



SOMEBODY NEEDS TO KNOW

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I can go on and on about the need for planning. After all it's the business I work in day in and day out and I am very passionate about the necessity to plan. Specifically in the reference above I am referring to the Estate side of the equation.

Now, I am not going to get deep into the weeds on all the nuances that exist as it relates to estate planning but I do want to address something that is very simple, *Somebody Needs to Know*. It shouldn't surprise me that many have failed to plan, or even think about it for that matter. Until I ventured out on my own and started practicing "financial planning" I was in the same camp as the examples I'll refer to below.

I am going to discuss this from two different perspectives but the premise is the same for both.

I sometimes joke with husbands I know about what their wife would do if something should happen to them? (I'm not being sexist as you could easily substitute "wife" for husband) Mostly I get the comic answers like, "She'd call my insurance guy and figure out how soon she gets the benefit," or "She'd start the search for the next Mr. Right."

While the above is probably not indicative of reality, the point I am trying to get

across is does your significant other know everything. I'm not just talking about life insurance, although that's important, but all your financial details. Something as simple as a summary sheet showing assets, liabilities, investments, insurance, pensions, etc. This information needs to include detail surrounding providers, account numbers, phone numbers, etc. While at least having a discussion surrounding these items is better than never having a discussion, I would suggest that this needs to be in a written format.

It's bad enough that you are possibly no longer with us. Do we really need to add grief and stress to the grieving? Not only will this help during this life transition, it may also provide comfort in knowing nothing gets overlooked.

This same issue surfaces from time to time with clients I currently serve as it relates to their parents. Some children may know everything while others may know nothing. Although this may be a difficult subject to breach it's necessary to have the discussion. The reasons for the discussion are the same as above with the addition of topics like personal property and who gets what. One really good resource about some of these topics is the book, *"Who Gets Grandma's Yellow Pie Plate?"*.

SOMEBODY NEEDS TO KNOW CONT...

When it comes to our parents, this may be a very sensitive topic. It's important that the dialogue doesn't become misconstrued into, "They just want to know how much I'm leaving them." There are some good resources available to help in having this discussion and I would be more than happy to pass them along per request. If you are fortunate enough, their wishes and details have already been shared with you. Then again, maybe your parents have everything taken care of through working with other professionals; it's just never been shared with you. It's just not a topic that comes up over a Sunday family dinner but it's important nonetheless.

One tool I provide to clients is a binder to help them get organized and it can also be an invaluable resource for the situations above. My wife knows if something happens to me; get the "Binder." The main reason for doing this for your own circumstance is it's the right thing to do. Otherwise you might be accused of being selfish.

This article provided by our associate, Brad Michels, CFP™. If you would like more information, please call Brad at our office at 502-589-1772.

WHO GETS GRANDMA'S YELLOW PIE PLATE?

by Marlene Stum

Almost everyone has personal belongings such as wedding photographs, a baseball glove, or a yellow pie plate that contain meaning for them and for other members of their family.

What we've learned by listening to families and attorneys is that it is often the non-titled personal property that creates the greatest challenges for families when estates are divided, not the money.

When doing estate planning, families too often talk about the house or the investments, but forget to plan ahead or discuss personal possessions. Do you know what items have special meaning or value in your family and why? Do you know how to get started to communicate and plan ahead?

What's Unique about Personal Possessions and Inheritance?

The sentimental meaning attached to personal possessions can make decisions more emotional:

- Objects can involve the process of grieving and saying goodbye.
- Objects can be used to preserve memories,

family history, and family rituals.

Being fair is complex. Here are a few things to take into account:

- Personal belongings will have different value and meaning to each individual.
- It is difficult to measure the worth or value of personal property.
- It can be impossible to divide items equally. Distribution methods and consequences are not widely understood or known.

Here's Help!

Help is available to jump-start planning and action in "Who Gets Grandma's Yellow Pie Plate? Workbook: A Guide to Passing on Personal Possessions." The workbook is a step-by-step guide filled with worksheets, practical suggestions, proven strategies, and real-life stories.

To preview and/or place an order for this workbook and other resources, go to: www.yellowpieplate.umn.edu.

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WHEN SHOULD YOU COLLECT SOCIAL SECURITY?

A growing number of Americans have been forced to delay their planned retirement date due to job and savings losses suffered during the most recent recession. According to a survey, nearly one-quarter of workers said they have resolved to retire later due to concerns about outliving their savings and fears of rising health care costs.¹

Postponing retirement not only means working longer, but also delaying when you start collecting Social Security. Currently, workers can begin collecting Social Security as early as age 62 and as late as age 70. The longer you wait to start collecting, the higher your monthly payment will be. Your Social Security monthly payment is based on your earnings history and the age at which you begin collecting compared with your “*normal retirement age*.” This *normal retirement age* depends on the year you were born.

Normal Retirement Age	
Year Born	Age
• 1937 or earlier	• 65
• 1938	• 65 and 2 months
• 1939	• 65 and 4 months
• 1940	• 65 and 6 months
• 1941	• 65 and 8 months
• 1942	• 65 and 10 months
• 1943-1954	• 66
• 1955	• 66 and 2 months
• 1956	• 66 and 4 months
• 1957	• 66 and 6 months
• 1958	• 66 and 8 months
• 1959	• 66 and 10 months
• 1960 or later	• 67

Those choosing to collect before their *normal retirement age* face a reduction in monthly payments by as much as 30%. What’s more, there is a stiff penalty for anyone who collects early and earns wages in excess of an annual earnings limit (\$15,120 in 2013).

For those opting to delay collecting until after their normal retirement age, monthly payments increase by an amount that varies based on the year you were born. For each month you delay retirement past your normal retirement age, your monthly benefit will increase between 0.29% per month for someone born in 1925, to 0.67% for someone born after 1942.

Which is right for you will depend upon your financial situation as well as your anticipated life expectancy. Consider postponing taking your Social Security benefits if:

- You are in good health and can continue working. Taking Social Security later results in fewer checks during your lifetime, but the credit for waiting means each check will be larger.
- You make enough to impact the taxability of your benefits. If you take Social Security before your normal retirement age, earning a wage (or even self-employment income) could reduce your benefit.
- You earn more than your spouse and want to ensure that spouse receives the highest possible benefit in the event that you die before he or she does. The amount of survivor benefits for a spouse who hasn’t earned much during his or her working years could depend on the deceased, higher-earning spouse’s benefit -- the bigger the higher-earning spouse’s benefit, the better for the surviving spouse.

Consider taking your benefits earlier if:

- You are in poor health.
- You are no longer working and need the benefit to help make ends meet.
- You earn less than your spouse and your spouse has decided to continue working to help earn a better benefit.

Whenever you decide to begin taking your benefit, keep in mind that Social Security represents only 36% of the average retiree’s income.² So you’ll need to save and plan ahead -- regardless of whether you collect sooner or later.

Source/Disclaimer:

¹Source: Employee Benefit Resource Institute, *2013 Retirement Confidence Survey*, March 2013.

²Source: Social Security Administration, “Fast Facts & Figures About Social Security, 2013.”

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THE BIG SIX-FIVE

Last month I passed a “milestone” in my life’s journey...I now am fully insured under “LBJCare” (or what most of us call Medicare, but it seems the contemporary way to refer to your health plan is by its supposed author’s name). It seems there are certain ages (eighteen, twenty-one, sixty-five) that give us pause and beg an evaluation of our condition as we arrive at the checkpoint. So here’s what’s rolling thru my mind.

I celebrated the first day of spring with a six mile hike in the woods. As the signs of winter surrounded me (after an unusually harsh winter), I was struck by the emerging signs of new growth. The breezy day accented the budding of the Redbud trees, always the first to color the forest, with their bright purple blooms. The daffodils were pushing out of the leaf covered ground, sprouting their fresh stalks with bright yellow blooms. In short, the bleakness is bearing signs of renewal, a lesson for those of us who are entering our “golden years”!

I am also experiencing the difference between the intellectual exercise of caring for the affairs of an aging parent and the reality of how demanding that process actually is. I am afraid that one must go through it to understand it. I was not prepared for the amount of time and energy that this duty was going to take --- this with my Mother living in a senior care facility.

As I write this, I am in day six of fighting the flu. I am finding that even with my level of fitness (which is good), my body provides less than it used to and takes longer to recover from things I used to

just push on through. I am exercising more than ever and am grateful for the effects of twenty-five years of exercise. In addition, the thirty years of our financial planning is paying dividends as we begin to appreciate the insurance we have, the investments we have saved and the relationships we have formed. The bottom line – *walking the walk has paid off.*

All of this supports the excitement my wife and I share about the next phase of our lives. Like the green sprouts of the woods, new opportunities are popping up all around. Real chances to serve in the Role of Elder (something sorely needed in today’s environment) abound. The ability to apply your hard earned wisdom to those who are in need of it is a privilege. The interesting thing is that I may be learning more than I am teaching.

So, I guess this is a personal testimony to the power of Financial Life Planning. Many of the options I am involved with today simply would not be there if not for thirty-plus years of focused activity. I hope you are as fortunate (I know *our* clients are!) and if so, teach your younger tribal members what worked as soon as you can. They *need* your example now more than ever.

Until next time, that’s my opinion.

*Robert J. Cole, Jr., CLU, ChFC, CASL, CFP®
President*