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#### Estate Planning: Being Prepared

By: Cherriel Gentles, Esquire

Of all the things on one's "To Do" list, estate planning, (and/or getting one's affairs in order), is likely the one thing which most people put off and yet, it is the single most important thing to do before one runs out of time. Knowing the essentials will help you to get the process started or update and manage your estate as necessary.

Estate planning deals with preparing for the administration of one's assets upon incapacity, disability or death. Basic estate planning tools may include a last will and testament (will) to dispose of your assets as you choose, a financial durable power of attorney to allow a trusted agent to handle your financial affairs, and a healthcare power of attorney and living will to set forth your end of life preferences. A trust may also be appropriate under some circumstances.

While many believe estate planning is only for those who are considered wealthy, at its core, an estate is simply all the property an individual owns. Selecting and having one or more estate planning documents gives legal effect to one's wishes for property management and medical care. Real estate, bank accounts, stocks, tangible assets including jewelry, vehicles and even pets, are part of one's estate.

Among the estate planning tools, a last will and testament is the most utilized. This legal document allows you to designate who receives your property and appoints a personal representative to manage your estate. You may also designate a guardian for your minor child. This may be one of the single most important documents you will sign. Without a will, state intestacy laws and the courts determine who will inherit your property and who shall care for your minor children.

A last will and testament, however, does not dispose of all assets. A will does not usually govern retirement benefits, insurance benefits or assets held jointly with your spouse or others. Therefore, it is important that you take these factors into consideration when coordinating beneficiaries for those assets that are not included in your will.

A durable financial power of attorney allows you to appoint an "attorney in fact" or an agent to handle financial matters for you if you become unable to handle them on your own due to unavailability or incapacity. This document allows you to have a plan in place in the event you become mentally incompetent or otherwise unavailable to handle your own affairs. If you don't have a valid power of attorney and then become incompetent, a judge will have to appoint a guardian to manage your affairs. For those who wish to continue handling their affairs for as long as they can, a power of attorney may be drafted in such a way that it only becomes effective upon a doctor certifying that you are incapacitated and unable to handle your own affairs.

A living will and healthcare power of attorney, also called an advanced healthcare directive allows you to make important healthcare decisions in advance of being incapacitated. These documents inform healthcare providers of what life prolonging treatments you want or do not want and also appoint an agent or proxy to speak on your behalf.

Setting forth your wishes ahead of time is important as it minimizes the risk of conflict amongst family members and loved ones and relieves them from having to make difficult end of life choices.

Implementing an estate plan offers direction, assurances and protections that are present only if you take the time to make final arrangements. You have worked hard all your life to pass on your legacy to your loved ones. Taking action will ensure that your voice is heard and your personal representative upholds your wishes.

#### Your Automobile Insurance: More Than Just A Monthly Bill

By: Jordan G. Green, Esquire

Many of us do not put much thought into purchasing automobile insurance. We think of it as just one of those things on our list that we "have to do."

Two important issues you should consider when purchasing your policy are whether to purchase full versus limited tort coverage and whether or not to purchase uninsured/underinsured motorist coverage ("UM/UIM coverage").

We recommend the purchase of full tort coverage and we recommend that you should not waive your UM/UIM coverage. If your budget allows for it, we recommend liability limits of \$100,000/\$300,000.

#### Full Tort vs. Limited Tort

Since 1990, Pennsylvania law has required that auto-insurance carriers offer the "limited tort" option as a cost-reducing measure. The limited tort option limits your legal rights if you are involved in an auto accident. If you maintain the limited tort option, you cannot sue for non-economic damages unless you suffer a "serious" injury. This means that in most cases under a limited tort policy you are not entitled to damages for pain and suffering.

The "full tort" option offers more protection. It allows you to seek compensation for pain and suffering if you are involved in an auto accident. While the full tort option is more expensive, it better protects you if you are injured. The ability to obtain additional compensation beyond medical bills can make the difference between being able to get your life back on track after an accident or being saddled with unexpected costs.

## **The Importance of UM/UIM Coverage**

Another way many individuals attempt to save money on their automobile insurance premium is by waiving their uninsured/underinsured motorist coverage. It is important to understand what this coverage is before deciding to waive this coverage simply to save money.

Although Pennsylvania law requires drivers to carry automobile insurance, many drivers do not. Uninsured motorist coverage, or "UM" coverage, protects you against these drivers. If you are struck by an uninsured driver, you can turn to your UM coverage for compensation. Without UM coverage, you may be unprotected and left without a source of recovery in this all too common scenario. In 2014 the Insurance Research Council found 12.9% of drivers in the United States are uninsured. This is why it is so important not to waive your UM coverage.

In addition to uninsured drivers, there are also what are known as "underinsured" drivers. Pennsylvania law sets the minimum required amount of liability coverage at just \$15,000. Underinsured motorist coverage, or "UIM" coverage, protects you against a driver who maintains an insurance policy that is not sufficient to compensate you for your injuries. Imagine for a moment that you or a loved one are severely injured in an automobile accident. The accident was caused by a driver with \$15,000 in liability coverage. Without UIM coverage, the most you will be able to recover is \$15,000. This is often not even enough to cover medical bills. This illustrates why UIM coverage is so important.

## **Three steps to better protect yourself in case of an automobile accident**

- 1) Select the full-tort option;
- 2) Do not waive your uninsured/underinsured motorist coverage;
- 3) Select limits of \$100,000/\$300,000 if it works with your budget.

## **Improving Your Credit**

By: Cherriel Gentles, Esquire

Whether you are applying for a mortgage, a car loan or even motor vehicle insurance, credit scores are used by creditors and service providers as a barometer of financial creditworthiness and risk on a daily basis.

While you may be able to get by without clearing up credit issues and updating your credit, neglecting to address these matters sooner rather later could potentially cost you thousands of dollars every year often resulting in higher interest rates for loans, more stringent demands for deposits on rental properties and higher insurance rates for drivers who have bad credit scores. Utility companies may also require a security deposit if your credit score is low.

In the long run, updating and repairing your credit will help you to save money on insurance, loans, and credit cards; but that's not the only reason to update your credit. If you dream of starting your own business or just want the security of knowing that you can borrow money when you need it, you should check your credit regularly.

Before you can start updating and repairing your credit, you have to know what issues you need to address. First, you need to be sure that everything that is listed on your credit report actually

belongs to you. Disputing incorrect information listed on your credit report is essential. Second, your credit report contains all of the mistakes you've made that have led to bad credit. Read through your credit report to see what negative items are affecting your credit score. By law, you're entitled to free credit reports from each of the three credit bureaus each year. This yearly free credit report is available only through AnnualCreditReport.com. You may also order by mail or phone at 877-322-8228.

You're also entitled to a free credit report if you've been turned down for credit because of something on your credit report, or if you've been a victim of credit card fraud or identity theft.

If you've already used up your free credit reports for the year, you can order your credit reports directly from the credit bureaus for a fee. Ordering all three reports is the best practice as some of your creditors and lenders might report only to one of the credit bureaus. Since credit bureaus don't typically share information, it's possible to have different information on each of your reports. Ordering all three of these reports will give you a complete view of your credit history and let you update and correct your credit with all three bureaus instead of just one.

Each credit report contains your personal identifying information, a detailed history for each of your accounts, as well as any items that have been listed in public records such as a bankruptcy, and any inquiries that have been made to your credit report.

Types of information that you will need to update, correct, dispute or make payment arrangements on include incorrect information; accounts that aren't yours; payments that have been incorrectly reported late; maxed out accounts that are over the limit; past due accounts that are late, charged off, or have been sent to collections.

You have the right to dispute any information contained in your credit report that you believe cannot be verified, is inaccurate or incomplete. When you order your credit report, you'll receive instructions on how to dispute credit report information. Credit reports ordered online typically come with instructions for making disputes online, but you can also make disputes over the phone and through the mail. Of course, disputing any questionable information in writing is best, as you will retain a copy of the dispute form and letter for your records.

You should send proof that supports your dispute; for instance, a cancelled check indicating that you made your payment on time. Further, if you mail your dispute via certified mail with return receipt requested (which is highly recommended), you will have proof of the time you mailed it. This may become important as credit bureaus have 30-45 days to investigate and respond to your dispute.

When you send your dispute, include a copy of your credit report highlighting the disputed items and a copy (not the original) of any proof that you have supporting your dispute. If you don't send enough information about your dispute, the credit bureau can decide that your dispute is frivolous and decline to investigate the dispute or fail to update your credit report. With the right information and request, however, the credit bureau will conduct an investigation which may be as simple as asking the creditor if the information is accurate, and reporting back with a response.

If the dispute is successful and your credit report is updated, the bureau will make the change, alert the other credit bureaus, and send you an updated copy of your credit report. On the other hand, if the item isn't removed from your credit report, your report

will be updated to show that you've disputed the information and you'll be given the opportunity to add a personal statement to your credit report. Personal statements don't affect your credit score, but give additional insight into your dispute when a business manually reviews your credit report.

Accounts that are severely delinquent, generally for more than 180 days, are defined as a 'charge off'. Behind bankruptcy, this is one of the worst designations on a credit report. Even though the creditor may write off the debt as a loss, as they do not believe they will recover those payments, you're still responsible for a 'charge-off' balance. Many creditors will sell these debts to debt collection companies who in turn collect them or file suit on behalf of the creditors to collect balances due. Be sure to take care of collection accounts. Even accounts that aren't normally listed on your credit report can be sent to a collection agency and added to your credit report, which hurts your score even more. As they age, charge-offs have less impact on your credit scores, however, the outstanding balance will make it hard — and sometimes impossible — to get approved for new credit and loans.

Another way to improve your credit is to pay down credit balances.

The higher your credit balances are, the more it hurts your credit score. Having maxed out credit cards costs precious credit score points (not to mention costly over-the-limit fees). Bring maxed out credit cards below the credit limit, then continue working to pay the balances off completely.

Your loan balances also affect your credit score in a similar way. The credit score calculation compares your current loan balance to the original loan amount. The closer your loan balances are to the original amount you borrowed, the more it hurts your credit score.

You'll probably have a limited amount of money to put toward your credit improvement each month. So, you'll have to prioritize where you spend your money. Focus first on accounts that are in danger of becoming past due. Get as many of these accounts current as possible, preferably all of them. Second, work on bringing down your credit card balances. Third are those accounts that have already been charged-off or sent to a collection agency.

After you've resolved the negative items on your credit report, work on getting positive information added. Just like late payments severely hurt your credit score, timely payments help your score. If you have some credit cards and loans being reported on time, it helps your score. Continue to keep those balances at a reasonable level and make your payments on time.

Past delinquencies can keep you from getting approved for a major credit card so limit your credit card applications to one, or two at the most, until your credit score improves. This will keep your credit inquiries low. Credit inquiries are added to your credit report each time you make a new application for credit and too many of them hurts your credit score and your ability to get approved.

If you get denied for a major credit card, try applying for a retail store credit card. They have a reputation for approving applicants with bad or limited credit history. However, retail store credit card interest rates may be much higher than regular credit cards. Also consider getting a secured credit card which requires you to make a security deposit to get a credit limit. In some ways, a secured credit card is more useful than a retail credit card because it can be used in more places.

In your effort to maintain the good credit you have, bear in mind that it is better to maintain your good credit accounts instead of falling behind across the board. Do not fall delinquent on accounts in good standing for accounts that are not. Continue making timely payments on all your current accounts.

Also, be careful closing credit cards. Rarely does closing a credit card help your credit score. In fact, closing a credit card is more likely to hurt your credit score, especially when the account has a balance.

If your debts are overwhelming, creditors aren't willing to work with you, and you can't seem to come up with a payment plan on your own, consumer credit counseling may be an option for you to get help getting back on track.

If it's not feasible to formulate a plan to repay your debts, bankruptcy may be inevitable. Filing for bankruptcy sooner rather later may be an option for you, if you have tried everything else. If filing bankruptcy is the only way you can get back on track, don't waste time on strategies that won't work. Consult a bankruptcy attorney to evaluate whether you should file bankruptcy early so you can start the process and begin to rebuild your credit.

Continue adding positive information to your credit report and your credit score will improve over time. It can take years of proper credit use and prompt payments to rehabilitate a bad score. And if you have no credit history, it can take years to build a good one. This is one of the biggest reasons that it's so crucial to start building a good history now, and to check your credit regularly so you can catch any potential problems before they become a major issue. Your credit impacts many areas of your life, neglecting it can have repercussions for years to come.

*"A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned."*

—Thomas Jefferson

*"If I went to work in a factory the first thing I'd do is join a union."*

—Franklin D. Roosevelt

*"The American Labor Movement has consistently demonstrated its devotion to the public interest. It is, and has been, good for all America."*

—John F. Kennedy

*"It was the labor movement that helped secure so much of what we take for granted today. The 40-hour work week, the minimum wage, family leave, health insurance, Social Security, Medicare, retirement plans. The cornerstones of the middle-class security all bear the union label."—Barack Obama*



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