

Financial Focus

SPECIALIZING IN WEALTH MANAGEMENT AND RETIREMENT INCOME PLANNING

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Notable Quote

*Politics, it seems to me, for years, or all too long, has been concerned with right or left instead of right or wrong. ~ RICHARD ARMOUR, attributed, *Common Ground: How to Stop the Partisan War**

A SOUND FINANCIAL PLAN

Although it's exciting to see where life's journey takes us, sometimes we wish we had the foresight to predict the unknown. It goes without saying how valuable it would be if we could know, right now, answers to questions like:

How much money will I need if I want to retire a little early?

Will I be able to afford my child's college tuition?

Will there be long-term care needs that a loved one or I will be facing?

Well, as impossible as it is to predict the future, fortunately it's possible to get a better handle on the future landscape of your financial situation - and put yourself in the best possible position to tackle any financial challenges that arise.

The key is putting together a sound financial plan.

Putting together such a plan - no matter how simple or complex - is an essential blueprint for building confidence and for understanding how your assets and investments can be best customized to support your short-term and long-term future. It's about creating a level of comfort, protecting what you have as well as those you care for. You can take advantage of financial planning to help you:

- Examine your present financial situation
- Protect what's important
- Accumulate wealth
- Review tax strategies

- Plan for retirement
- Leave a legacy

Understanding where you stand financially, where you want to be, and the most effective way of getting there is good planning. A financial plan helps you envision a path of your financial future, and can help in looking at the bigger picture.

However, be careful about the "what's your number" thought process. I can't make many guarantees but one thing that is certain is an uncertain economy. Sure, we can crunch numbers to see where you stand and it can help, but predicting exactly what you will need can be next to impossible (no matter what the pundits say).

If you're off by even a little on your predicted rate of return, interest rates, taxes or inflation, those figures can skew the long-term numbers significantly. The last thing I want to see is someone's financial plan come to ruin by outliving their money. I've always thought it best (if at all possible) to live off the income your nest egg can generate rather than dipping into the nest egg itself. The more you dip, the less potential to earn.

A financial plan can help make the unpredictable things in life less overwhelming. To learn more, please contact me.

CAREGIVER (DEMENTIA): MANAGING FINANCES

In the early stages of Alzheimer's many people are reluctant to ask for assistance, equating the need for help with relinquishing their independence.

As a caregiver for a loved one living with dementia, it's important to keep channels of communication open where financial matters are concerned. There are several steps you can take to gain greater financial oversight in a manner that doesn't threaten your loved

one's independence. With your loved one's permission, consider:

- Setting up automatic bill payments to remove the worry of paying bills on time
- Adding yourself as a joint account holder on checking and savings accounts (consult a tax advisor – you don't want this to be considered a gift in the eyes of the IRS when adding your name)
- Adding yourself as an interested party on investment accounts to receive copies of account statements
- Encouraging your loved one to consolidate and/or close unused credit card accounts (this may result in a slight drop in their credit score, but can go a long way toward reducing the possibility they will be the victim of a scam or identity theft)
- If your non-spouse loved one prefers to hand over day-to-day financial management to you, make sure a durable Power of Attorney (POA) is in place, enabling you to act on their behalf

A BIBLICAL PERSPECTIVE

Inheritance: Wealth transfer can become a complex topic. Should it always be equal between your children when you establish your will? Should some go to charity? What if you do nothing, where will it go?

Most states have a will for you if you don't but it may not be what you would want so I encourage everyone to periodically review your estate plan. If the goal is to pass assets to your children or loved ones, you want the inheritance to be a blessing, not a curse... to help your children without harming them.

You might ask yourself what impact are you hoping to make with the money you leave behind and what kind of impact will this have on the beneficiary?

According to Psalm 24:1 "The earth is the Lord's, and everything in it". The Bible teaches that all belongs to the Lord. Scripture also calls us to be good stewards of what the Lord has provided (Luke 12:42-48). If God owns it all and it's all from Him, we begin to see that we are simply temporary managers during our life for

the things provided. Furthermore, if we are to be good stewards, could this apply to how we leave an inheritance?

Will what you leave behind be stewarded faithfully as perhaps you believe it should? Can too much wealth inherited bring harm depending on how it will be used? We've all heard stories of when children that weren't financially responsible ended up squandering the money given them. Worse, many kids have ended up wasting away as they subsisted on money given them because there was no need to earn a living.

Perhaps using a trust for the prodigal child might be wise. And it may not be best to leave some children completely out. Don't be vindictive if someone hasn't lived the way you desired. Will disinheriting them cause disdain towards you or what you value after you're gone? It might be good to provide something but consider not leaving so much that it could bring them harm if abused or misused.

Three questions to consider when deciding on who and what to give heirs: 1) What is the best/worst thing that could happen if you transfer wealth to _____? 2) How serious is it? 3) How likely is it to occur?

Consider finding out what is important to your heirs (heirlooms, etc.) which could help in avoiding possible sibling rivalry. And consider communicating with your children once you have decided what the estate plan will look like and why you decided what you have. More than likely there will be a family meeting – it's simply whether or not you choose to be there – it'll be too late after you're gone.

How do we prepare the next generation to be wise stewards of what we leave behind? Both money and wisdom can be left to children but wealth left without wisdom can have dire circumstances on future generations.

There are no easy answers but I hope this provides some additional insight into things you may not have considered. Ask the Lord for wisdom and discernment as you make these decisions.