

# Legal insurance an idea whose time seems to have come

**DEAR BRUCE:** We were recently approached by a salesman who wanted us to purchase legal insurance for about \$25 a month. What is your take on this type of insurance?

— J.S., Arcadia, Calif.

**DEAR J.S.:** This is an idea whose time has come. The cost is modest, and insurance like this will encourage you to use an attorney when legal services are required.

So many people hesitate or do not use such services purely because they are concerned about the cost. The unknown here is the major culprit, and many folks are embarrassed to ask an attorney. "What is this going to cost me?" As hospitalization insurance was



**Bruce Williams**

Columnist

lives have legal counsel.

**DEAR BRUCE:** We moved to Kentucky, and I had to sell our home in another state. We invested all the money we earned from the sale of that house in the one we live in now. We couldn't pay it off entirely, but we put a substantial amount down on the new house. Do we have to pay any money from the sale of our home?

— D.F., Lexington, Ky.

**DEAR D.F.:** If "we" means husband and wife, then you have a \$500,000 exclusion for the profits of your personal domicile, making the assumption that this was your legal residence for two years of the last five. The nice thing about the new law is that you can

repeat the act every two years if you make a profit on your own home, as long as it is your principal domicile.

**DEAR BRUCE:** We have about \$210,000 in our IRA account. We are being charged \$1,000 to \$1,200 quarterly as a management fee. Do these charges seem to be excessive, and do we have any alternatives?

— Puzzled, Alexandria, Ky.

**DEAR PUZZLED:** As you noted in your (edited) letter, these folks have to make a living as well. The charge you listed is somewhere around 2-plus percent, which is reasonable. The alternative is to find a custodian who will allow you to make the calls and charge

a minimal fee. The difficult part of that scenario is that you have to know what calls to make. I am more comfortable letting a professional do his or her thing, and a little over 2 percent does not seem like an excessive fee for such a service.

Interested in buying or selling a house? Let Bruce Williams' "House Smart" be your guide. Price: \$14.95, plus shipping and handling. Call (800) 994-6733.

Send your questions to *Smart Money*, P.O. Box 503, Effery, FL 34680. E-mail to [bruce@brucewilliams.com](mailto:bruce@brucewilliams.com). Questions of general interest will be answered in future columns. Owing to the volume of mail, personal replies cannot be provided.