

Q. We're thinking of getting a pool in our yard. We can pay for the installation from an inheritance we are expecting, but we don't know how much insurance we need. What's the best way to decide? We don't want to overpay but we want to make sure we're covered.

A. Installing a pool is a big endeavor.

The appropriate level of insurance will depend on the size of the pool and the value of the pool, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

"You should be able to go through the details with your property and casualty insurance agent in order to ensure your level of coverage is appropriate based on the size and value of the pool," she said.

She said it's important to consider the "other structures" coverage that is already in force on your current homeowner's policy. It's possible that this portion of the coverage may need to be increased in order to ensure that there is full coverage on the pool in the event of physical damage, she said.

Then there's liability.

You want to be sure to have sufficient liability insurance coverage because adding a swimming pool may increase the possibility of an accident. Aznar said you should review the liability coverage that you already have on your homeowner's policy and consider increasing that to the maximum permitted by your insurance company.

And then get a little extra.

"I would also strongly advise that you consider the purchase of an umbrella policy which would provide you with additional liability coverage over and above the underlying liability limits you currently have on these policies," Aznar said.

While a pool in the backyard sounds great, but there is much to consider beyond the installation and insurance costs, said Jim McCarthy, a certified financial planner with Directional Wealth Management in Rockaway.

"How will you pay for ongoing operation and maintenance?" he said. "Also, don't forget the fencing and pool safety equipment that maybe required by local safety standards and building codes."

McCarthy said adding the pool may actually lower the resale value of your home as it will shrink the pool — pardon the pun — of potential buyers to only folks who want a home with a pool.