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Summit Wealth Partners, LLC

The Rational Optimist™

Florida Auto Insurance in 2025: Rising Premiums and Ways to Save

BY JASON PRINT, CFP®
CO-CEO

It's hard to miss the skyrocketing costs of homeowners insurances, but has anyone else noticed the cost of auto insurance rising as well?

MarketWatch recently did a study on Florida auto insurance and found that "the average premium for a full-coverage auto insurance policy in Florida jumped 10.1% in 2023." A number of factors have contributed to this rise, including uninsured motorists (some speculate they may account for as much as 20% of all drivers) and an increase in car thefts.

Wondering how Florida stacks up against the rest of the country? According to the study, it is currently the second most expensive state for full auto coverage (which typically costs $3,244 per year) and the most expensive one for minimum coverage (costing around $1,345 per year).

Other major factors affecting Florida Auto premiums are:

1. **Litigation environment:** The state is notorious for the high number of legal claims related to auto accidents.
2. **Weather-related risks:** Florida is prone to hurricanes and flooding, which can increase the risk of vehicle damage and lead to higher premiums.
3. **PIP coverage requirements:** Florida requires drivers to carry personal injury protection (PIP) insurance, which can be costly. PIP covers medical expenses for you and your passengers regardless of who is at fault in an accident.

Curious what you can do to reduce your auto insurance premiums? Here are a few suggestions.

Increase your deductibles: By opting for a higher deductible, you can lower your monthly premiums. Just make sure you can afford the deductible if you need to make a claim.

Bundle policies: Many insurers offer discounts if you bundle multiple policies with them, such as auto and home insurance.

Maintain a clean driving record: Avoiding traffic violations and accidents can help you maintain a lower insurance rate. Safe driving often leads to discounts or lower premiums.

Take advantage of discounts: Insurance companies offer various discounts, such as:

Good driver discounts (for maintaining a clean driving record)

Good student discounts (for students with good grades)

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FEATURES

UPCOMING

Savvy Seniors
Tuesday, November 19 at 10:00a.m. - 11:30a.m.
The Prince Conference Center at Calvin University - 1800 E. Beltline Ave SE, Grand Rapids, MI 49546

Women and Wealth
Thursday, November 21 at 4:30p.m. - 6:30p.m.
The Brickyard TAVERN - 940 Monroe Ave NW, Grand Rapids, MI 49503

connect@mysummitwealth.com

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Low mileage discounts (for driving fewer miles than the average)

Safety feature discounts (for cars equipped with safety features, such as anti-lock brakes or airbags)

Improve your credit score: In many states, including Florida, insurers use credit scores to determine premiums. Improving your credit score can help lower your rates.

Choose the right vehicle: The type of car your drive affects your insurance rate. Generally, vehicles with high safety ratings and lower repair costs are cheaper to insure.

Fortunately, I have a couple more years before my daughter starts to drive. However, as anyone with a teenage driver in the house can tell you, the premiums for them are also incredibly high in the state of Florida. Since teens have less driving experience and are statistically more prone to accidents, insurers raise premiums to offset these risks. While adding a teenager to your policy can be expensive, employing these strategies can help you manage and potentially reduce the associated costs.

Good student discounts: Many insurers offer discounts for students with good grades. Encourage your teen to maintain good academic performance.

Defensive driving courses: Some insurers offer discounts for completing defensive driving courses, which can help your teen become a safer driver.

A safer car: Adding your teen to a vehicle with high safety ratings and lower repair costs can help reduce premiums.

Telematics programs: Some insurers offer usage-based insurance, or telematics programs that monitor driving behavior. Safe driving habits can lead to discounts.

Additional coverage options: You can explore different coverage options or adjust deductibles to find a balance that works for your budget.

Shopping around: Get quotes from multiple insurance companies to find the best rate for adding a teen driver. Some insurers specialize in offering competitive rates for young drivers.

Jason

Take Me Out to the Ball Game!

Our SWP Grand Rapids Office hosted a Client Appreciation Baseball Game on Friday, Sept. 6th at LMCU Stadium, featuring our home team, the West MI Whitecaps!

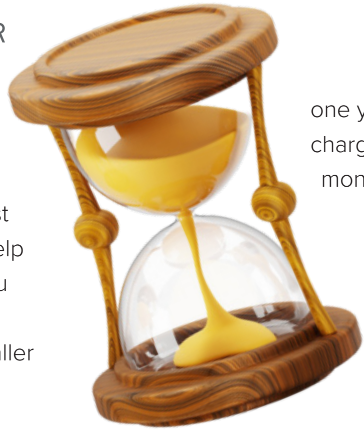
This year's event was cooler than last year's 90-degree heat wave. Clients arrived prepared with light jackets and sweatshirts to cheer on our winning team. It was great to see everyone, chat, hug, and laugh together.

WEST MICHIGAN WHITECAPS

We handed out SWP Goodie Bags filled with squishy bats, baseballs, chips with SWP clips, soft drinks, and stadium hot dogs. Who can resist a baseball game hot dog?

The Time Value of Money: Making Smarter Financial Choices

BY RYAN GAVIN, CFA™
PORTFOLIO MANAGER



The time value of money (TVM) is a fundamental concept in finance that explains why a dollar today is worth more than a dollar tomorrow. Whether you're saving for retirement, considering a loan, or just thinking about your future, understanding TVM can help you make smarter financial decisions. It also helps you compare different financial options, such as choosing between a lump sum payment today or receiving smaller payments over time.

Consider a scenario where you win the lottery and are given a choice: Collect a lump payment of $8,000 now or receive $1,000 every year for the next 10 years. Which is better? By understanding TVM, you can figure out which option is worth more in today's dollars. First, however, let's delve into what TVM really means.

What is TVM?

Imagine someone offers you $100 right now or $100 one year from now. Which would you choose? Most people would take the $100 today. Why is that?

The reason is simple. If you have the money now, you can spend it, save it, or invest it, and it could grow into something more by next year. This is the key idea behind TVM: Money today is worth more than the same amount of money in the future because it has the potential to grow.

How does interest play a role?

Interest is the extra money you earn when you invest or save or the extra money you have to pay when you borrow. Let's say you deposit $100 in a savings account with a 5% interest rate. In one year, you'll have $105. That extra $5 is the interest you earned, and it shows how money grows over time. On the flip side, if you borrow $100 today and have to pay it back in one year with 5% interest, you will owe $105. Lenders charge interest because they are letting you use their money instead of using it themselves.

Present value vs. future value

To understand TVM better, you need to be familiar with two key terms: present value and future value.

- **Present value (PV):** This is the value of money right now. For example, if you have $100 today, that's its PV.
- **Future value (FV):** This is the value of money at a specific point in the future, considering interest or investment growth. If you invest $100 at 5% interest, the FV in one year will be $105.

If you want to know how much today's money will be worth in the future, you calculate the FV. Conversely, if you know how much money you'll have in the future and want to know its value today, you calculate the PV.

Which option is better?

Let's go back to our lottery example. You have two choices:

- **Option A:** Receive $8,000 now.
- **Option B:** Receive $1,000 every year for the next 10 years.

We already know the present value of Option A—it's $8,000 because you get that money right now. To compare it to Option B, we need to figure out how much each of those future payments is worth in today's dollars.

For each $1,000 payment, we adjust its value downward because receiving the money in the future is not the same as having it today.

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As a value-added service to you, please feel free to tell your family, friends and colleagues that they may use us as a sounding board for their financial concerns free of charge and without obligation.

Continuing from page 3 - The Time Value of Money

For example, if you were to receive $1,000 in one year, its value today would be less than $1,000 because you could have invested that money and earned interest.

Assuming a 5% interest rate, the total PV of the 10 yearly payments is $7,721.73. Since that's less than the $8,000 you would get today, Option A (the lump sum) is the better choice. The table below shows how this analysis could be done in a spreadsheet.

Year	Annual Payment	Present Value of Annual Payment
1	$1,000.00	$952.38
2	$1,000.00	$907.03
3	$1,000.00	$863.84
4	$1,000.00	$822.70
5	$1,000.00	$783.53
6	$1,000.00	$746.22
7	$1,000.00	$710.68
8	$1,000.00	$676.84
9	$1,000.00	$644.61
10	$1,000.00	$613.91
Total	**$10,000.00**	**$7,721.73**

What if the interest rate changes?

The interest rate in our example was 5%, but interest rates can vary. Let's say we use a lower one, like 3.50%.

At this rate, the present value of the 10 annual payments becomes $8,316.61. Now Option B (the yearly payments) is worth more than the lump sum, so you should choose that instead.

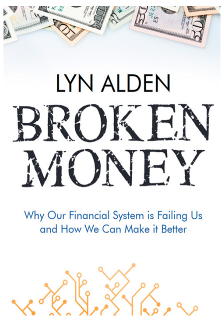
Interest rates help us decide how much future payments are worth today. The higher the interest rate, the less future money is worth today. The lower the interest rate, the more future payments are worth when compared to taking a lump sum.

Conclusion

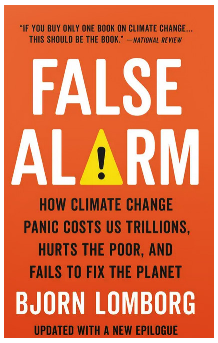
TVM teaches us that having money today is more valuable than having the same amount in the future because of the potential for it to grow. By understanding this concept, you can make better choices about saving, investing, or borrowing. Whether you're trying to decide how to invest, whether to take out a loan, or even what to do with a lottery prize, remember: A dollar today is worth more than a dollar tomorrow!

Ryan

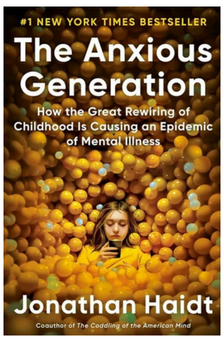
BOOKS WE'RE READING:



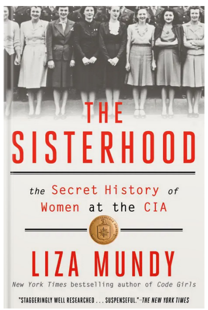
Broken Money | *by Lyn Alden*
Politics can affect things temporarily and locally, but technology is what drives things forward permanently and globally. In Broken Money, Lyn Alden explores the evolution of money through the lens of technology, and dives into the deep questions to see where money came from, where money is going, and what money is at its foundation.



False Alarm: How Climate Change Panic Costs Us Trillions, Hurts the Poor, and Fails to Fix the Planet | *by Bjorn Lomborg*
In panic, world leaders have committed to wildly expensive but largely ineffective policies that hamper growth and crowd out more pressing investments in human capital, from immunization to education. False Alarm will convince you that everything you think about climate change is wrong -- and points the way toward making the world a vastly better, if slightly warmer, place for us all.



The Anxious Generation | *by Jonathon Haidt*
While screens have become a totally normalized part of kids' development today, social psychologist Jonathan Haidt argues that the negative effects might outweigh the benefits. His new book, The Anxious Generation, details the correlation between an increasingly online social life and rising mental health.



The Sisterhood: The Secret History of Women at the CIA | *by Liza Mundy*
Drawing on more than 100 interviews with former CIA operatives, journalist Mundy (Code Breakers) demonstrates in this eye-opening survey that female operatives have made important contributions to the agency from its 1945 founding to the present day, despite facing decades of discrimination.

What is BRICS?

BY SHARI HOOPER, CSA, BFA™
SENIOR WEALTH ADVISOR

Perhaps you've come across this acronym recently and wondered what it means. Let's break it down and look at some basic facts.

BRICS denotes the powerful grouping of the world's leading emerging market economies, namely Brazil, Russia, India, China, and South Africa. It aims to promote peace, security, development, and cooperation.

Brief introduction to BRICS

Originally formed as BRIC in 2006, the organization held its first official summit in Russia on June 16, 2009. The following year, South Africa joined the group, which was then renamed to BRICS.

The BRICS countries house 41% of the global population and account for 24% of the world GDP and over 16% of the world trade. They have been the main engines of global economic growth through the years. Over a period of time, these countries have come together to deliberate on important issues under three pillars of cooperation: political and security cooperation, economic and financial cooperation, and cultural and people-to-people cooperation.

BRICS recently expanded with the addition of Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates.

What to expect from the 2024 Summit

The BRICS 2024 Summit will be held in Russia from October 22 to October 24, with three major announcements to be expected.

One has to do with the creation of a basket-type reserve currency aiming to challenge the US dollar. It combines BRICS currencies and is backed by precious metals, including gold. Its potential impact on the US dollar remains uncertain, with experts debating its ability to challenge the dollar's dominance. However, if a new BRICS currency were to stabilize against the dollar, it could weaken the power of US sanctions, leading to a further decline in the dollar's value.

The world will also expect an announcement regarding the bloc's continued expansion. In 2023, BRICS invited six countries to join the alliance (Argentina declined the offer). Earlier this year, more than 30 nations confirmed interest in joining BRICS, but the number may have increased over the course of the year.

In a surprising development, NATO member Turkey announced its interest in becoming a member. It joins countries like Venezuela, Nigeria, Malaysia, and Thailand, all of which are seeking entry. Every nation listed has a reason to want admission.

Moreover, they all bring some value to what the collective is building. However, the question of expansion is one only the current members can answer.

Finally, the BRICS 2024 Summit should bring into focus the group's New Development Bank.

Better known as the BRICS Bank, it will celebrate its 10th anniversary in 2025. Therefore, it is expected that a roadmap or a strategic announcement of some sort is pending.

Why don't we hear more about BRICS in the local and national news? I can't say for sure, but there are many sources of up-to-date information if you are interested in learning more. The internet is an obvious choice – a quick Google search will bring up plenty of material. In addition, you can find more about BRICS on social media platforms such as X (formerly Twitter), Telegram, and Instagram. Happy hunting!

Shari

How to Start Planning for Succession

BY ANDREW DICKENS, AIF®, CEXP™, CVBS™
DIRECTOR OF PENSION SERVICES & WEALTH ADVISOR

One way or another, every business owner will exit their venture some day. The lucky ones will get to leave at the right time and transfer the business to the people they choose, riding into the sunset with enough money to do whatever it is they want to do. This is called the "vertical exit" – walking out the front door on your own terms.

How do you start planning for a vertical exit? You start by identifying the key components I just mentioned: the right time, the right people, and the right amount of money.

The timing

Start with narrowing down a specific time for your exit. If I had a nickel for every time a business owner told me they wanted to bow out in 3-5 years, I'd be at least $50 richer. Planning an exit starts with getting specific but also with understanding that you may need to be flexible on the timing. It makes a difference in how you approach the planning process when you stick a pin on a calendar as a way of saying, "This is the day I start doing something different with my life."

The people

Next, you must visualize the people you might want to succeed you. Sometimes the answer is obvious, such as a partner or a child already involved in the business. Other times, the answer is not so clear. Perhaps you have a management team eager for ownership but lacking the complete skill set to ensure continued success, or you have attracted interest from third parties. In some cases, the business might not have enough transferable value to do anything with, and liquidation is the only option.

Exit paths

Deciding on a viable exit path for your business is another major step. Once you have identified one or more options, you can begin exploring what you need to do to make them happen successfully.

There are **six common ways** to transfer business ownership: an initial public offering (IPO), a sale to a third party, an internal buy-out (partner, manager, or ESOP), a family transfer and/or gifting, a phase-out, and a liquidation.

IPOs are the preferred option for businesses that generate a huge amount of primary market interest. When that happens, an investment bank takes the company public. IPOs are the least common way of transferring ownership.

A sale to a third party only closes for roughly one out of five businesses that go on the market. Nevertheless, it's one of the most popular initial exit paths when an internal option is not readily available.

Internal transfers – which include partner buy-outs, management buy-outs, and employee buy-outs – usually make up the bulk of successful business transfers. Partner buy-outs are the most common occurrence, while ESOPs (employee stock option plans) are the least common.

Family transfers happen quite often, but they can be complicated by interfamily dynamics, estate equalization issues, and gift tax laws. However, when properly structured, they can be very successful. It's especially important in family transfers that the retiring owners have a nest egg built up so the successors are spared the burden of being financially responsible for their parents.

Phase-outs occur when owners slowly transfer responsibilities to managers and/or family members but maintain controlling interests with access to distributions. Phase-outs are popular when the owners haven't saved up enough money to retire outright and can slowly transfer responsibilities. However, this option comes with its own complications, especially when key managers, partners, or family members resent their efforts being used to subsidize the owners' lifestyle in retirement.

Liquidations are usually a last resort, chosen when no other exit path seems reasonable.

The money

Finally, you must have a clear idea of what you need to get from the business to be able to do what you want to do later in life. Your financial advisor should do a "gap" analysis, looking at your projected savings at the exit date and the **net** amount (after taxes and fees have been paid) you need to receive from the sale or transfer of the business. Too many owners get focused on the sale price and neglect things such as capital gains, depreciation recapture, commissions, and legal and tax prep.

Once you have set a date, decided on at least one viable exit path, and worked with your financial advisor to project the net proceeds, the really fun part of succession planning can begin. Things can certainly happen along the way, such as bad economic conditions forcing you to push back the exit date, but the sooner you have an exit plan, the sooner you'll be able to manage those situations and position your business for continued success.

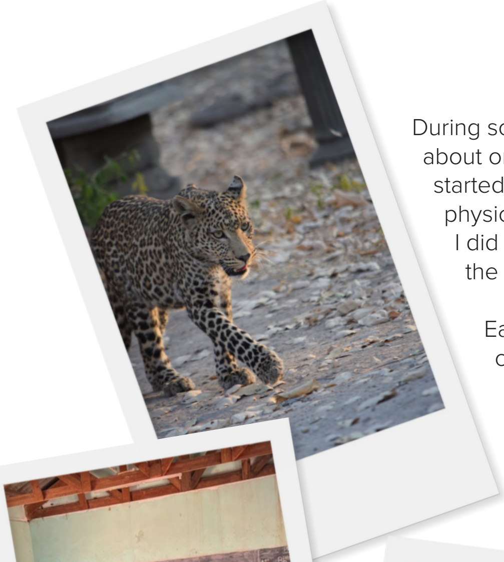
What if...?

Sometimes life happens, and things don't go as planned. You might fall ill, get injured, or die too soon. This is the "horizontal exit" - being carried out of the office, as it were. The good news is that you can take steps to protect your loved ones and yourself in case you don't get to exit your business the way you want. With proper planning, you can still have a lot to say in how a horizontal exit happens.

If you have any questions, please don't hesitate to reach out to reach out to us today.

Jason Goes to Africa!

SUMMIT SPOTLIGHT
A LOOK INTO THE LIVES OF THE SUMMIT TEAM

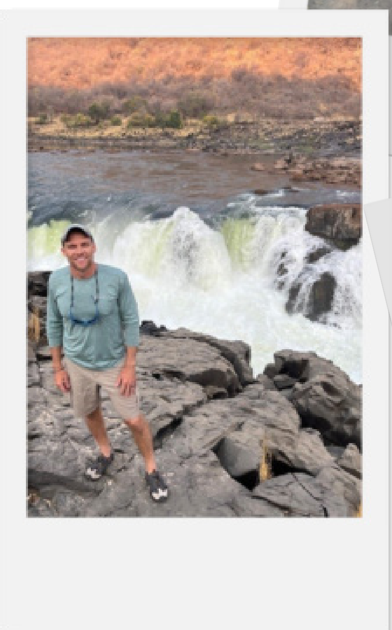


During some previous rafting trips (Snake River, Colorado River, Futaleufu River) I had heard stories about one of the most unique and challenging rivers in the world, the Zambezi River. Last year, I started thinking, it's now or never. I booked my flight and off I went to Africa to challenge myself physically, mentally and emotionally. I was the only desk jockey on the trip, but I kept up, mostly. I did swim once. I was never so happy to see my guide, Hector, right there waiting for me when the river spit me out after Rapid 5.

Easing into the time change, we started the trip in the Chobe National Park, where we went on Safaris at dawn and dusk. I was lucky and saw 4 of the big 5. On the Upper Zambezi, we kayaked nervously knowing we were no longer on the top of the food chain! One hippopotamus very loudly let us know we needed to port our rafts, and we walked around to the next area. One evening, while sleeping on the riverbank there arose such a clatter, I sprang from my blanket and what did my wondering ears should hear but a low growl of lion prowling next to my tent. Our guides kept us safe. The next morning looking over the paw tracks, they identified our visitor as a curious female lion of the local pride.

Next, we moved to the lower Zambezi to tackle the 21 rapids through the Batoka Gorge. After the adrenaline rush, we spent some time at a local public school in Zimbabwe. I brought a backpack full of school supplies where we met joyful, smart students, many of whom spoke four languages. We saw a boy use a razor blade to sharpen his pencil and a few of us had brought pencil sharpeners and showed the students how to use them, a priceless lesson in humanity.

At Victoria Falls we enjoyed the majestic view, sitting in Devil's Pool at top, right next to edge of the falls. One of the guides on this trip, Diego, and I had rafted together South America a few months before my oldest child was born. This trip not only provided adventure but reflection of what I have done and what the future may hold. It was the trip of a lifetime meeting the friendliest people in Zimbabwe, Zambia, Botswana, Johannesburg and Cape Town. I look forward to bringing my family back to Cape Town and all wonders of Africa!



THE Rational Optimist™

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