

WealthMonitor



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**Wealth
Management**

Bon Voyage!

With the COVID pandemic receding in most areas of the world, Americans are traveling again. U.S. citizens took more than 98 million international trips in 2023, just short of the pre-pandemic level of 99 million in 2019 and almost three times higher than the 33 million low in 2020. Here are the regions they visited.

International destinations for U.S. travelers, 2023



Source: National Travel and Tourism Office, 2024

Insurance Gaps May Pose Risks for High-Net-Worth Households

Serious accidents don't happen very often, but when they do, the impact can be devastating. And unfortunately, you could be held legally responsible if a member of your household causes a car wreck or if someone is injured on your property, even if you go to great lengths to help make your home and the surrounding area safe for visitors.

If you have teenagers who drive, employ household workers, own a pool or trampoline, entertain often, coach youth sports, or are a public figure, the odds are even higher that you could become the target of a lawsuit. Of course, the wealthier you are, the more you stand to lose if a liability claim is filed against you. It's important to reassess your liability coverage periodically and make sure it's sufficient based on your family's financial situation, lifestyle, and the related risks.

Is your umbrella big enough?

Standard homeowners and auto insurance policies generally cover personal liability, but you may not have enough coverage to protect your income and assets in the event of a high-dollar judgment. That's where an umbrella policy comes into the picture, providing an extra layer of financial protection against lawsuits claiming that you or a member of your household is liable for bodily injury or damage to the property of others (up to policy limits).

To purchase an umbrella policy, you must first have a certain amount of liability coverage in place on your homeowners/renters and auto insurance (typically \$300,000 and \$250,000, respectively), which serve as a deductible for the umbrella policy. An umbrella policy will commonly provide liability coverage worth \$1 million to \$10 million.

One general guideline is to have liability coverage in place that matches your net worth. This includes assets such as savings and investment accounts, cars, valuable art and collectibles, plus the equity in your home and/or any other real estate that you own. You may want to add the value of your projected stream of future income. (Qualified retirement plan assets may have some protection from civil liability under federal and/or state law, depending on the plan and jurisdiction.)

What's covered and what isn't?

An umbrella policy may help pay legal expenses and compensation for time off from work to defend yourself in court. It might also cover some nonbusiness-related personal injury claims that are typically excluded from standard homeowners policies, such as libel, slander, invasion of privacy, and defamation of character.

A personal umbrella policy won't cover your own injuries or damage to your property; nor will it cover liability associated with your business — for that, you may need a commercial umbrella policy. You generally won't be covered if you hurt someone on purpose, commit a crime, or breach a contract. Read your policy carefully for other possible exclusions, such as injury claims involving some breeds of dogs.



One general guideline is to have liability coverage in place that matches your net worth.

Do these situations apply to you?

Household help. If you have a nanny, housekeeper, or other employees who work at your home, workers compensation insurance is typically required by law. A type of coverage known as employment practice liability insurance, which covers claims such as harassment, wrongful termination, and discrimination, may also be available.

Special events. If you host parties where alcohol is served, always take steps to moderate guests' drinking and don't let anyone drive home intoxicated. Consider purchasing a special event policy designed to help limit your exposure if you host a costly event, such as a wedding, at your home or another venue.

Proper names. If you establish a trust or limited liability company (LLC) for the ownership of certain assets, make sure the named owner is accurately reflected in insurance policies meant to protect those assets. To ensure coverage for an automobile, for example, the name on the policy should match the registration. Property purchased through an LLC should generally be insured by the LLC, with the individual as an additional named insured.

Is Tip Fatigue Wearing You Out?

Traditionally, tipping has been a way to reward workers for providing good service. But the norms around tipping are changing, and if you've recently felt more pressure to tip, you're not alone. A survey by the Pew Research Center found that 72% of adults said that tipping was expected in more places today than it was five years ago, a phenomenon known as "tip creep" or "tipflation."¹

Why tipping culture is changing

Tipping affects everyone (even tipped workers have to tip others!) and confusion and complaints about tipping abound. If you're among those feeling uneasy about tipping, blame the pandemic. That's when tipping culture started to change. Consumers, anxious to reward front-line workers and support struggling businesses, left more and bigger tips. Businesses adopted digital ordering and payment solutions that made tipping more convenient and could be programmed with preset tip suggestions that were often higher than customers were used to.

And then inflation took its toll. Businesses that lost employees during the pandemic increasingly realized that tips could help fill wage gaps and attract employees reluctant to return to service positions. But consumers, already having to make their money go further, began to grow weary of seemingly constant tip requests, especially in situations or places where they had not previously been asked to tip.

Ultimately, tipping is always voluntary and it's up to you to decide who, where, and how much to tip. While there are no set rules, here are some guidelines you can use to inform your decisions.²

- Full-service restaurant or food delivery: 20% of total bill
- Quick service restaurant: 10%
- Online food orders/takeout: \$1 to \$5 per order
- Bar or coffee shop: \$1 to \$2
- Hotel bellstaff: \$1 to \$5 per bag
- Hotel housekeeping: \$1 to \$5 per night
- Valet/parking attendant: \$1 to \$5 when car is delivered
- Rideshare/taxi driver: 15% to 20% of the fare

Finding a balance

Planning ahead can help you avoid some of the frustration around tipping and still tip fairly and appropriately.

Do an informal audit. How much have you spent on tips during the last month or two? Does that align with your budget?

Set tipping limits you're comfortable with. You can always make adjustments at the register.

Reserve higher tips for special situations. This might be rewarding a worker at your favorite coffee shop, or showing your appreciation when someone provides extra-special service.

Don't feel bound by on-screen tip recommendations. Use the "custom" tip option when available to leave the amount you want.

Carry small bills. These can be used in traditional tip jars, or when traveling, to reward workers who don't have access to digital tips.

Talk to the manager or business owner if you have questions or complaints. It's not always clear where your tips are going (for example at fast-casual restaurants or when ordering online), so feel free to ask. And reserve your complaints about tipping expectations for management, rather than workers.

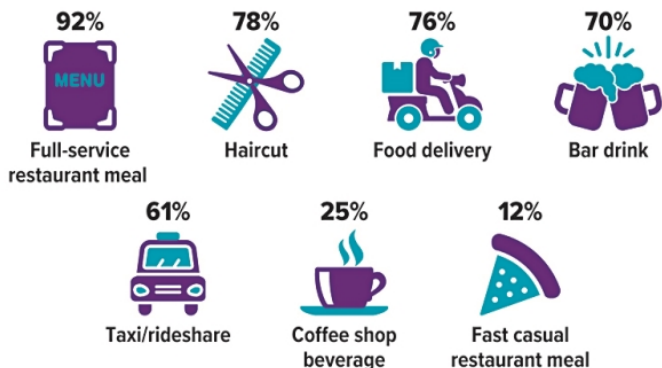
Respect policies. While many businesses encourage tipping, some do not allow their employees to accept tips for legal reasons. Instead, consider leaving positive feedback.

1) Pew Research Center, 2023

2) Toast, 2023; American Hotel & Lodging Association, 2023; *U.S. News & World Report*, 2023

To Tip or Not to Tip?

Percentage of U.S. adults who say they always or often tip for:



Source: Pew Research Center, 2023

Tipping guidelines

Tipping often feels good, but the pressure to tip can be guilt-provoking and confusing. When a worker turns a screen around and you're prompted to choose a preset tip, it can feel wrong to choose the lowest option.

While you might always tip your server at a sit-down restaurant, in situations where you've had little to no direct interaction with any employee, should you even tip at all?

After the Loss of a Loved One, Watch Out for Scams

Scam artists often prey on those who are most vulnerable. Unfortunately, this includes individuals who have recently lost a loved one and are easily taken advantage of during their time of grief. Scammers will look for details from obituaries, funeral homes, hospitals, stolen death certificates, and social media websites to obtain personal information about a deceased individual and use it to commit fraud.

A common scam after the loss of a loved one, often referred to as "ghosting," is when an identity thief uses personal information obtained from an obituary to assume the identity of a deceased individual. That information is then used to access or open financial accounts, take out loans, and file fraudulent tax returns to collect refunds. Typically, a ghosting scam will occur shortly after someone's death — before it has even been reported to banks, credit reporting agencies, or government organizations such as the Social Security Administration (SSA) or Internal Revenue Service (IRS).

Another scam involves scam artists using information from an obituary to pass themselves off as a friend or associate of the deceased — sometimes referred to as a "bereavement" or "imposter" scam. These individuals will falsely claim a personal or financial relationship with the deceased in order to scam money from grieving loved ones. Scam artists will also pose as government officials or debt collectors falsely seeking payment for a deceased individual's unpaid bill.



Individuals lost \$10 billion to scams in 2023.

Source: Federal Trade Commission, 2024

If you recently experienced the loss of a loved one, consider the following tips to help reduce the risk of scams:

- Report the death to the SSA and IRS as soon as possible.
- Notify banks and other financial institutions that the account holder is deceased.
- Contact your state's department of motor vehicles and ask them to cancel the deceased's driver's license.
- Ask the major credit reporting bureaus (Equifax, Experian, and TransUnion) to put a "deceased alert" on the deceased person's credit reports and monitor them for unusual activity.
- Avoid putting too much personal information in an obituary, such as a birth date, place of birth, address, or mother's maiden name.
- Be wary of individuals who try to coerce or pressure you over alleged debts owed by the deceased.

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