Waller Financial Planning Group

Spring2016

LegacyPress

LIFESTYLE & LEGACY CHOICES BY DESIGN℠

Fact

67-80... Percentage of Americans who define themselves as "habitual savers."

Source:
2015 Aegon Retirement Readiness Survey

> *The most rewarding parts of the job are just seeing people really achieve their preferred lifestyle and legacy, which we had a big part in designing.*
>
> **Jason Eliason**
> CFP®, ChFC®, CFA®

The Importance of Completing Your Estate Plan

By: Charles Kerwood, III, CFP®, ChFC®, AEP®

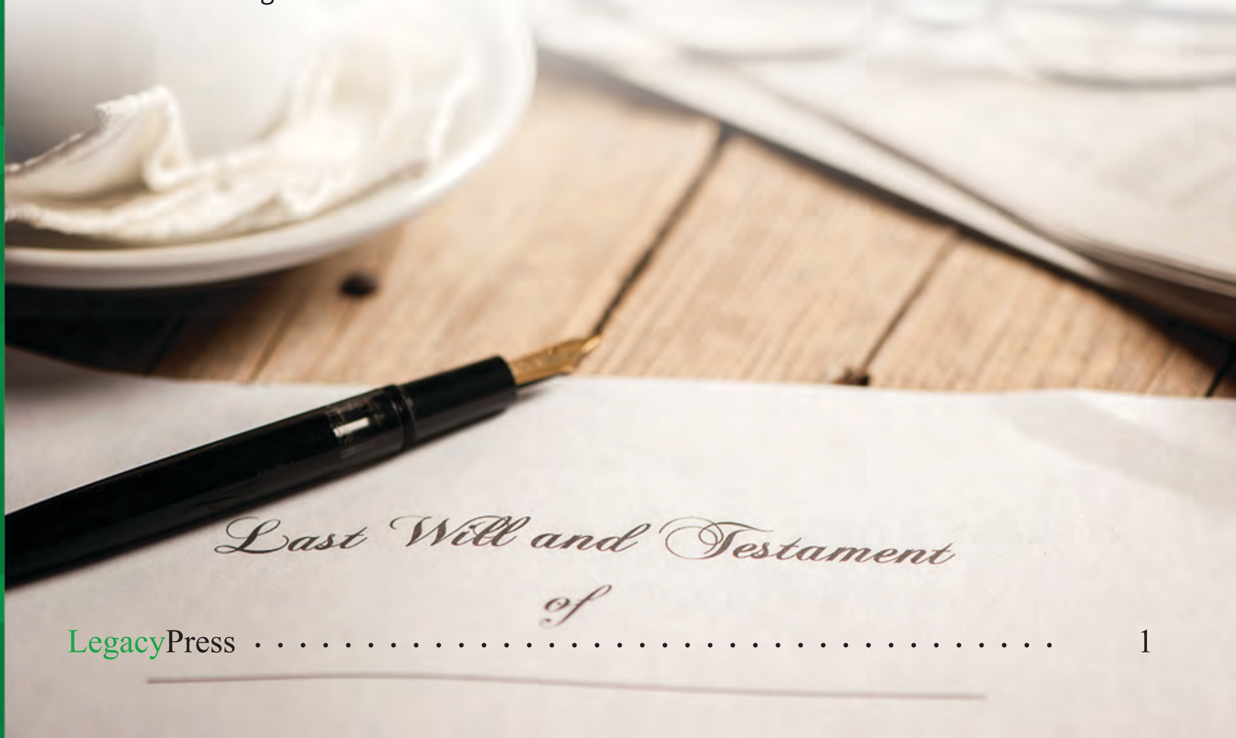
The thought of one's mortality can be fearful and depressing. Thinking about leaving your family behind is heartbreaking, but leaving your family behind without financial structure is irresponsible and completely avoidable. Yet, many individuals fail to address what needs to be done.

An estate plan is a set of documents that outlines what you want to happen in the event of your death, or inability to make your financial or medical decisions. Although the term "estate plan" may sound like it applies only to those who have a large amount of wealth, it really does apply to almost everyone, whether their situation is simple or complex. Consider that, in the absence of estate planning documents, your state of residency determines who gets your assets, and who takes care of your minor children.

In order to create a sense of urgency, the following list below are major reasons why you need to get your estate plan in order. If you do not finalize your estate planning documents, the courts will make these decisions for you.

Continued on Page 2.

Index



The Importance of Completing Your Estate Plan (Continued)

1. Provide for your immediate family – Providing for your spouse and children are very rewarding; however, accidents happen in the blink of an eye with no warning. Wills with guardianship provisions are necessary to appoint caregivers for children in the event of a simultaneous accident.

If you do not appoint a guardian, the courts will do it without your input, making decisions about your money, and your children's education and well-being.

2. Choose the executor or trustee of your estate – Choosing the appropriate administrator of your estate, and giving them the appropriate amount of authority saves money, eases the burden on your survivors, and simplifies the overall administration of your estate.

3. Plan for incapacity – While many think this only applies with old age, you will need this if you ever get into a serious accident. The use of health care directives (i.e., living wills and health care powers of attorney) will help in the event of physical or mental incapacity. These documents enable you to decide in advance who will make decisions for your medical treatment, and the type of treatment you desire.

4. Get property to your beneficiaries quickly – Options include joint tenancy titling of property or investment accounts, life insurance paid directly to your beneficiaries; or simplified and expedited settling of your estate, which allows for partial payments to beneficiaries while a Will is being probated.

5. Minimize expenses – Proper estate planning can keep the cost of transferring property to your beneficiaries as low as possible, leaving more of the assets to those you intend to benefit.

As you can see, having the proper documents in place ensure that your wishes are fulfilled, your family is provided for without placing a further burden on them, as well as avoiding the courts making decisions on your behalf.

How To Avoid the Pain of Market Volatility

By: Chris Olsgard, CFP®

There's no question we experience emotional pain and anxiety when our portfolios are losing money during market downturns. Behavioral scientists have identified people feel losses twice as much as gains. But that does not help us though, because what we really want to know is how can we make these downturns feel less painful? For many, the typical answer is to sell, inevitably at the wrong time, and lock in the losses.

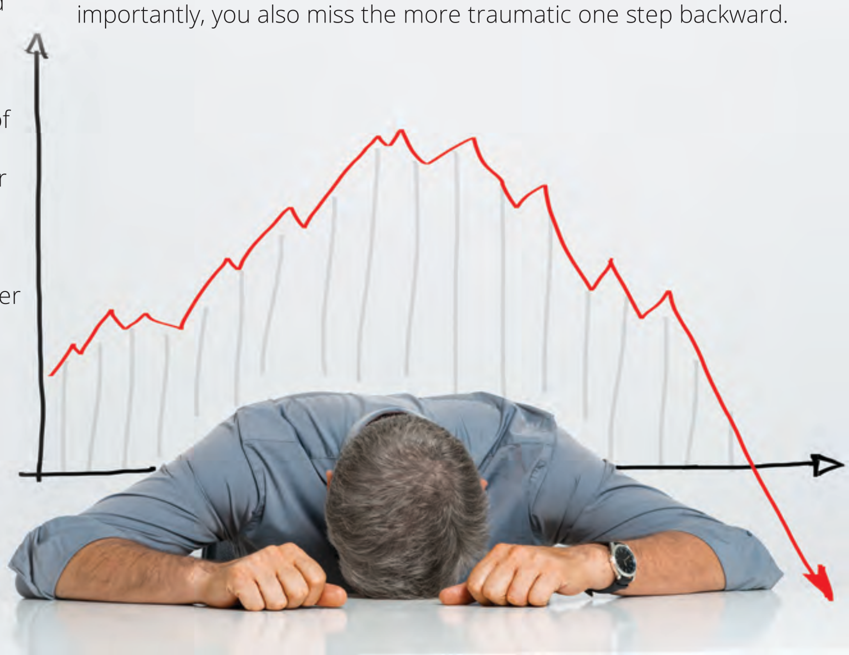
Economist Richard Thaler conducted a stock market experiment that offers some excellent insight. He asked people to select one of two investment options, one option was much more allocated to stocks, which offered higher returns and higher volatility. The other option had a lower allocation to stocks, and offered lower returns and less volatility. Half of the people were shown how that investment would have panned out eight times in the next year, while the other half were only shown the result once a year. In other words, some were looking at the stock market roller coaster eight times as often as the others were.

You can probably guess the results: those who saw their results eight times a year only put 41% of their money into stocks. Those who saw the results just once a year invested 70% in stocks. The more often you look at your portfolio, in good times and bad, the more pain and anxiety you are likely to experience, and the more cautious you tend to be.

In a recent blog post, a market analyst looked at all the bear markets and bull markets going back to 1928, and found something interesting; the bull markets, on average, delivered 57% returns, while bear markets, on average, lost 24% of the market's value. The bull runs lasted, on average, 474 days, while bear market drops were more intense, compressed into an average of just 232 days before the next upturn.

In other words, the significant declines were only about half the size of the gains and were much shorter in duration; however, because they were much shorter in duration they were felt much more harshly. Bull markets do not attract a lot of attention, and move more gradually than the eye-catching downturns. Over time, they generate twice the upside as bear markets do on the downside.

We agree with the findings of Thaler: the best way to avoid the mental anguish of market downturns is to spend less time looking at your portfolio. You miss the two steps forward, and most importantly, you also miss the more traumatic one step backward.



How Financial Planning is Event Driven

By: Jason Farris, CFP®, CAP®

Last month my wife Abby and I celebrated our son's first birthday with family and friends. It was a blissful day filled with the customary happenings of a first birthday – smash cake, hundreds of photos and dreadfully large toys to bring home.

Reflecting on the first 12 months of Gus's time in this world has supplied numerous memories I will always cherish. All the "dadas," diapers and smiles, it hit me that last year went by extremely fast. So fast... I started to worry. Did I get everything done? Did I address many of the financial planning aspects of having child? The first few months were such a whirlwind, Abby and I *might* get a pass. But, Gus is now a year old! As a financial planner, I am well past any acceptable time limit of getting my rubber duckies in a row.

Good news - my Certified Financial Planner™ certificate can remain hanging on the wall. Fortunately, many of the financial planning concerns with having a child had been addressed (apparently a lack of sleep can affect your memory). Luckily, Abby and I are good record keepers and maintained copious notes; therefore, our worries were quickly abated.

While everyone's personal list is different, here are five items that I needed to review:

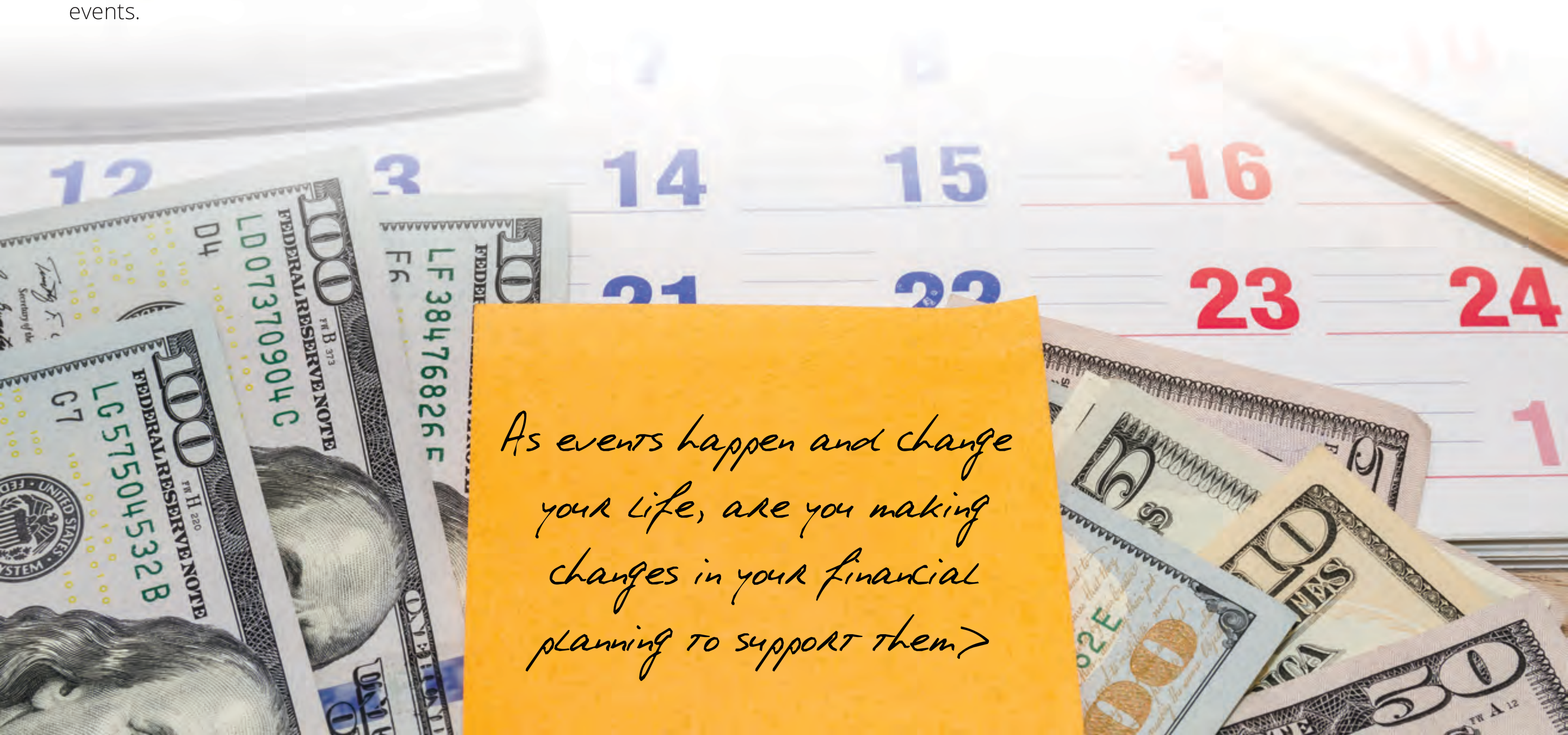
5 Items on Jason's Almost Forgotten To-Do-List

- **Re-evaluate Life Insurance Coverage**
  - Forecast new expenses
  - Determine if death benefit is still appropriate
- **College Funding Plan**
  - Calculate how much we need to save each month
  - Determine the best investment vehicle
- **Revise Estate Planning Documents**
  - Gus needs to be added to our documents
  - Confirm we are still comfortable with potential legal guardian
- **Income Tax Consideration**
  - Inform accountant of dependent
  - Record child care expenses
- **Update Goals**
  - How quickly will we outgrow our current home?

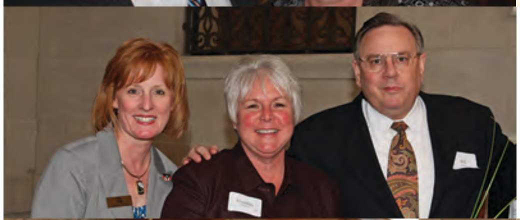
The celebration of Gus's first birthday, and my minor panic attack, serve as a good reminder, financial planning is often event driven. While it does happen from time to time, rarely does an individual randomly decide today is the day to engage objective advice from a financial planner. Usually there is an event - a catalyst - which evokes one's desire to engage in financial planning.

Life events can be personal experiences, or you may witness circumstances of a friend or family member. Many of these catalysts are joyous occasions; such as starting a family, getting married, buying a home or receiving a promotion at work. Regrettably, some life events can also impose a great deal of stress – losing a loved one, caring for an aging parent or divorce.

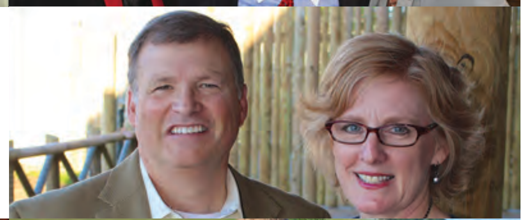
One aspect of financial planning is helping those through life events; however, the value in financial planning is helping those prepare for life events.

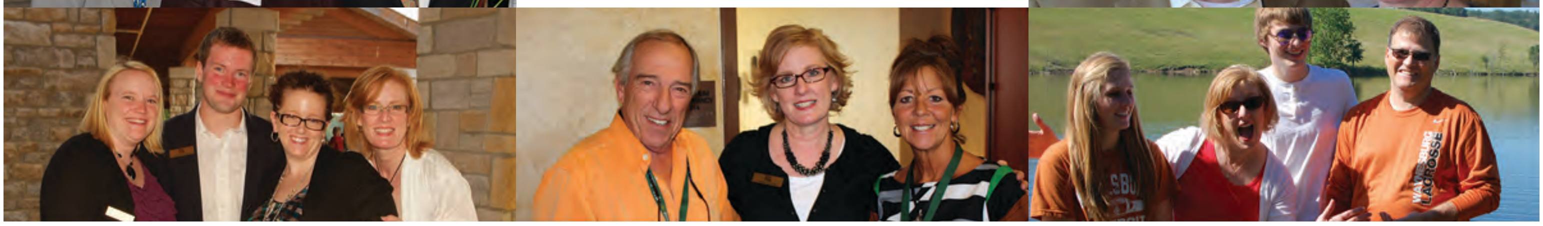


News and Notes



Happy 10th Anniversary with Waller Financial, Sandy Vidosh!
Thank you for bringing positivity and energy to work every day!





941 Chatham Lane
Suite 212
Columbus, Ohio 43221
614.457.7026
www.waller.com