

0 (7s):

Welcome to the Clark. Howard's mission is to serve you and empower you. So you make better financial decisions in your life. On today's episode, I'm addressing something more and more people are thinking about during the pandemic: Life Insurance and it was weird. How mortality makes you think about stuff. But before that, I'm going to talk about something that may be in your hand right now, your phone. I've got info for you about the true cost of you owning the latest greatest Samsung or Apple phone.

0 (48s):

So this is wild. There was a calculation done by CNN in a business of the real cost of being a Samsung fan or Apple fan. There are people who are absolutely obsessed with the latest greatest from these two companies. And so the cost of you when they come out with a new, whatever, can just blow your budget to smithereens.

0 (1m 28s):

I have a friend who, every single time Apple introduces anything, he buys it and he'll buy something. And then I'll say, so how's that working out for you with that new iPad? Whatever it says. Well, I haven't really been using it, but I use the phone all the time. So he, and just follow the, you know, the numbers, you know, you had a 10, you know, he's got the new 12, but he doesn't miss any of them he had an 11. I mean, every one of them that comes out, whatever the top one is, he's got.

0 (2m 12s):

Well, when CNN business calculated, what would it cost to buy all of the most expensive Apple gadgets. And I love what they put in parentheses. If anyone ever actually did such a thing, I know that person 80 grand, \$80,000, but then get this, the Samsung fans, I would spend more over \$90,000. So do you have to have a new one all the time? My wife is an Apple person. She has a Mac book and she doesn't have a tablet, but she is a Mac book and he has the iPhone.

0 (2m 58s):

She has a 10 R and her 10 R is really not behaving well. Now the battery life is down to about two hours on a full charge. And I keep saying, honey, why don't we just get you a new one? I mean, they've got these that run on five G. You would really benefit from the five G. And she says, Oh, it was just too much hassle. It's funny. She is the opposite of my friend who has to have the latest, latest, latest, but there's a real cost to it. And with these things, give them a little bit of time.

0 (3m 39s):

I mean, look at it. Samsung doing the deals that they have been doing on their newest phones, the S 20 ones, the series. And then you've got Apple that just two weeks after they introduced the twelves, they were all kinds of deals available on them from the cell phone carriers. If you actually even needed the newest, greatest phone or device, and with Apple, with the laptops, be very careful when you buy an Apple laptop, you want to buy one early and after they come out with a new version of one, but not right away.

0 (4m 22s):

And you never want to buy one. When it's been years, since they've done a major refresh, because what happens to Apple loyalists? When you buy a Mac book after it has not been through a refresh cycle in a while, right after you buy it, it seems the new one will come out and it would be cheaper and it would be much, much better. So be careful with your wallet and Cresta. How can we serve people right now?

1 (4m 53s):

You can serve Shelly in Florida. And she says, this is not a question, but an alert I'm receiving fraudulent phone calls from parties stating they're from Amazon. They say, I purchased an iPhone on my account and it's being shipped out of state. Would you be so kind as to announce this on your,

0 (5m 10s):

Thank you for mentioning this. This is what's called a Pretext and Pretext calls that create a real sense of urgency or a big problem. And Amazon because of its popularity has become a, a real opportunity for the Pretext or others to pretend they're calling from Amazon, but it could be from any organization where they say, you've got to do something right now. We need to have access to Baba to shut down this fraud. What you do is you say, thank you so much for alerting me. I have a great day and hang up. And if you really have an Amazon account, go sign into it and you'll see whether there actually is any fraudulent activity potentially happening on your account, which you'll find out is the fraud is the phone call, not somebody buying stuff, pretending they're you

1 (6m 2s):

Friday in Virginia, wrote it in and said, all of my friends and relatives think I'm crazy that we are in no hurry to pay off our mortgage. About five years ago, we were in a position to refi it to 0.7, 5% fixed at minimal costs, or just pay it off the remaining a 150,000 and be mortgage free. At that time, we could also deduct the interest that lowered the effective rate to two point 10.1%. Sure. If you didn't have a mortgage, you would say the Save the 70 K in interest. And we would be able to save and invest the monthly payments over 30 years. However, if you just kept the money invested in an average performing index fund over the same 30 year period, you would see \$2.6 million far out stripping the payoff option.

1 (6m 43s):

What are we missing here?

0 (6m 44s):

If you're missing nothing in this is a dilemma for people who are in ultra low mortgage rates, is that with an ultra low rate, are you a better off prepaying on that mortgage? Are you better off doing what you're doing as an investor? You're better off doing what you're doing as an investor, but here's the thing you'll hear. Somebody ask me that changes the answer to the question. There are people who are not natural investors

and their money is sitting in a savings account. They are reluctant to take that money and invest it as you are willing to do.

0 (7m 27s):

And so for them earning a fraction of 1% on savings versus paying two and a half percent in their case, it makes sense to take that money out of savings and pay down that mortgage in your circumstance. It's a much better use of money to invest it.

1 (7m 47s):

Diane in North Carolina says I have no family or close friends whom I'm comfortable with it to be executors of my will. I'm currently residing in a continuing care retirement community of hired a geriatric case manager to advocate for me. And if, if, and when needed, I'm an excellent, but right now I'm in excellent health. And I never have had to use my case manager for any issues. Are there any agencies or types of professionals that can hire who may be able to help me when it comes to executing my report?

0 (8m 14s):

Well, this is a tough problem. When you have people in your life or on the periphery of your life, that you don't feel you can trust to carry out your wishes as you would like. The alternative that is generally recommended legally is that you hire an attorney or you, you name an attorney as the executor of your estate, then have them carry out your wishes that you have better legal protection that they'll do what you would wish. The disadvantage is there going to be costs involved with having an, a lawyer billing the estate fees for being the executor of the estate, but in most States, that would be the right answer in your case.

1 (9m 9s):

And William and Marilyn says, hi, Clark I just turned 18. And I was wondering, when do you recommend I start working on my credit? And what should I be looking for as a first credit card?

0 (9m 21s):

So a good question, and 18 is a great time to do so. So William, we don't know if you're in college. If you are in college, then you're eligible for a college student credit card. Do you have to be a full-time enrolled college student? And they are the cards available to college. Students are available without having to have prior credit history. And you're able to get a small limit card that will help you build up your, your credit standing and alternative that I recommend if you're working at 18, if that's what you're doing is the pedal card, P E T a L card.com.

0 (10m 8s):

They are a visa cards that give you the ability with no annual fee to earn cash back and build up a credit line. There. Credit limit started out very low five, a hundred bucks to help people establish credit, and they use their own proprietary method to determine whether or not you are credit worthy rather than traditional credit

scoring. The other thing you can do is join a credit union, many credit unions, probably a majority offer. What generically is heard to is fresh start programs, where you're able to get a credit card in return for being a member of the credit union.

0 (10m 50s):

Again, a very small limit you're kind of issued almost like a probationary visa or MasterCard at first, and then you graduate over time to a full fledged credit card holder. And it's a great way for you to establish credit from scratch. And we've got a More for you straight ahead on today's podcast. We're going to talk about something that I talked about in the past, and people didn't want to hear it, and that's buying life insurance and why you should have it. And right now many people are all ears.

0 (11m 31s):

Tell me More the biggest surprise I red in a story is that the greatest interest of late has been people under 40.

2 (11m 43s):

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3 (12m 29s):

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0 (13m 16s):

Nothing like a pandemic to get people focused on well, their future or when their demise might occur, because there's a tendency when we're younger to feel somewhat invincible. And so getting somebody who is 20 to 40 interested in buying life insurance historically has been really, really hard in, in recent decades. Almost impossible. The reality is people under 40 grew up in an era where the idea of having to deal with a life insurance salesman was something they just would not do.

0 (13m 60s):

Well. Two factors have changed this equation. One is you don't have to deal with a human anymore to buy life insurance. You can now buy life insurance. And in several cases have a policy instant issued right over your smartphone or your laptop. The second thing is that because of coronavirus people who might not have focused on buying life insurance, now we're thinking, Hey, maybe that's something I should do. And so that has been a game changer with a life insurers being especially surprised by the age of people, contacting them to buy a life insurance policy.

0 (14m 52s):

Medical information Bureau says that the number of applications of younger people is up almost 10% and people that are older, really no movement. This really has been what about younger people buying? And I saw an item in the wall street journal that if people do an application, 70% of the time, they ended up buying the life insurance. So the hard part is getting people interested in buying a policy. And the reality is that if you buy the kind I recommend in your twenties, thirties, or forties, known as level Term insurance, you can buy it to cover much of your working lifetime or a four, the different purpose.

0 (15m 42s):

Let's say your buying it because you have minor children and you're trying to protect them financially. In the event you were to pass away, or do you have a partner or a spouse that you're trying to protect and you buy a policy, you can buy it for us. A period of typically 10 to 30 years at a level Term level Term is dirt, dirt cheap. A lot of it is let's see, he's quoted based on a monthly premium, typically 20, 25, 30 bucks a month for a significant amount of life insurance. And now because of the math formulas, that insurance companies, or more and more adopting, you're able with a lot of insurers now to apply, they run a medical background on you, that it is creepy how much they can find out about you like that, and then determine the risk level you represent and either say, yeah, we'd love to have for you.

0 (16m 43s):

You here's your policy and here's your premium. You want it? Go ahead. You're live your real. Or they may say, well, you know, I don't think you're exactly what I'm looking for, but you'll know immediately. There's a fee as a middle, sometimes with instant issue policies, where those say, Hey, we got to talk to you. We got to do more digging and figure out if we can insure you, would they call underwrite you? But the idea of getting Insurance is something that anybody who who's under 40, who has worked for me over the years, I drive him crazy saying, Hey, have you bought life insurance?

0 (17m 28s):

Have you bought it? If you bought it, because if you got kids or do you have that spouse or significant other, you don't want to leave them in a lurch in this coverage is so cheap and you got huge amounts and you don't have to deal with a salesperson. And you eliminate. They're able to sell you these policies so much cheaper because you're not paying the massive commissions that are so typical with traditional life insurance. Remember these policies I'm talking about, have no savings accounts, no investment accounts to them.

They are simply death benefits.

0 (18m 11s):

You die. The people you want to protect, get the money. Period. If you go to Clark dot com, I have a guide that walks you through getting quotes and buying level. Term Insurance think about it. If you're 30 or older and you buy a 30 year level term, you will have protected most of your remaining key working years and not much money per month. It's really an important thing to do to protect those that you care about.

0 (18m 51s):

And it's time for your questions, Krista.

1 (18m 54s):

Yep. We do have a question about this. Anna says I'm 29 years old and single with no dependents. I have no debt. Is there any reason for me to have life insurance? My company offers a small policy that would at least, I think maybe get me buried. If I,

0 (19m 12s):

So you were in a position that life insurance is not a priority for you. And I know in insurance salesperson would say, you should buy it. Now, even though you don't have a real need to provide for a survivor, just because now you're healthy enough to be able to buy it likely at a later date, you might not be, but you can't plan against every eventuality in life. And if right now you don't have others that depend on you for income. Then this would not be a priority for you.

1 (19m 49s):

Stan in Ohio says, I want to get a debit card tied to its own bank account that I can use for internet purchases, subscriptions, et cetera. I have a credit score of eight 20. Now, would this affect my score? And would that be a practical way of limiting the danger of online scamming?

0 (20m 5s):

So interesting question you pose First it affects your credit score. Not at all. A debit card does not have an impact at all on your credit score. Second, I would rather you not use the debit card for online purchases. Is there a lot of protections that the law provides to you with an internet purchase? If the goods are misrepresented, if the goods don't show up or things like that, you have those protections with a credit card, they don't exist with a debit card. My preference would be you got this huge score, eight 28, 20, right?

0 (20m 46s):

You got this great, get a credit card or take one of the ones who you have right now. You use it only for your internet purchases, and then you'll have the protections in place. And you won't have to worry that if the numbers compromised, that you have to change other things going on in your life for the subscriptions,

things like that, I guess you could use that same card again. There's no real benefit to using a debit card versus a credit card credit card. Your liability in the event of fraud is zero. At most in them, it takes a special circumstance.

0 (21m 28s):

Your liability is capped at 50 bucks, but remember a fraudulent activity happens on a credit card. No money is left. Your hands in a debit card or a debit card is compromised. The money is gone from your account. You have to fight with your own bank or credit union to get that money restored.

1 (21m 46s):

Yeah. And Gail in Oregon wants to know, do I need to retain my paper utility bill?

0 (21m 53s):

Only if you try to reduce your utility bills by throwing 'em in a fireplace during cold weather, I know of no reason that you need to keep a utility bill. And besides with the utility bills, you have online access to billing that if you've thrown away a bill, so what you just sign into your account and you'll see those prior bills. Can I give one exception? If you have any business use that would allow you to use your utility bills as a partial or complete tax, write off, then you keep those bills, otherwise dump them.

1 (22m 36s):

And a similar one, Jen and Michigan says, I just traded in my old car for a new car at the dealership. How long do I need to retain all of my paper receipts? They go back to 2005.

0 (22m 47s):

I can't believe it. You have kept all your paperwork on everything that ever happened with your vehicle for 16 years. And that vehicle is no longer in your life. I am so impressed. I can't stand it. I, in real life, yeah, you can toss those things. Okay.

1 (23m 8s):

Sam in Oklahoma says, I looked up an older story about using T-Mobile for home internet and decided to look into it. And there's a plan in his area. He says he qualified it and thought he'd sign up. But when he called them, they want my social security number and date of birth. I was not comfortable with that. So I did not sign up. I let them know that all I had to do with your competitors was showed up with a credit card and they got slightly indignant and wished me luck. So the moral here is I can think of no reason why they would need this information. Other than the Credit checking to see if I can cover the \$300 plus modem in the event of damage, et cetera, this may be worth looking into and discussing with your audience.

0 (23m 47s):

I can explain this. If you go to a cell phone carrier, one of the big three, you go to a Verizon at and T or

T-Mobile, and you're signing up for a service where they are doing. What's called postpaid, where they're a billing you after you've received the service rather than prepaid, where you were paying in advance of the service that's being rendered you for, post-paid have to give a social security number to any of the company's prepaid you don't. And so you would find that if you go to, let's say a Metro by T-Mobile, they're a prepaid arm, or you go to Cricut, which is a at, and T's prepaid, or you go to a visible, you're not going to have to have, which is Verizon's prepaid.

0 (24m 38s):

One of their prepaids. You're not going to have to give us social. But if you go to the flagship and your buying a postpaid service, you have to give your social because they do run the credit check on. You want to tell you that. I appreciate all your questions. When you have a question for me, please go to Clark dot com slash asked to post it. And I want to tell you that it is an honor to have the opportunity to share this podcast with you. If you've just found your way here, love it. If you would subscribe, if you've enjoyed, did it share it with your friends?

0 (25m 19s):

And I want you to know we are all together. Part of what makes up team Clark because we all learned from each other and know that around the clock we serve you at Clark dot com and Clark deals.com.

4 (25m 35s):

<inaudible>.