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financial



U C C E S S

FALL 2019

Estate-Planning Checklist

Many people assume that estate planning is only for the wealthy, inadvertently causing complications for families after their death. But estate planning isn't just about money or family heirlooms; there is far more at stake, including the welfare of your loved ones. Here are the most important steps you should take:

Prepare a last will: The first and most imperative step is to have a last will and testament prepared, specifying the following: 1) Your heirs; 2) The executor who will implement your instructions; 3) The designated guardian who will act as caregiver of your minor children; and 4) The guardian who will manage assets you leave to minor children.

Name your durable power of attorney: A durable power of attorney is the person you choose to

oversee your finances should you become temporarily or permanently incapacitated; he or she will manage your bills, bank deposits, medical benefits, and insurance when you are unable to do so.

Establish a living will/health-care directive: There is an unfortunate chance of becoming temporarily or permanently unable to make your own medical decisions. A living will defines your medical preferences such as whether you wish to remain on life support. You should

also designate a healthcare proxy, who advocates on your behalf to ensure your medical instructions are carried out.

Choose Your Beneficiaries: Be sure to set up or revise the beneficiaries on your savings and checking accounts, life insurance policies, retirement plans, and even stocks, bonds, and brokerage accounts. Understand that because a named beneficiary on an account will

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A Financial Plan Is a Living Document

Creating a financial plan that you are committed to can be a way to help gain peace of mind in your finances while you're still living, and for your loved ones after you're gone. It can take time and effort to organize and prepare a financial plan that meets your needs.

How often should you revise your plan? The easy answer is this: whenever there's a major change in your life circumstances — a birth or a death, a promotion or the loss of a job, when substantial, unexpected bills pop up, during stock or real estate market swings that may impact your portfolio. Even without those major events, an annual review is a good idea. It's important to check your status and progress toward your long-term goals. Wide divergences from your plan may mean you need to save more, devote more of your income to other needs or goals, or change your asset allocation strategy.

We prioritize being available to our clients for questions or concerns any time of the year they pop up. One of the most important services we offer is an annual review for clients. They can be as surface-level or intensive as you need. We're here to help. ○○○



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Estate Planning

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override your will, people can unknowingly disinherit a loved one.

Familiarize yourself with estate tax laws: Estate taxes levied against your total wealth — which occurs prior to any distributions — could dramatically impact what your loved ones or chosen charities receive. Careful review of your assets along with strategic planning can help protect your legacy.

Consider life insurance: If you're married, have minor children, or even a disabled adult child, life insurance is a great way to assure your loved ones will continue to receive financial support in the event of your death. Properly structured, beneficiaries can receive the life insurance proceeds with no income- or estate-tax ramifications.

Think about funeral and final arrangements: Do you plan on donating organs? What type of funeral service do you envision? Why burden family with such difficult decisions when you can plan ahead with a written document specifying instructions for the disposition of your body and funeral service preferences?

Protect your business: Owning a business can significantly complicate your estate, as any accrued assets won't necessarily transfer to spouses or beneficiaries without proper directives. Likewise, if you share a business, make sure you have an arranged buyout agreement, which among several other scenarios, plans for the event of your death.

Set up a trust: The larger the value of your estate, the more you should consider setting up a trust. Similar to a last will, a trust allows you to designate financial beneficiaries and even a guardian for minor children, with three important advantages over wills: 1) Assets retained through a trust are not sub-

When Tax Planning Matters

The certainty of having to pay taxes only seems relevant to most people when it's time to file. When people neglect to plan for taxes over the course of their lifetimes, they end up facing an unfortunate likelihood: paying more taxes than necessary. Taking the time and effort to plan for taxes saves you money in the short term, helping you in the long term. This pre-planning can make all the difference when you're on fixed income or when your estate is passed on.

Short Term — Making a tax plan at the beginning of the year can help lower your tax bill by ensuring that you are taking advantage of as many tax strategies as possible. The best way to make sure you haven't missed anything is by going over your tax situation and strategies with an accountant and a Certified Financial Planner™ professional.

Long Term — Maximizing retirement plans, paying down debt, saving for big expenses like college tuition for your kids or grandkids, unexpected medical bills that may arise— these are areas that tax savings can be applied to to help ensure long-term financial stability. Overall, the more you

save on taxes, the more you have to put toward your financial goals.

Retirement — As you plan for your retirement and continue to contribute to your 401(k) plan or IRA, it is helpful to know the amount you contribute annually can be deducted from your taxes annually. Understanding contribution limits, potential employer matches, and catch-up contributions can help your 401(k) optimize its potential. Affording a comfortable retirement lifestyle could cost more than you anticipate. Careful financial and tax planning are essential.

Legacy — When you think about what you hope to leave behind for your heirs or your favorite charity, you might not initially consider the tax ramifications. Knowing the tax consequences of each account can help you build a plan where your assets go to the most tax-advantageous beneficiary. You can also take advantage of the annual gift tax exclusion by transferring funds to your heirs while you are still alive. Donor-advised funds, life insurance, and various types of trusts can all offer other solutions to the tax aspect of your legacy. ○○○

ject to probate, therefore allowing for faster distributions to loved ones or cherished organizations; 2) Unlike wills, trusts are not considered public documents, providing the added benefit of privacy; and 3) You can place special conditions on your legacy, such as when it should be dispersed and how it can be spent, which may be more beneficial for young-adult recipients or irresponsible heirs.

Store your documents: Make sure your power of attorney or executor has quick and convenient access to your important paper-

work: wills and trusts, life insurance policies, bank and retirement account statements, certificates of other assets, mortgage paperwork and real estate deeds, and debts. The last thing you want is for your family to be unable to locate an important document. Our Peace of Mind Checklist categorizes important contacts and life documents so that you can list important professional contacts, the life documents that you do have, and where they are kept. The Peace of Mind Checklist is available for print on our website's Knowledge Center. ○○○

Having the Talk

Take a moment and pretend your older sister and her husband pass away unexpectedly, leaving their three young children behind. You are called into their lawyer's office immediately. You learn that you and your husband were named guardians of your three nieces and the family dog. You've also been designated as full beneficiaries of your sister's estate. While you love your nieces, your life just changed in the blink of an eye. You went from being a professional, childless, young couple in a condo to a five-person family with a dog and a two-story home. Situations like this don't just happen in movies — they happen to people in real life, and not as infrequently as you might think.

Now imagine you are the parents of those three children. What if your younger sister and her husband weren't able (or willing) to care for your children? What if they decided to pass guardianship on to the next person; or worse, what if the children had to go live in foster care? Or what if your sister and her husband accept guardianship of your children, but move them into that condo in the city? Is that what you would have wanted? These conversations are absolutely critical if you have dependents, no matter how young and healthy you are.

Say you don't have dependents. Does that mean you don't need an estate plan, or don't need to talk about your plans with your family? It doesn't. Take another example: Bill and Connie have two adult children who both have families of their own. When Bill and Connie sat down to create their estate plan, they realized that their two largest assets were their home and their life insurance policy. They weren't sure how they should allocate between their two children, so they all sat down to talk about it. Their daughter

was very connected to their home and it was important to her to keep it in the family. On the other hand, their son already had a home with his family and would have preferred to receive the cash benefit from the life insurance policy. So Bill and Connie left their home to their daughter and the life insurance policy to their son.

In many families, finances and estate talk are taboo. Other families laugh and make jokes about inheritances. No matter what kinds of family dynamics exist in your life, talking about what will happen after a person dies can be painful and scary, but necessary. It's important to talk with your loved ones about what you want, what they want, and what is laid out in your will.

✓ **Keep it light** — Having this discussion can bring up a lot of emotions for your loved ones; thinking about losing someone you love so dearly is painful. So keeping the conversation light but to the point can help keep it on track and productive. There may also be tensions that arise through the process — maybe multiple people want the same thing, or someone gets offended by how you've decided to split your money. You might consider having conversations with people individually to avoid upset.

✓ **Talk openly and honestly** — A decision you have made may hurt someone's feelings. There may be things you don't want to tell people about, but it is crucial to be open and honest with your beneficiaries. For example, if you have an adult child who does not handle money well or has exhibited reckless behavior, you may feel it is appropriate to have a trust in place for that child. Both the beneficiary and the trustee should be aware of the situation. If you have children

from more than one marriage, being open and honest with all of them is especially crucial.

✓ **Discuss values, not just valuables** — When you die, how do you want people to remember you? What traditions, values, family names, rituals, religious beliefs do you want to live on? This is an important matter to bring up during discussions with your family. Think back on times that meant a great deal to your family or traditions that have brought joy. Talk about these things with your family to share how you feel and to learn how they feel.

✓ **Have a professional present** — Having a neutral party present, such as an estate planner or a qualified financial planner can be helpful, and in some cases, necessary. Utilize these important resources available to you, and allow them to answer questions your loved ones may have. You might have a family-only conversation first and then a second conversation with your family and the estate planning and financial planning professionals.

Like any important discussion, this may be difficult. Our 2nd podcast episode, *The Talk*, goes in-depth about this important topic. Our podcast is available on our website's Knowledge Center and wherever you may listen. ○○○



Butternut Squash Mac & Cheese

- 1 lb. Macaroni (pasta with ridges, ie- Penne Rigate)
- 1 T. Extra Virgin Olive Oil (EVOO)
- 2 T. Butter (unsalted, if possible)
- 2 T. Thyme, fresh, chopped
- ½ Onion (yellow or white, medium sized)
- 3 T. Flour (all purpose, or something comparable)
- 2 Cups Chicken Stock or Broth
- 1 10 oz. Box Butternut Squash, cooked, defrosted
- 1 Cup Cream (or half-and-half)
- 2 Cups Sharp Cheddar Cheese, grated
- ½ Cup Parmigiano-Reggiano, grated
- ¼ t. Nutmeg, to taste
- Black Pepper, to taste
- Coarse Salt, to taste

Directions:

Pre-heat your skillet over medium heat. Add the EVOO and Butter, and when they melt together, add the Thyme. Grate the Onion directly into the pan. Use a hand-held grater or a Microplane. Cook the grated onion for a minute or two, add the Flour and mix together. Cook for 1-2 minutes. Whisk in the Chicken Stock and Butternut Squash and cook for a minute or two- until it's warmed through and a smooth texture.

Stir in the Cream and bring the sauce to a bubble. Sprinkle in the shredded Cheese, and continue stirring (try using a figure eight motion to keep it from sticking). Season to taste with Salt, Pepper and Nutmeg.

Heat water to boil for the Pasta. Salt the water, to taste, and cook the pasta al-dente (so it's not too mushy-still has some bite to it). Drain the pasta and mix with the sauce.

Investment Answers News

2019 has been a year of fantastic internal systems and infrastructure upgrades for Investment Answers. We have been working diligently behind the scenes to continually update and evolve as technologies and resources evolve. A big shout out to our wonderful team members and vendors that we work with for IT, phone systems, web, and our content research and production teams. We couldn't do all that we do for you without their support and expertise!

Keep an eye out for changes to our website, coming soon! We have a slew of new YouTube videos that are in post-production. We will begin releasing them -and- we will begin promoting our podcast, The Investment Answers Podcast, once the updated website is released. These are wonderful resources to learn from and we encourage you to SHARE them with those you know who could be of benefit.

Have you attended any of our public or private events? We recently updated many of our popular workshop presentations. To welcome in the new decade, in 2020 we will be releasing new event topics and venues for you, your loved ones, family and friends to enjoy. We can't wait to see you there. If you haven't met Kristen Wilkins yet, welcome her to the team. She leads our Event Desk and has been with the team since June.

Is it time to update your PEACE of MIND CHECKLIST? We just published the 2020 revised version of this popular and useful life document with more room for notes and important information. You can find this and other fantastic resources on our Knowledge Center:

www.InvestmentAnswers.net

Your Parents' Estate Plans

To help ensure your parents' estate is settled quickly according to their wishes, you should find out:

- Where important estate planning documents are located. There can be many professional contacts and life documents that need to be located. Utilize our Peace of Mind Checklist to help organize their important information and to help ensure they have the correct documents in place so their wishes will be carried out. Find out if
- they have a durable power of attorney and a healthcare proxy. List the names, addresses, and phone numbers of lawyers, accountants, and financial advisors on their checklist.
- Their rationale for distributing their estate. If your parents are reluctant to discuss this now, suggest they leave a personal letter with their estate-planning documents explaining their rationale for distributions.
- Preferences for the future. Find out your parent's preferences if they're not physically able to live in their current home. Do they want to move in with relatives or live in an assisted-living facility? Discuss in detail what procedures they want or do not want performed to prolong life. Determine their preferences for funeral arrangements and if they have pre-purchased any burial plans.. ○○○