Waller Financial Planning Group

Summer2017

LegacyPress

LIFESTYLE & LEGACY CHOICES BY DESIGN℠

Fact

Fidelity® Study Finds: While 70 percent of parents claim to be very comfortable discussing will and estate plans, more than half of adult children are still in the dark about the details.

Source: Insurancenewsnet.com

"A good financial plan is a road map that shows us exactly how the choices we make today will affect our future."

Alexa Von Tobel

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Top Four Reasons Why You Should Work With A Certified Financial Planner™

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

In today's world, consumers are bombarded with varying financial planning titles such as Investment Advisor, Wealth Planner, Financial Advisor, Financial Planner and much more. All of these terms explain someone who can help with some part of your financial life; however, it's important to look deeper than just a "title." It's essential to look for someone who has the credentials and expertise to help with holistic planning. One designation that stands out, and has become the golden standard in the financial planning world, is the Certified Financial Planner™ (CFP®) designation. Here are the top four reasons to consider a CFP® professional:

1

Education
The individual must have a bachelor's degree from an accredited U.S. college or University, or its equivalent from a foreign institution. In addition, one must complete an advanced college-level course of study approved by the CFP Board of Standards, a self-regulating organization for professionals using the designation. The course of study covers subject areas such as, but not limited to, income tax planning, investment planning, retirement planning, college planning and estate planning.

2

Experience
The candidate must complete at least three years of full-time practical experience related to financial planning within the appropriate timeline. Activities that do not relate to the personal financial planning process for clients (such as time spent in corporate finance, training, practice management, marketing, software development or administrative duties) cannot be included in the reported number of experience hours.

3

Examination
A candidate must pass the CFP® Certification Examination. This test is a rigorous and comprehensive exam that covers all of the topics completed through their education. The exam is administered over two days for a total of 10 hours. Candidates are expected to correctly apply one's knowledge of financial planning to real-world examples and diagnose a multitude of financial planning issues. The pass ratio for the exam in March 2017 was 62.2%.

4

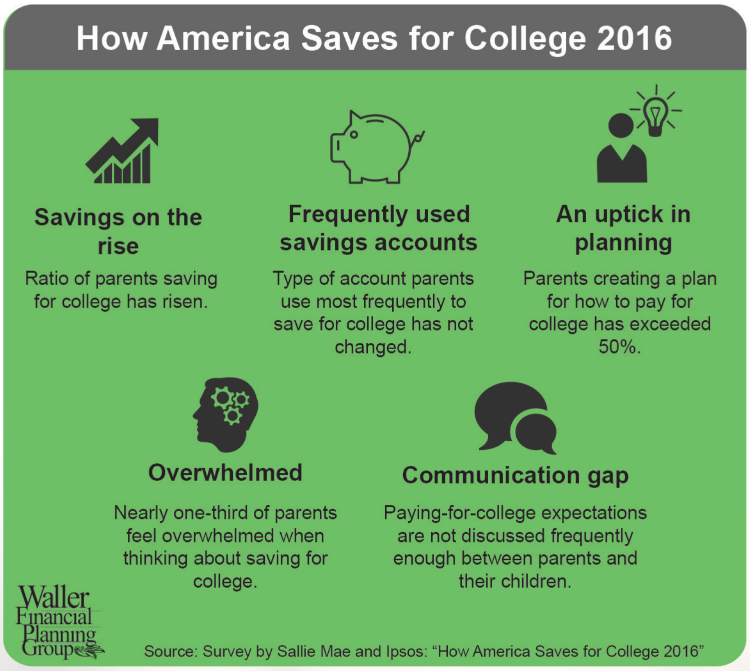
Ethics & Rules of Conduct Requirements
CFP® professionals are required to abide by the CFP Board's Code of Ethics and Professional Responsibility, as well as its Rules of Conduct. In order to maintain the designation, one must follow these required documents that outline the practice and ethical standards. Each year, a CFP® professional is required to agree to uphold the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence in order to maintain their certification.

In 2007, the CFP Board added the fiduciary standard to the CFP® designation. By selecting a CFP® professional to help with your financial affairs, you can be assured they are required to put their clients' interests ahead of their own at all times.

What Should I Do With The Excess Money In My 529?

By: Jason Farris, CFP®, CAP®

Paying for college is a financial obstacle for many families. To accomplish this feat, most people have to start saving very early. Even if you started stuffing your little one's piggy bank the day you arrived home from the hospital, it still may not cover the steadily rising tuition costs.



Many parents save for college in order to provide their child with the best opportunity to pursue higher education. A national study by Sallie Mae and Ipsos – "How America Saves for College 2016" – found more parents are creating a plan to pay for college. The parents who plan to pay for college rose 51 percent in 2016, up eight percent from 2015. The study also revealed the use of 529 college savings plans increased over a third from 2015 to 2016.

While most families worry about not saving enough for college, some have to consider their options when they saved more than they needed. It is a rare occurrence to have money left over from a 529 plan. If you find yourself in this situation, there are options available:

Graduate School

Many college graduates continue their education in postgraduate studies; however, 529 college savings plans are not limited to undergraduate education and can be used at any eligible educational institution. To find out if a school is eligible, go to the **Department of Education's website**.

Change the Beneficiary

You can change the beneficiary on an account at any time, and there is no age restriction on the beneficiary (it is never too late for you to attend or go back). In order for you to avoid the beneficiary change being deemed a withdrawal, the new beneficiary must be a member of the family of the previous beneficiary.

Do Nothing (at least for a while)

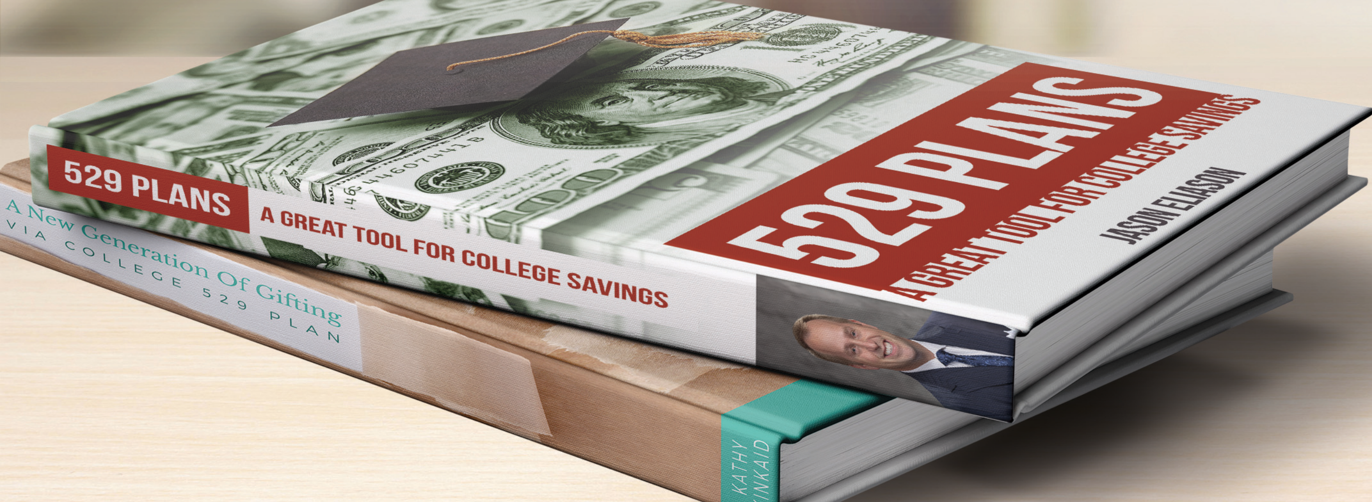
It is perfectly fine for the account to remain unaltered for an extended time. You need to use the assets in the account or designate a new beneficiary within 30 years after the beneficiary graduates from high school or within 30 years after opening the account, whichever comes later. So take your time and reconsider the purpose of this account.

Take the Penalty

You can always simply distribute the money and use it for anything. What's the trade-off? If the withdrawal is not for a qualified higher education expense, the earnings (the amount above what you deposited) will be subject to tax as ordinary income and a 10% withdrawal penalty. If you direct the withdrawal to the beneficiary by making the check payable to them, the beneficiary will be responsible for reporting the earnings - presumably keeping the income taxes lower.

Typically, the goal is not to have excess money in your 529 college savings plan but rest assured there are options to consider. To learn more about 529 college savings plans, or if you would like to assess whether one might be beneficial for you, please **contact us.**

To find more articles on how a 529 plan can help you, simply go to the blog section on our website and search "529."



What's The Difference Between Leasing And Buying A Car?

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

Clients often ask us whether it makes more sense to buy their next car or just lease it? The answer depends on how you plan to use the car. Here are the major differences between buying and leasing a car:

	Buying	Leasing
Ownership	You own the vehicle and may keep it for as long as you want.	You do not own the car. You must return it when the lease is over unless you decide to buy the vehicle.
Monthly Payments	Monthly payments are typically higher because you are paying off the entire purchase price.	Payments are typically lower because you're paying only the car's depreciation during the lease term. As long as you are leasing, there will always be a car payment.
Mileage	Miles are not tracked and you may rack up as many miles as you please; however, high miles typically mean lower trade-in sale.	Miles are tracked and you will pay a fee at the end of the lease if you exceed the mileage limit (typically 12k-15k miles per year.)
Customizing	You are free to make any customizations you see fit.	The leased car must be returned in its original condition, so any modifications must be removed before it's returned or you will pay a fee to have it removed.
Excessive Wear & Tear	The car's value depreciates as soon as you drive off the lot. You are free to use the car as your please, but excessive wear will lower the car's value when it's sold.	You are responsible for returning the car in precise condition or you will pay a fee if it is not in an acceptable condition.
End of Term	Once the car loan is repaid, you are free of future payments and you will have built equity on the car to help pay for the next vehicle.	The car must be returned and you will have to pay fees if you broke the lease. You may purchase the leased car or lease a new vehicle.
Vehicle Return	If you want to get a new car, you have to deal with trading it in or selling it on your own.	You return the vehicle at the end of the lease, pay any charges and walk away. You are not responsible for selling the car since you don't own it.

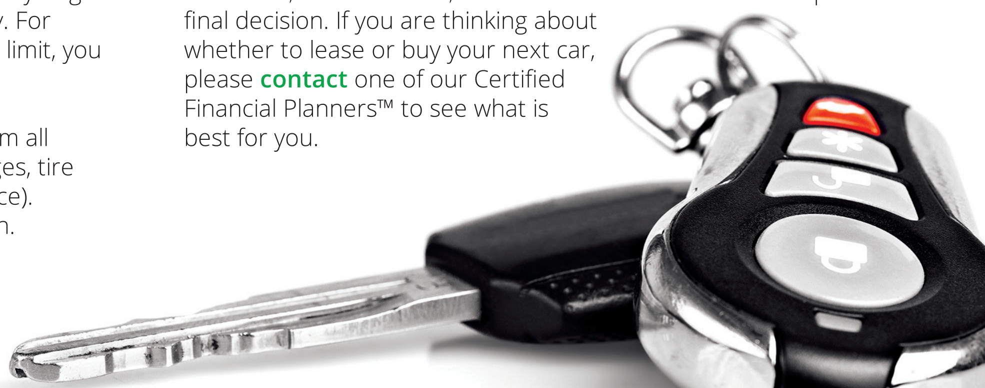
Leasing is simply a different form of financing. For example, if you want to buy a $30,000 car, and pay $5,000 for the down payment, you will need to finance $25,000. If you lease the same car, you're paying for the vehicle's depreciation during the lease term. In this example, if we assume the residual value is $15,000, you are only financing $10,000 over the lease period.

If you are the type of person that wants to have a newer car every few years, leasing is a great option. But be aware of some restrictions: Leases generally limit how many miles you can drive during the life of the lease, typically 12,000 miles per year. If you go over the limit, you will pay a penalty, which adds up quickly. For example, if the contract stipulates $0.20 per mile over the limit, you would pay $1 for every 5 miles in excess of the limit.

Another thing to note with a lease is that you must perform all regularly scheduled maintenance on the vehicle (oil changes, tire rotations and all recommended manufacturer maintenance). Failure to do so can result in additional fees or termination.

If you tend to drive a car for several years, put thousands of miles on it and are not concerned about having the newest car, purchasing would be a better option. If you finance the car, you continue to build equity on a monthly basis and own the car outright at the end of the loan term. If you keep your car for eight to 10 years, that could mean no car payments for four to six years – sufficient time to save up for the next car's down payment.

When it comes to buying or leasing, there really is no one-size-fits-all solution. Many considerations need to be evaluated, and of course, cash flow and credit score will impact the final decision. If you are thinking about whether to lease or buy your next car, please **contact** one of our Certified Financial Planners™ to see what is best for you.



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News and Notes

Have you seen our Meet the Staff videos? We have featured a few of our staff members so you can get to know them a little bit more. You can find our Meet the Team videos on our **website** or **YouTube** page.

Did you know Kathy has been a part of our team for 15 years? In Sandy's video, she discusses why family is so important to her. Have you met Ben or Mary Sue, yet? They explain their position and why it's important for clients and Waller Financial.

Meet the Staff