

Legacy Press

..... LIFESTYLE & LEGACY CHOICES BY DESIGNSM

Fact

Among clients who work with an advisor, **87% of those working with a CFP® professional are satisfied or very satisfied**, compared with 72% of those who work with an advisor without certification, according to a July 2012 survey.

Source: CFP Board

“Financial planning is like navigation. If you know where you are and where you want to go, navigation isn't such a great problem. It's when you don't know the two points that it's difficult.”

Venita VanCaspel



Champions for Learning: Q&A with Charlie Kerwood

By: Kristen Rhine

Charlie Kerwood was recently honored at The 5th Annual Night of Champions event for being a community leader in making life-changing learning experiences for students. I caught up with Charlie after the event and asked him a few questions about the organization and his passion for volunteering. Charlie became involved with Champions for Learning because the focus is on children and education.

Charlie is involved through the Planned Giving Council and reviews student applications for the College and Career Preparation Program. He helps students with filling out the Free Application for Federal Student Aid (FAFSA). He views his giving as an investment in tomorrow's leaders.



- 1 **Tell me more about how you got involved with Champions for Learning?** I first learned of Champions for Learning through our founder, Larry Waller, and a client of ours here in Naples. This led me to meeting Susan McManus, the president and CEO, who shared with me their mission and the impact the organization has on the students and our community as a whole. After that, I was inspired to help with their mission.
- 2 **What was your reaction when you found out you were to be honored at the Night of Champions event?** I was both humbled and honored, especially to join the ranks of others for whom I have a great deal of respect and admiration.
- 3 **There are various ways to get involved, but what are some of the ways you contribute to Champions for Learning?** I participate by reading through applications for the College and Career Preparation Program and guiding students through the FAFSA process. I also participate in their planned giving committee with several other professionals in our community. There are also mentoring programs available that I'd like to be a part of at some point in the future.
- 4 **Was there an educator or mentor who helped influence you?** I have had many mentors in my life, all who have helped me throughout my formative years and professional career. However, there is one educator in particular that I can recall, Mrs. Denman. She was my eighth-grade English teacher. She made us diagram sentences and memorize poetry in her class. Because of her efforts, I feel that I have a strong grasp of the English language. She helped me appreciate poetry, and we kept in touch many years after my graduation from high school. I can still recite many of the poems today that I learned in her class 35 years ago.
- 5 **Has working in the finance industry for over 25 years played a role in your philanthropic endeavors?** I would say a definite “yes.” Our founder is a great example of giving of one's time, treasure and talent. By observing what he has done over the years, as well as what our clients have done, I was inspired at an early age in my professional career to do the same. It's very rewarding giving away and giving back. One of my favorite quotes is by Ralph Waldo Emerson who said, “You cannot do a kindness too soon, for you never know how soon it will be too late.”

For the full article, go to <https://waller.com/champions-for-learning/>

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How We Incorporate Financial Literacy into Our Lives

By: Kristen Rhine

April was Financial Literacy Month. Now is the time to reflect on personal finances, strategies to improve our financial literacy, and celebrate past successes. Since we already have an article on ways to improve your financial literacy, I decided to catch up with some of our advisors in the office to see how they incorporate it in their daily lives. After discussing why financial knowledge is so important, an overall theme became apparent: start early and be diligent.

Coming straight from our advisors, they discuss how they incorporate financial literacy in their family, common misconceptions, and suggestions on how people can improve their knowledge.



Kathy Kincaid, CFP®

Our family is like many others with one person in charge of everything financially related. This system tends to be efficient, but lacks when it comes to financial

education for the other partner. That is why I try to have a conversation with Rob, at least annually, to discuss our situation. If I'm being honest, in our early years I think he was only pretending to listen! However, now that we are middle age and retirement isn't in the far distance, he is starting to pay attention. He enjoys watching the time value of money and understands the importance now of saving early and often.

Rob and I both made some financial mistakes in our college years. That is why we feel it is essential to instill financial knowledge in our children early in life. Our daughter Maddie is 12 and earns money by doing chores around the house. She is paid per chore, which is what I prefer because it shows her how hard work pays off. On payday, Maddie is required to separate her money into three categories: savings (10%), charitable gifts (10%), and spending money (80%). Maddie is a quick learner, and after the first week, she decided to increase her savings to 50% and decrease her spending money to 40% while keeping her charitable donations at 10%.

Although our son Elliott's physical challenges keep him from doing chores, he is still responsible for helping us with his personal care such as brushing his teeth and getting dressed. For now, he accepts payment in high fives, hugs, and kisses, but I'm sure it won't be long until his financially-savvy sister points out he is significantly underpaid!



Jason Eliason CFP®, ChFC®, CFA®

How do you incorporate financial literacy in your daily lives with family? Ruth also

has a strong financial background.

She worked for more than 15 years in personal and corporate banking and has an undergraduate degree in economics management, which makes things a little easier. She does a great job of running the household finances and working with our kids about the value of money. When we explain to our friends how we manage our money, Ruth handles today and I take care of tomorrow.

The kids have certain chores they complete each week; some chores they are paid and some of which they just have to do as a member of the family. Of the money they earn each week, some of it has to be set aside for savings, some for college, and the rest they can have as spending money. I told our oldest child, Jacob, if he saved up \$500, he could open an investment account, which he was able to do. This gives us the opportunity to talk

about how investing works. At least once a week, he asks me how his investments are doing!

Ruth also found a great personal finance book targeted toward middle and high schoolers. It is called "What All Kids (and Adults too) Should Know About Saving and Investing."

What is a common misconception about personal finances you often hear? A common misconception I hear a lot is, "I can't afford to save." You just need to start small; make savings a monthly expense, much like a cellphone bill. Everyone has a cellphone bill, and they would not easily give that up. Saving to build up an emergency fund or retirement account should be held in the same regard... you can't live without it. Along the same lines, I am surprised at how often people, especially young people, do not save enough money into their company-sponsored retirement plan to get the full employer matching contribution... it's free money they are passing on... completely crazy!

Do you have any suggestions/advice on how people can improve their financial literacy?

Start now and take small steps; start by not getting yourself into a bad position. Do not spend money on a credit card unless you have the money to pay it off each month. Do not spend more on eating out in a month than you save. Many times people are trying to get themselves out of a bad position when they are ready to start learning about financial matters. There are several resources to help you, as well as significant online sources. Read books on personal finance, listen to finance podcasts, read financial periodicals, or get a library card. The CFP Board website, letsmakeaplan.org, has several different resources under the "learning center" tab based on where you are in life.



Jason Farris, CFP®, CAP®

How do you incorporate financial literacy in your daily lives with family? Our oldest son

is 4 years old, and there are two

themes we try to incorporate in our daily lives: 1) Do not be wasteful 2) Rewards are earned. Abby and I feel if we establish these two values in our son at an early age much of the lessons about finances will fall into place.

What is a common misconception about personal finances you often hear? A common misconception is underestimating the need to start saving at an early age. It is challenging to attain a financial independence after years of procrastination. Many individuals are too confident their personal cash flow situation will continuously improve in future years. Life's circumstances are constantly changing, and it's unlikely one will increase their savings rate by happenstance.

Do you have any suggestions/advice on how people can improve their financial literacy?

I believe having as much exposure and dialogue about money is essential. Whether it is through reading, conversations or listening, I encourage individuals to indulge their curiosity about money. You don't necessarily need to read a textbook to improve your financial literacy. Currently, I enjoy listening to various podcasts about finances. A current show I am listening to is, "How to Money." The hosts are funny, informative, craft-beer drinkers, and it often sparks my curiosity to review a client situation or my own.



Chris Olsgard, CFP®

How do you incorporate financial literacy in your daily lives with family?

My wife and I firmly believe our children need to understand the value of a dollar and develop fiscal responsibility. This doesn't just mean taking care of yourself, but also those who are less fortunate. We try to be as open as possible with them about our financial situation; although, they are still a little young to understand most of it at this point. We are hopeful that our strong financial habits will help them develop healthy financial habits of their own someday.

What is a common misconception about personal finances you often hear?

Many people wrongly believe it takes a large salary to accumulate wealth. I have worked with plenty of people over the years who have embraced the concept of saving first and living off what is left. This may be easier for those with more substantial incomes, but it is not impossible for those with less. I've found that when people can see how a plan will play out over a period of years, they are more likely to forego some current enjoyment in favor of greater financial stability in the future. It is important to see how today's sacrifices can lead to a better tomorrow.

Do you have any suggestions/advice on how people can improve their financial literacy?

For anyone who would like to improve their financial literacy, I highly recommend the following books. None of the books below are overly technical, yet they provide anyone willing to read them with invaluable insights:

- 📖 The Millionaire Next Door - Thomas J. Stanley
- 📖 The Little Book of Common Sense Investing - John (Jack) C. Bogle
- 📖 The Essays of Warren Buffet - Warren E. Buffett
- 📖 Money, Master the Game - Tony Robbins



Get It Right The First Time: 3 Items To Consider Before Opening A Bank Account

By: Jason Farris, CFP®, CAP®

We've all done it – open a bank account. Simple, right? Yes, it's a fairly simple process to establish a new checking or savings account. But does the account ownership complement your estate plan? Too often bank accounts are afterthoughts when they are incorporated into an estate plan, and much can go wrong when this is the case. Through a little preparation and purposeful actions, you can ensure you set up your bank accounts right the first time.

I was reminded of this lesson a few months ago. My son, Gus who is four, accomplished the mission of filling up his piggy bank. I couldn't be more proud; all his hard work has paid off. He has wrangled off dollar bills from grandpa and he "helped" clean my car by simply raiding the center console for coins. It took him nearly four years, but it was finally time to dump it out, count his savings, and open a bank account. It was a proud moment for a financial planner.



First, I had to explain the piggy bank was a gift, and we couldn't just smash it to count his money. Fortunately, the alternative of ferociously shaking the piggy bank seemed to be an acceptable second option. The next step was a tedious task of sorting and counting his savings. Luckily Gus was at the appropriate age and had fun working on his number skill development. For a four-year-old, Gus gave a noble effort trying to wrap the quarters, but I elected not to torture him and took the lead in wrapping the dimes. Once we counted and

sorted the money, we headed to the bank to establish a bank account.

Fortunately, the hard part was behind us. My wife and I agreed that we wanted to open a savings account for our minor child; therefore, we needed to open a custodial account for our son. Since I drove Gus to the bank, I naturally would be custodian on the account. I had all of Gus' personal information and mine, so we were all set to open his first bank account. Still a simple occurrence, but what happens if I were to die before Gus turns the age of majority?

It would be problematic if I were to die prior to Gus taking control of his account. Most state statutes allow a personal representative or trustee to name a successor custodian; however, it's not always straightforward, and it likely would get caught up in court. We decided to do our best to avoid this situation by listing my wife as a successor custodian on the account application. Designating her as a successor custodian will allow her to easily control the account if something were to happen to me.

While you may not be opening up a custodial account, there are still a number of items to consider when opening up a bank account for yourself. So what questions should you ask yourself before opening an account, or better yet, talk with your attorney and/or financial planner?

- 📌 What type of registration (account ownership) best complements your estate plan? Should it be titled Individually, Joint Tenancy with Rights of Survivorship, Tenancy-in-Common, Trust, Estate Custodial, etc?
- 📌 What would happen to this account if I were to die? Do I need beneficiaries listed via a Payable on Death Designation on the account or is it titled appropriately to accommodate my wishes?
- 📌 How does it impact my estate plan?

With interest rates rising over the last few years more investors are starting to shop and compare banks. And while it is generally a good practice to re-evaluate your bank accounts and their prevailing interest rates, it's likely not worth it if you may be inadvertently disrupting your estate plan.

Yes, it's a simple process to establish a new checking account, savings account, money market, certificate of deposit (CD), etc. But it's not necessarily easy to make sure if it complements your estate plan. Account registrations, and whether beneficiaries should be listed, require thoughtful consideration. Through a little preparation and purposeful actions, you can ensure you set up your bank accounts right the first time.





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

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News & Notes

In observance of the upcoming holidays, our offices will be closed on Memorial Day and Fourth of July.

Financial planners take vacations too! Jason Eliason and his family recently visited Disney World and Universal Studios.

We're Closed!

MAY 2019

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Closed
Memorial Day 2019

We're Closed!

JULY 2019

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Closed
Independence Day 2019

