



Financial

E-newsletter December 2015

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Ops Center

Here are a few important dates to consider:

- **Today:** Are you considering making a year-end charitable contribution by using one of your accounts? **Please contact us as soon as possible.** Depending on the type of transaction, TD Ameritrade may only be able to process on a best-efforts basis.
- **December 9:** The new **TD Ameritrade Institutional web experience on www.AdvisorClient.com** will go live. To make for a smooth transition, please click the "Use the new version now!" link and explore the new site prior to the December 9 launch. You can toggle between the preview version and the current website using the tabs at the top of your browser.
- **December 22:** Cut-off date for **Required Minimum Distributions (RMDs)** and **Roth Conversion requests.**

Adding Meaning to Your Dash

The Holiday Season is the time of year when we recount our blessings and think about how we can share our abundance with others. It can start now, but it should continue throughout the year, our lives and beyond. Joel has been working with each of you this past year to develop your Wealthcare Plan. One common goal many clients have is to develop an estate plan that includes philanthropic giving. Joel invited a small group of clients to Bull and Bones on Friday, November 13, in order to learn more

about what everyone has on their minds and hearts about the subject. We had approximately 20 people sharing their knowledge about opportunities to give.

The event was inspired by the poem, “The Dash” by Linda Ellis, which expresses questions we all must consider about our lives. Have you ever asked yourself, “Is this all there is?”, “Have I made a lasting impression?”, “Can I make a difference in someone else’s life?” or “Am I leaving a legacy for my community?” Due to copyright laws, we cannot reproduce the poem but you can read it on Linda’s website: <http://www.linda-ellis.com/the-dash-the-dash-poem-by-linda-ellis-.html>

Joel invited Jessica Wirgau, Executive Director of the Community Foundation of the New River Valley, and Eric Bucey, a board member for the CFRNV, to talk about local opportunities to donate time, talents and money. Jessica also addressed the concerns that many have regarding whether they are giving to a worthy cause, one that will make a life changing difference in someone’s life or our local community.

Every year the Community Foundation awards many grants to deserving organizations. However, there are many that go unfunded because there is not enough funding to go around. If you have not already committed to an organization or are not getting the satisfaction that a smaller contribution to offset administrative costs awards, then one of these programs might speak to you in a more fulfilling and profound way.

Our team is privileged to know so many people with big hearts. Let us know how we can help you write your dash.

Happy Holidays!

– **Beth Ashe**

Expand the Circle; Include Your Adult Children

Living life with purpose requires some planning. I am a planner by nature. I plan for the future, for today, for tomorrow. I make lists. A lot of lists. I make lists of lists. My husband is more of a fly by the seat of his pants kind of guy. Lists? Who needs them? We often knock heads when it comes to planning ahead, but in the end, we balance each other out pretty well. He has learned the importance of prior proper planning and I have learned to be a little more easygoing.

As parents of young children, we have sought out great resources to help us navigate this journey of parenthood. Because let’s be honest, we really have no idea what we are doing. In their book, *Parenting Beyond Your Capacity*, Reggie Joiner and Carey Nieuwhof give some practical advice that I believe not only applies to parenting, but can extend to other areas of life. Two of the ideas discussed in the book are “Expand the Circle” and “Imagine the End.” Let’s explore how these two ideas can also benefit your financial planning process.

Expand the Circle. I imagine you’ve heard “it takes a village” to raise a family. With the same idea in mind, Joiner and Nieuwhof encourage parents to seek out other individuals to purposefully influence

their children. We all could use a little help. Not just with parenting, but with our finances too. That's why you have us. You've chosen JSW Financial to help you dream, plan and organize. Some of you probably also have an estate attorney and an accountant. This is your circle. But let's take it a step further. I would encourage you to expand your financial planning circle to include your adult children. We will discuss why in a moment.

Imagine the End. Really think about what kind of legacy you want to leave for your children and plan how you will get there. The legacy we leave is so much more complex than just leaving an inheritance of assets, but assets are an important part of it. "A good man leaves an inheritance to his children's children..." (Proverbs 13:22) What do you want to leave for the future generations of your family? How do you want them to use what you've left?

It's never too early to begin thinking about these questions. Life is unpredictable. Plan while you can and then adjust as life throws its curveballs. A major curveball was thrown at our family just recently. My mother-in-law, at the young age of 66, is suffering from severe osteoporosis that has caused her to break four bones in the last two-and-a-half years. The last fracture has left her bedridden with the possibility of never walking again. All of a sudden, the family is scrambling to plan for her future.

Talking about finances and future wishes can be challenging when someone is in the middle of a crisis. It's best to have those conversations when the waters are somewhat calm and decisions aren't based off of raw emotion and circumstance. It helps to have a mediator, an advisor. An impartial party can help the family see different sides, help define wishes and communicate them clearly. This might be easier for some families than others since every family has its own dynamics and unique situations.

We are here to help with ideas and suggestions for handling tough questions that come up during your planning process. Our team can work with you, your lawyer, accountant and other professionals to design a plan that works for you and your future generations. Including your adult children in those discussions can save time and ensure that your wishes are honored if there comes a time when you can no longer communicate for yourself. Talk to us about expanding your circle and consider including your adult children in your planning process.

For ideas on how to make sure you are prepared for the future, read the article "A Primer for Estate Planning" below.

– **Robin Hoback**

A Primer for Estate Planning

Estate planning is a task that people tend to put off, as any discussion of "the end" tends to be off-putting. However, those who leave this world without their financial affairs in good order risk leaving their heirs some significant problems along with their legacies.

Many people have the idea that they don't need an estate plan because their net worth is less than X dollars. Keep in mind, money isn't the only reason for an estate plan. You may not be a multimillionaire yet, but if you own a business, have a blended family, have kids with special needs, worry about

dementia, or can't stand the thought of probate delays plus probate fees whittling away at assets you have amassed ... well, these are all good reasons to create and maintain an estate planning strategy.

No matter what your age, here are some things you may want to accomplish this coming new year with regard to estate planning.

Create a will if you don't have one. Many people never get around to creating a will, even to the point of buying a will-in-a-box at a stationery store or setting one up online.

A solid will drafted with the guidance of an estate planning attorney may cost you more than a will-in-a-box, and it may prove to be some of the best money you ever spend. A valid will may save your heirs from some expensive headaches linked to probate and ambiguity.

Complement your will with related documents. Depending on your estate planning needs, this could include some kind of trust (or multiple trusts, talk to us), durable financial and medical powers of attorney, a living will and other items.

You should know that a living will is not the same thing as a durable medical power of attorney. A living will makes your wishes known when it comes to life-prolonging medical treatments, and it takes the form of a directive. A durable medical power of attorney authorizes another party to make medical decisions for you (including end-of-life decisions) if you become incapacitated or otherwise unable to make these decisions.

Review your beneficiary designations. This year we reviewed beneficiaries and transfer-on-death designations for taxable accounts with everyone as part of the transition. But who is the beneficiary on your 401k? How about your annuity or life insurance policy? If your answer is along the lines of "Mm ... you know ... I'm pretty sure it's..." or "It's been a while since ...", then be sure to check the documents and verify who the designated beneficiary is.

When it comes to retirement accounts and life insurance, many people don't know that beneficiary designations take priority over bequests made in wills and living trusts. If you long ago named a child now estranged from you as the beneficiary of your life insurance policy, he or she will receive the death benefit when you die - regardless of what your will states.¹

In some states, you can authorize transfer-on-death (TOD) designations. This is a tactic against probate: TOD designations may permit the ownership transfer of securities (and in a few states, forms of real property, vehicles and other assets) immediately at your death to the person designated. TOD designations are sometimes referred to as "will substitutes" but they usually pertain only to securities.²

Create asset and debt lists. Does this sound like a lot of work? Don't worry we do much of this for you as part of your Wealthcare plan. By including the information below when we meet, you can provide your heirs with an asset and debt "map" they can follow should you pass away, so that they will be aware of the little details of your wealth.

* Your real property and personal property assets. Real estate you own, and its worth; also list personal property items in your home, garage, backyard, warehouse, storage unit or small business that have notable monetary worth.

* Your bank and brokerage accounts, your retirement accounts, and any other forms of investment plus any insurance policies.

* Your credit card debts, your mortgage and/or HELOC, and any other outstanding consumer loans.

Compile important online logins and passwords. Do you have digital photos saved in “the cloud” like your iPhone’s “iCloud” or a Shutterfly or Picassa account? ...Or all three? Would your family know how to get to these or would they be lost after you’re gone? You know it’s not like in the past when family would find all your old pictures in a box in the attic!

What about bank accounts, bills to pay and credit cards? Your Facebook account or even the password to your personal computer? As everything has gone paperless, collecting a list of user names & passwords in a safe and secure place that family members will know where to find it, goes a long way in helping them handle all your affairs without extra stress or challenges.

Think about consolidating your “stray” IRAs and bank accounts. This could make one of your lists a little shorter. Consolidation means fewer account statements, less paperwork for your heirs and fewer administrative fees to bear.

Let your heirs know the causes and charities that mean the most to you. Have you ever seen the phrase, “In lieu of flowers, donations may be made to ...” Well, perhaps you would like to suggest donations to this or that charity when you pass. Write down the associations you belong to and the organizations you support. Some non-profits do offer accidental life insurance benefits to heirs of members.

Select a reliable executor. Who have you chosen to administer your estate when the time comes? The choice may seem obvious, but consider a few factors. Is there a stark possibility that your named executor might die before you do? How well does he or she comprehend financial matters or the basic principles of estate law? What if you change your mind about the way you want your assets distributed – can you easily communicate those wishes to that person?

Your executor should have copies of your will, forms of power of attorney, any kind of healthcare proxy or living will, and any trusts you create. In fact, any of your loved ones referenced in these documents should also receive copies of them.

Talk to us. Do-it-yourself estate planning is not recommended, *especially* if your estate is complex enough to trigger financial, legal and emotional issues among your heirs upon your passing. We are here to help you reach your life goals now and after your passing. Give us a call and let’s discuss how estate planning fits into your overall financial plan.

– **Sarah Moravec**

Don't Forget Your Furry Family Members

During the holiday season, we tend to think more and more about our family and how we can help them. This could range from yearly gifting to talks about long-term planning. It is important to remember our whole family during this time, and this includes our pets. While some people have pets in addition to children, others do not, and rather the pets themselves are the children. When establishing an estate plan, it is important that we do not forget these members of our family. The strategies outlined below can help put you at ease when thinking about taking care of your pets in case of an emergency.

Develop a Care Plan. What would happen to your pets if you didn't come home one day? Would anyone know they are in the house? Would someone take care of them? When developing a plan, it is important to treat your pets just as you would your children. By establishing a potential caregiver for your animals, you can already set into place an action plan should something happen to you.

Keep your pet's medical and other important records. As you find an appropriate caregiver, let them know where you keep your historical records about your pets. This could potentially help fill any gaps down the line.

Establish provisions in your estate plan or trust. By earmarking funds for your pets and establishing guidelines for care, your executor or trustee can help make sure that any money for your pets is used properly and in accordance to your wishes. Some precautions that can be made are regular vet visits to ensure the health of your pets, microchipping and establishing the provision that your executor or trustee can decide what is deemed as appropriate when money is needed to take care of your pet. We all want to think that the potential caregiver that we chose would have the pet's best interest, but being cautious is never bad when protecting the welfare of your pets.

In thinking about what is important to you in your life, think of everyone involved. A pet can be a very important addition to one's family and we need to be prepared in case an emergency prevents us from coming home one day.

"My goal in life is to be as good of a person as my dog already thinks I am." – Author Unknown

– **Andrew Cialek**

Joel's Corner: Giving Thanks: The Plow Horse Economy & Adam Smith

November 29, 2015

If the US were in the middle of an economic boom, like in the mid-1980s or late-1990s, it would be very easy to be thankful during the week just past and the holidays ahead. Instead, a cornucopia of complaints by the talking heads of big media seems to accompany what has been a plodding economic recovery, what we call the Plow Horse Economy.

To be sure, all is not well with global economies and geo-political issues. And the near term outlook for the stock market has some troubled waters ahead. However, with our new financial planning tool the stock market no longer impacts our financial plans as it once did.

But that's why it's even more important than ever to be thankful for the things that are going right with the US economy. In particular, even as our overly large government continues to grow larger, with more spending, more entitlements, and more regulation – all of which bog down the economic growth rate like mud in the fields. It has been a battle between entrepreneurs and their wealth creation, versus government and redistribution. So far, the entrepreneurs have kept the economy moving forward.

The new JSW Financial process known for several patents and called the Wealthcare Process, focuses on the reality of current facts, looking out one, three and five years. This research ignores the noise of the talking heads and pessimists, and integrates that research data with each client's specific unique cash flow needs and circumstances. And those are monitored quarterly so that market volatility becomes a non-event and your goals are consistently met with a high degree of expectation. This in turn allows the invisible hand of Adam Smith to continue long-term growth through positive changes.

Examples: Think of all the massive changes in the past several years. As it turns out, we really can drill our way to lower energy prices. Ubiquitous apps have made life much easier and increased productivity for workers, parents, students, travelers. And the list of new benefits seems to never end. Death rates for cancer patients are way down. Look at the recent advertisements for Alzheimer's drugs! Innovation in food production continues to soar. Driverless cars, while not here yet for regular consumers, continue to improve and wind their way down the long road toward mass production. It's the cornucopia of invention we should celebrate

Instead, it's monetary policy and the political world that journalists seem to obsess about; particularly those on business TV. These sources of "information," or what could more accurately be called "econotainment," instead dwell on every zig and zag of politics, and very often dubious narratives intricately woven by some hedge fund manager. Cramer couldn't make a living as a portfolio manager so he became a TV host. His hedge fund had to close. Really!

But it's because of the innovations, because of businesses that have found a way (the invisible hand) to charge ahead despite every obstacle put in front of them, the economy has moved forward.

In certain ways, this decade resembles the 1930s. Not in the sense that our economic situation is like the despair of the Great Depression; not even close. But in the sense that amid general dissatisfaction with the economy and a very bad policy set from Washington, important positive innovations were still happening. Jet engines, photocopiers, ballpoint pens, helicopters, and nylons were all invented in the 1930s, making life better for decades to come.

So when you pause to be thankful during the coming holidays, think for a moment of the innovators and small business owners who have been toiling away to make our lives better. Yes, they don't do it just for the heck of it; yes, they want to enrich themselves along the way. But whether they help themselves or not, where would we be without their efforts?

Finally, keep in mind that the US with all its problems, still is the most innovative country in the world. And also note what Adam Smith suggested, that as wealth is amassed those economies must also

create opportunities to lift the socio-economic standards of ALL citizens...by hand-ups, not hand-outs. Otherwise, there will be anarchy.

We are going to be fine. Happy Holidays!

Joel

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Citations.

1 - www.knoxnews.com/news/2012/may/07/retirement-accounts-not-governed-by-wills/ [5/7/12]

2 - www.investopedia.com/university/estate-planning/estate-planning5.asp#axzz1vjRm6aPe [3/20/13]

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