored retirement plan. This is assuming the new plan will allow incoming rollovers. This option is great for consolidation, but you'll want to ensure the new plan has solid investment options.

3. Roll it over to an IRA. This option gives you much more control over your investments. However, you may not want to choose this option if you are in a certain income bracket because it may hinder your ability to make backdoor Roth IRA contributions.

Summary

This is not an exhaustive list of what you must do or consider regarding your retirement plan. Each company's plan will differ from others. It's important to talk with a financial advisor to help advise what the best option is, how much to contribute, and what investments you should use.

Contact Austin if you have questions or want additional information regarding this topic.

Industry News

Debt Ceiling Drama

By: Bill Wendling, CFA, Sr. Portfolio Manager and Chief Investment Officer

Earlier this year, we started hearing rumors of a potential default that could occur by late Spring if the United States government didn't lift the debt ceiling. Once May arrived, we started to hear these warnings more frequently.

Halfway through May, the headlines came daily. We would get several breaking news updates each day as we neared the end of the month. The press coverage became relentless, and the debt ceiling standoff was front and center of the attention of Americans.

While the media was worrying about it and convincing everyone else around the world to be concerned, do you know who wasn't all that concerned? The stock market. There is an indicator called the Vix that measures stock market volatility. The measure is complex, but in layman's terms, it is a fear gauge providing a numerical answer to "How scared is the stock market?"

The long-term average of the Vix is about 19. For perspective, Vix entered 2023 with a value of about 21. During the banking crisis in March, it peaked close to 27.

On May 24th, the Vix hit the highest level for the month. It was 20. That's a little above average, but not by much.

There was some worry in the market, but not much. Then on May 27th, everyone breathed a sigh of relief as news surfaced that President Biden and House Speaker McCarthy had reached a deal. This deal, which would suspend the ceiling for two years, passed the House, next to the Senate, and was finally signed by Biden on June 3rd.

Ultimately, we had two days to spare. June 5th was the final deadline for having a bill passed. Were we two days away from disaster? Literally, yes, but not realistically. If there were a reasonable chance of default, the stock market would have been much more volatile, with significant losses. The stock market had it right the whole time. There would be a deal, and it would be signed shortly before the deadline. Whether the deadline was June 1st or June 5th, a deal would be reached.

What should be the takeaway for investors? It was not a good decision for those that considered cashing out of risky assets. Making drastic moves in a portfolio because of an unlikely event often misses the mark. Portfolio moves should be based more on long-term outlooks and less on short-term unlikely events.

Contact Bill if you have questions or want additional information regarding this topic.

Digital Resource

PROTECTING YOUR PERSONAL INFORMATION

As identity theft becomes more prevalent, we have provided a new resource to help you take steps to protect your information.

Go to: BedelFinancial.com/protect

Ask Bedel

What is a Structured Note?

By: Jonathan Koop, CFP Sr. Portfolio Manager and Manager of Investment Management

QUESTION: What is a structured note and why would a bank sell an investment that is so beneficial to investors?

ANSWER: Structured notes are an increasingly popular investment vehicle, and we have been using them in client portfolios at Bedel since the aftermath of the Global Financial Crisis in 2009.

Predominantly, we have used structured notes to replace a portion of a client's equity allocation with an investment whose performance derives from a specific index (such as the S&P 500) with the potential to have amplified upside returns in positive markets and protection against sustained market declines in negative markets over time.

Due to their structure with certain maturity dates, notes may not be ideal for taxable accounts. When they mature, it creates a taxable event that gives us less control over deferring capital gains and managing a client's tax situation.

The beneficial return profile of a structured note is created by combining a zero-coupon bond that a bank issues and an option contract (or multiple options contracts). Together the bond and option contract(s) provide the desired exposure to an underlying index.

It is important to understand that when a bank issues a structured note, it is not "taking the other side of the trade" or "betting on what the market will do." Instead, the bank acts as a counterparty and facilitates creating whatever customized note we want. The bank then earns a fee for these services by profiting from the spread on the note (which refers to the difference between the costs of constructing the note and the price at which it is sold). Typically, the bank will immediately hedge any new market exposure through various risk management techniques.

The structured notes that we incorporate into portfolios are different from the notes sold to many investors by brokers. Our notes tend to be longer-term in duration and tied to the performance of a diversified index. This contrasts with other notes whose performance may be based on a small collection of individual stocks, which can be much more volatile and risky. Additionally, for each note we purchase, we leverage Bedel's size to negotiate the best terms when soliciting bids from several of the largest, most credit-worthy banks in the U.S. and abroad. This ensures our proprietary notes strip out needless fees in order to have the most competitive and cost-effective terms possible.

Overall, structured notes are a great tool to provide exposure to the stock market but with embedded downside protection against long-term losses. However, they are complex financial instruments and can be challenging to understand. Don't hesitate to ask your team if you have any questions regarding their role in your portfolio.

Contact the Jonathan if you have questions or want additional information regarding this topic.

ASK BEDEL

Have a Question For Us?

Submit your Ask Bedel question to:

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Corporate Calendar

Bedel Financial Consulting will be closed for business on the upcoming days:

July 4	Independence Day
Sep 4	Labor Day
Nov 23	Thanksgiving
Nov 24	Day after Thanksgiving

Please remember that past performance may not be indicative of future results. You should not assume that any information or any corresponding discussions serves as the receipt of, or as a substitute for, personalized investment advice from Bedel Financial Consulting, Inc. Portfolio Managers. The opinions expressed are those of Bedel Financial Consulting, Inc. and are subject to change at any time due to changes in market or economic conditions.

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