

BREAKING OUT ON YOUR OWN: WHAT YOUNG ADULTS NEED TO KNOW

Renters Insurance Included in Top 5 Must-Haves for Building a Solid Financial Foundation, according to Young America's Financial Coach

As the estimated 1.5 million Americans who graduated from college this past spring begin to settle into their first job, their first post-graduate apartment, and essentially, into the rest of their lives, many will be confronted with new-found freedoms, including financial independence.

No longer benefiting from financial support from parents, or student loans or college funds, most young adults across America will be responsible for managing their own finances. Where do they start?

Of the number of tips for young adults living on their own for the first time, Peter Bielagus, Young America's Financial Coach™, licensed financial advisor and author of *Getting Loaded: A Complete Personal Finance Guide for Students and Young Professionals*, says renters insurance is one of the top five on the list.

“If a person was to ask himself “What could ruin me or place me in a situation of hardship?” one of those things would certainly be losing their place of residence and the valuables in it,” says Bielagus. “By protecting these assets from the get go, a young adult is putting himself in the best position to further their financial freedom and easily manage any twist of fate. College graduates today are significantly worth more than back when their parents graduated if you think about their valuables, and it's not worth the risk to go unprotected.”

Bielagus' point is certainly valid. Liberty Mutual renters insurance claims data reveals that the number one reason for claims filed is theft. According to www.youcovered.com, rented households were burglarized at rates 79 percent higher than owned households (Bureau of Justice Statistics at the U.S. Department of Justice). And burglars entered a rented house, apartment or condominium every 14.7 seconds, making off with valuables worth an average of \$1,607 each time (Federal Bureau of Investigation 2004 data).

Fire is the second most common reason for renters insurance claims. And according to the National Fire Protection Association (NFPA), a fire occurs in an apartment building every six minutes in the U.S. The NFPA reported that in 2005, 94,000 fires occurred in apartments, resulting in over \$948 million in property loss and damage.

Despite the obvious need for a policy, a Liberty Mutual 2006 study of college seniors and recent college graduates found that only 30 percent of those currently renting have renters insurance and 21 percent of have never even heard of renters insurance.

A major barrier the study uncovered was the perceived cost: 41 percent of respondents felt renters insurance was too expensive. However, renters insurance policies are available for as low as \$10 per month – the cost of a pizza or 10 MP3 music downloads.

Bielagus recommends that young people get a free quote by visiting websites like Liberty Mutual's youcovered.com which can give you a ballpark estimate of the cost of renters insurance without even giving your name. The site allows renters to use an estimator tool to determine how

much their belongings are worth, and how much it would cost to cover these possessions with a policy. If the policy is of interest, the person can then go on for a more detailed quote with an option to buy. A person can be covered with renters insurance as quickly as the next day so it is never too late to sign up.

“Building a solid foundation for financial freedom starts with insurance – including health, disability and renters,” says Bielagus. “The low cost of entry for renters insurance really turns it from a question of why to why not?”

To build on that foundation, Bielagus also offers these additional money management tips to give young adults a jumpstart on their financial security:

- Buy insurance (health, disability and renters)
- Know your credit score
- Pay down debts (especially credit card debt)
- Invest in a 401(k)
- Direct deposit a portion of your paycheck into your savings account
- Try a CD or money market account – make sure your savings are earning interest

To find out more about renters insurance and other personal lines product Liberty Mutual offers to alumni of the East Carolina University, please visit www.libertymutual.com/lm/ecualumni call 800-867-5517 or go to a local office.

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