2020

Life Planning
Guide

DAILY TIMES

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PERSONAL FINANCE

Estate planning comes into focus during pandemic

By Evan Jones
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Fear can be a great motivator. With the coronavirus pandemic, some who have thought about writing a will, but never got around to it, have suddenly made it a priority.

Estate planning is one of those things that is suddenly on the minds of many.

"I think people's mortality is, unfortunately, on their minds than it was previously with everything going on and it's hard to ignore," said Stacy Weller, a Certified Public Accountant and senior manager at Herbein + Company, Spring Township. "Everyone has been touched by this pandemic at this point. People are thinking about it.

"It has gone from a to-do list, eventually get it done sort of thing, to I'm going to work on it and get it moving."

According to Nolo, a legal publisher, Pennsylvania residents should, at minimum, have the following documents prepared:

- A will, to leave your assets and name your executor.
- A durable power of attorney for finances, to name someone to take care of your finances if it's ever necessary.
- A living will, to spell out your end-of-life wishes.
- A health care power of attorney, to name someone (called your agent) to make sure your health care wishes are honored.

Nolo also recommends probate-avoidance, which is a court proceeding that gives the executor authority to pay debts and transfer assets to heirs. However, such proceedings can be time-consuming and can be avoided by putting together a living trust, or another method, before death.

Getting it done

Besides using an accountant to help navigate tax laws, Weller said, clients should also reach out to an attorney to prepare the will. A real estate attorney could also be helpful.

"Depending on wishes, it makes sense to bring a CPA into the picture to see what tax planning cold occur in estate planning," Weller said.

Such as setting up trusts for heirs.

"Sometimes there is need for a trust to be set up as part of the will," Weller said. "What are the ages of children in the picture? The right move is a type of trust upon death. Other things planning and estate-wise right now are gifts and estate exclusion. Some gift strategies are to shrink the size of an estate to avoid taxes."

In normal times, getting it done required a trip to offices, but documents are still getting processed during the pandemic. For instance, Pennsylvania now permits online notarization for some documents.

"We currently are able to be back at the office," Weller said. "It's not required, but you can go back in to process tax returns, papers, meet with clients. There's a lot of work from home at this point."

INVESTMENTS

Is your target date investment letting you down?

By Liz Weston
NerdWallet

Target date investments are supposed to be an easier way to invest, and they're a popular choice in 401(k) plans. But the recent market downturn showed that some target date strategies suffered much bigger losses than others, especially for investors nearing retirement.

Target date investments did protect near-retirees from the full force of the sell-off. While U.S. stocks overall lost 33% in the 30-day period ending March 20, the average target date fund for people retiring in 2020 dropped 17%, says Leo Acheson, director of multi-asset ratings at Morningstar. But losses among some popular funds ranged from 13% to 23%, reflecting dramatic differences in how the investments are constructed.

"Some of these 2020 funds, you might look at them and think they're probably pretty similar to one another," Acheson says. "But when you look beneath the hood, you find out that actually some 2020 funds are taking a lot more risks than other 2020 funds."

An outsize loss by itself isn't a good reason to bail on an investment. The same strategy that's giving you heartburn now could deliver above-average returns later. If you're approaching retirement, however, you want to be sure the investment strategy you're using still makes sense. You have less time to make up losses — and more risk of running out of money.

How target date strategies work

Target date investments come in two forms: mutual funds, which are available at brokerages and in workplace retirement plans, and collective investment trusts, which are found only in workplace plans. Although people use target date strategies in IRAs and taxable accounts, they're particularly popular in 401(k)s. One Fidelity survey found about half of all assets in tax-exempt retirement funds are invested in target date options.

The name comes from the fact that the mix of stocks and bonds gets more conservative as the target date — typically the year the investor plans to retire — gets closer. A Target Date 2020 option is designed for someone retiring soon while Target Date 2060 is meant for retirements that are 40 years away.

How target date strategies differ

That's where the similarities end, however. Investment companies offering these products choose different initial mixes of stocks and bonds as well as different "glide paths," or rates at which the mix is adjusted. On average, target date strategies for 2020 had 43% of their portfolios invested in stocks, but one fund had 55% in stocks while another had just 8%, Acheson says.

The types of investments differ, as well. For example, some funds that are more conservative with their stock allocation take more risks with their bonds, choosing corporate bonds or even high-yield "junk" bonds over U.S. Treasurys and other government debt. Those riskier bonds offer better returns in good times but often get trounced in extreme downturns, when investors flee to the safety of government bonds.

On top of all that, investment companies tinker with their formulas, so the strategy in place when you initially invested might change by the time you retire.

So what's an investor to do?

Understanding how your target date works requires time and research. Your 401(k) provider or brokerage will be able to provide you with information, including how the investment's glide path works, its expense ratios and how those compare to industry averages. Then you have to decide if you're comfortable with its approach, given the expected risks and returns.

If you decide you're not happy with your current choice, you have options. If you're in a workplace retirement plan, you

TARGET » PAGE 28

PERSONAL FINANCE

Financial anxiety weighing on your mental health?

(BPT) » The global coronavirus pandemic has caused emotional distress and financial upheaval for people around the world.

Many Americans are dealing with daunting issues that could jeopardize their financial future, whether it's unexpected health care costs, unemployment and loss of income, the market's impact on 401(k)s and other investments, or the need to postpone retirement plans.

With these COVID-19 disruptions come financial anxiety and increased emotional concern that can become all-consuming and greatly impact your mental health.

With new challenges daily, it's important to consider the mental toll of these financial stresses. Mental Health Awareness Month is a time for global awareness to advocate and provide support for those who are overcome with physical and mental angst.

It's a good reminder to use this month as a time to reflect and tackle new methods to deal with the anxiety and stress you're facing. Amanda Clayman, financial therapist and Prudential's financial wellness advocate, can help you to tackle these issues head on and cope with these feelings to find your way through this challenging time.

Clayman offers these tips on how to ease your mind and overcome the emotional distress caused by the various financial changes and uncertainties experienced during the pandemic.

▪ Pause and reflect on delayed plans: Many are feeling an overwhelming sense of disappointment and despair in numerous aspects of life.

From missing milestones for children and grandchildren to job loss or postponed retirement plans, these are moments that we attach to emotionally. Feelings of loss and sadness are tangible but it's important to take a step back and appreciate that many things are outside of your control right now.

Instead of reacting emotionally, ground yourself with the understanding that what may be out of reach at the moment will be back within your control and reach at the right time.

Taking time to get fresh air, exercise and have some alone time are things that can keep your body in a more regulated state to reduce your stress levels. This way you can approach these financial struggles and decisions with a more open and relaxed mind.

▪ Re-evaluate your budget and household needs: Unnerving life disruptions, such as unemployment, often affect the whole family and cause a shift in dynamics.

Many of us could be experiencing a role reversal, whether you were an empty nester that has since welcomed your adult children back under your roof, or if you are now relying on your children for financial support due to loss of income.

We all feel the weight of the pandemic, but we need to do our best to adapt to these changes both emotionally and financially. Use this time to track your spending habits and re-evaluate your budget to see what you need for day-to-day expenses to keep your family fed, connected and safe.

Don't make any drastic changes to your budget, but make sure your basic needs are going to be met for as long as possible. This will put you in a more grounded place and ease some of the financial weight you are bearing.

▪ Stay centered and connected: The pandemic has created a sense of isolation and loneliness for many around the world.

With technology, we have the opportunity to continue connecting with friends, family and your community. It's essential to be open and honest with others about the emotional and financial stress we are feeling, as the new dynamics of balancing work and home life are a new challenge for us all.

In these uncertain times, encourage discussion and create an open dialogue with your loved ones about needs and financial responsibilities. Adapting to a new routine, inclusive of compromise and conversation in and out of your household, creates a safe space for your family unit.

As we all navigate this emotionally challenging time, remember to stay present and grounded in the facts, and try to avoid focusing on worst-case scenarios.

These reminders are key for your mental health and emotional stability, Clayman says. We could all use some extra time and reflection to ensure we are prioritizing how our financial lives impact our emotional health.

Remember to be purposeful in your decisions, not impulsive; and be deliberate with your approach, yet hopeful for the future.

For more information on how to deal with financial anxiety, visit Prudential's Newsroom.

Target

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choose a different date (such as the 2015 fund if you think the 2020 option is too risky, or Target Date 2025 if you're willing to take more risk), though you probably can't switch target date providers since most 401(k)s only offer one. If your money is in an IRA or taxable account, you could switch providers as well as target dates.

Another possibility is to craft your own portfolio. Consider consulting a fee-only, fiduciary advisor — one who's committed to putting your best interests first — for help.

Getting good advice is something you should do anyway before you retire, because many retirement decisions are irreversible and mistakes can make your life a lot less comfortable. Also, our ability to avoid financial errors tends to decline starting in our 50s, even though our confidence in those abilities remains high. Working with a trusted advisor can help us avoid blind spots that could be costly.

All of this work is the exact opposite of the hands-off-the-wheel approach you probably wanted when you chose a target date investment. But staying hands-off — or making changes without professional advice — could mean losses that drive your retirement into a ditch.

Planning Ahead To Manage Your Digital Assets

By Chari M. Alson,
CELA of Anderson Elder Law

Our lifetime digital presence has grown exponentially throughout the last decade, and the issues involved in handling our digital assets have grown as well. What will happen to your online accounts, emails, documents, and photographs upon your death?

The Fiduciary Access to Digital Assets Act (SB 320) is currently pending in the Pennsylvania legislature. According to the bill's sponsor, Senator Tom Killion, the bill "aligns Pennsylvania's laws with the 21st century reality that such a substantial part of life today is in the digital world [and] ensures that Pennsylvanians can pass along their photos, books and music – and provide access to banking and investment accounts – to their loved ones after their passing."

What should you be doing now to arrange for your digital legacy? Here are some steps to take:

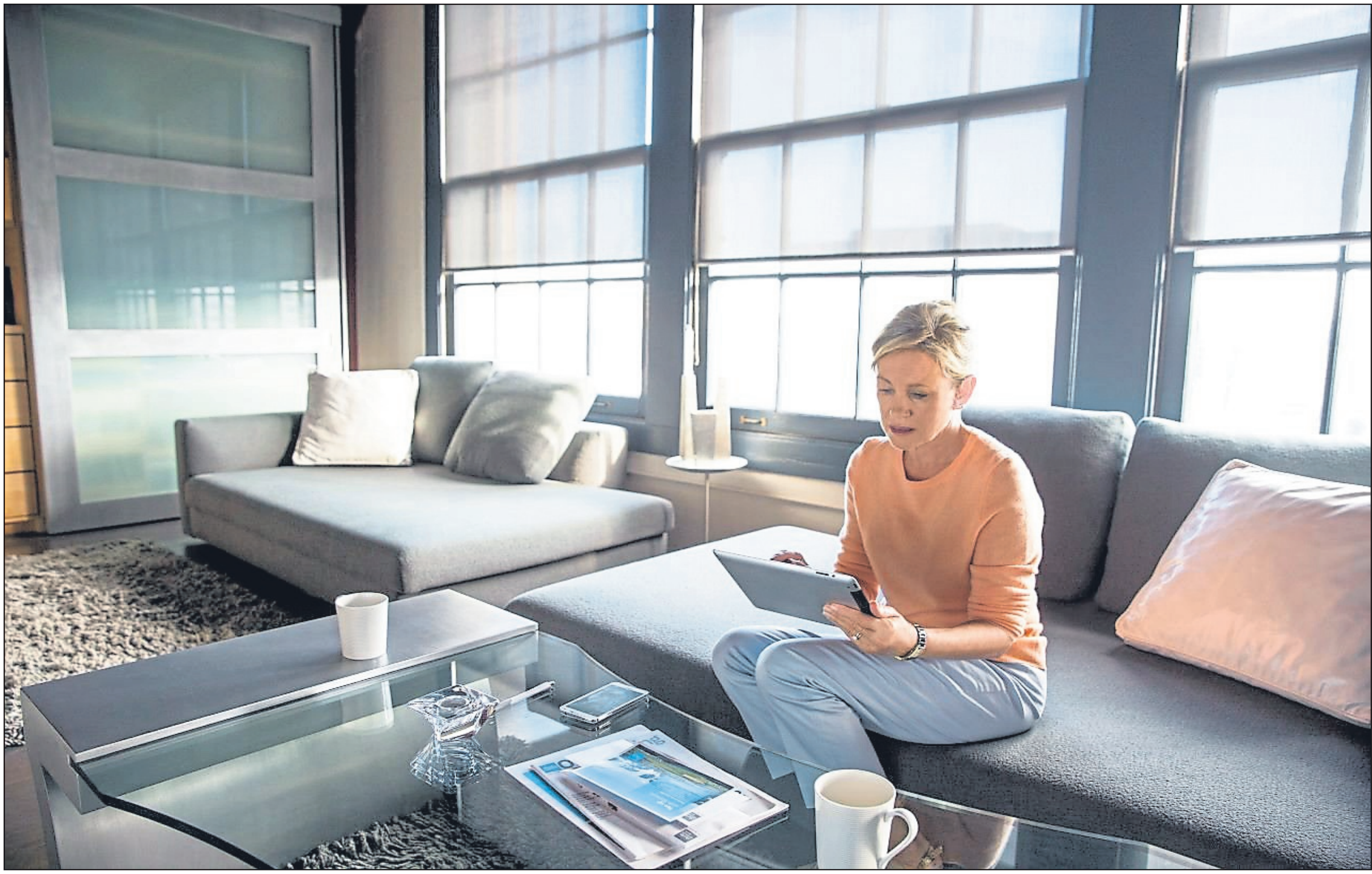
- **Inventory your digital assets:** Create a digital assets inventory to keep a complete record of all your online accounts and passwords. This inventory should be kept with your important estate planning documents.
- **Give appropriate authority:** Your Durable Power of Attorney and your Will both should contain provisions related to the management of your digital assets, including who has the authority to handle your digital assets and the scope of their authority.
- **Provide specific instructions for handling your digital assets:** Provide clear instructions on what online sites you want continued or closed. Identify documents or photographs, that you want to pass on to others.

Planning ahead to manage your digital assets will make things easier for your survivors and to ensure that your wishes are followed.

Contact Anderson Elder Law for a free Digital Diary at Info@AndersonElderLaw.com

PERSONAL FINANCE

3 ways to simplify retirement income planning



(BPT) » Having enough money to live comfortably in retirement is the primary saving and investing goal for most Americans.

Retirement means different things to different people — it can be a time to travel, spend more time with family or pursue a personal passion. But while we look forward with anticipation to finally reaching that goal, flipping the switch from working and having a steady stream of income to tapping into decades' worth of hard-earned savings can be very overwhelming, confusing and let's face it — scary.

According to a recent survey* from the investment firm Charles Schwab, 52% of Americans within five years of retirement feel overwhelmed by how they will manage different income sources once they make the transition into retirement. With 10,000 Baby Boomers turning 65 every day**, people need help turning their savings into steady income and making their money last in retirement.

Schwab's survey also found that nearly three-quarters of pre-retirees are worried about running out of money in retirement, so if that idea scares you, you're not alone.

Fortunately, there are some steps you can take to better manage your income needs in retirement:

▪ Have a plan about how much you can spend in retirement. Schwab's survey found that retirement income planning is more overwhelming than other financial topics often considered stressful including the financial impact of losing a job, buying a home or paying for college.

Mapping out a plan for how much money you'll need, how to strategically withdraw money along the way and how to manage your investment portfolio will give you more confidence that you're on the right path. You wouldn't go on a long road trip without mapping out your journey — approach your retirement the same way.

▪ Think about how to invest. Just because you've hit retirement and are starting to draw down from your savings doesn't mean you should stop investing.

A portion of your assets should remain invested in order to help contend with inflation and make your money last in retirement. Half of the pre-retirees surveyed by Schwab admit they find it difficult to know how to invest, so for some people it might help to get investing guidance from a professional.

▪ Don't forget about taxes. According to Schwab's survey, 70% of pre-retirees are unfamiliar with the tax implications of withdrawing money from their retirement accounts.

How you manage tax obligations will depend on your specific situation, but it can be important to think about diversifying your account types, including tax-deferred, taxable and tax-free Roth IRA accounts. And don't forget about required minimum distributions from retirement accounts.

To help meet the needs of people making the transition into retirement and to simplify the steps above, Charles Schwab & Co. Inc. recently launched Schwab Intelligent Income™, an automated income solution available with Schwab Intelligent Portfolios, designed for people who want a simple, modern way to pay themselves in retirement, or any other time, from their investment portfolios.

For those who want a comprehensive financial plan and unlimited guidance from a Certified Financial Planner™ professional, Schwab Intelligent Income is also available through Schwab Intelligent Portfolios Premium™.

Schwab Intelligent Income helps answer critical and often complex income-related questions about how much to withdraw, how to invest based on individual goals, risk tolerance and time horizon, and how to withdraw from a combination of taxable, tax-deferred and Roth enrolled accounts in a tax-smart and efficient way.

So much of the focus is on savings and investing for the future, and rightfully so, but having a plan in place to manage your savings once you hit your golden years is equally important.

More information about Schwab Intelligent Income is available here.

• Online survey of 1,000 Americans aged 55 and older with $100,000 or more in investable assets. Respondents self-defined as within five years of retirement.

• Pew Research survey

Please read the Schwab Intelligent Portfolios Solutions™ disclosure brochures for important information, pricing, and disclosures related to the Schwab Intelligent Portfolios and Schwab Intelligent Portfolios Premium programs.

Schwab Intelligent Portfolios® and Schwab Intelligent Portfolios Premium™ are made available through Charles Schwab & Co. Inc. ("Schwab"), a dually registered investment advisor and broker dealer. Portfolio management services are provided by Charles Schwab Investment Advisory Inc. ("CSIA"). Schwab and CSIA are subsidiaries of The Charles Schwab Corporation.

ASK RUSTY

Does tax filing status affect SS earnings limit?

Also, is it necessary to register with Social Security?

By Russell Gloor

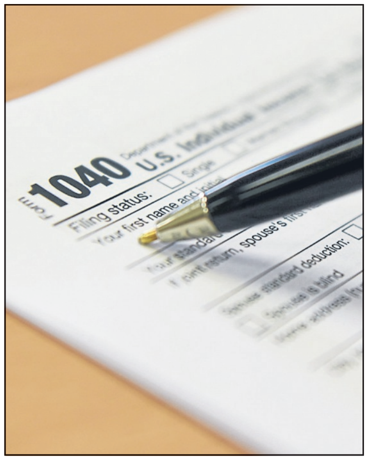
Dear Rusty: Does tax filing status matter when calculating how much you can earn without a reduction in your monthly SS payout? My wife and I have filed a joint income tax return for years. My wife is working and I'm 62 and wondering — if I start drawing SS, does the earnings limit only relate to what I earn, or does it include what my wife earns as well? Is the earnings limit tied to our IRS filing status? I need to know if I should file my taxes as a single to be sure my wife's earnings are not combined with mine to affect my Social Security payment.

Also, I've read that it's recommended to register online with SS if you're 62. As I understand it, this should be done even if one's not intending to start benefits yet. Is this true? What are the benefits for doing this? Does it make for a quicker start of payments once the election to start benefits is made? Would it help my wife should I die prior to starting my benefits?

— *Wondering*

Dear Wondering: Income tax filing status doesn't matter when it comes to determining if your earnings from work exceed the Social Security "earnings limit." If you collect SS before you reach your full retirement age (FRA), your wife's earnings from working will not be counted toward your personal SS earnings limit. The earnings test looks only at your personal earnings and, if you exceed the limit, SS will take back some of your benefits. But only your personal earnings — as reported on your W-2 or Self-Employment tax return — count. If you're not working, then your Social Security benefits will not be affected by the earnings test, even if you file a joint return which has an Adjusted Gross Income (AGI) which is more than the annual earnings limit because your wife works.

As for your second question: It is not necessary, nor would it gain you any advantage, to "register" with Social Security before you are ready to claim your benefits. Indeed, Social Security does not even provide you with a way to do that. What they do provide is a way for you to create your own personal "My Social Security" online account, which gives you access to all of the online features provided by the Social Security Administration, including allowing you to apply for your benefits online (the fastest way to claim) whenever you're ready to do that.



Having an online SS account doesn't provide you with any benefit advantage, but it allows you to monitor your lifetime earnings record, get a replacement SS card if needed, and get estimates of your current and future Social Security benefits to help you decide when to claim. You can create your personal "My Social Security" account by going to www.ssa.gov/myaccount. They use a "two-factor" security process, which means you'll not only need to set up a password but also a second way to confirm your identity (usually via a code sent to a text-enabled cell phone or your email account). But, even if you have this online account pre-established, your wife will still need to contact Social Security directly to claim her survivor benefit if you predeceased her. Survivor benefits must be applied for by the surviving spouse directly contacting Social Security.

Russell Gloor is a certified Social Security adviser by the Association of Mature American Citizens: https://amac.us/social-security-advisor.

HEALTH CARE

PICPEDIA.ORG

A living will allows you to state your preferences for medical care if you become ill and can't make decisions for yourself.

Plan ahead with an advance directive for medical care decisions

Mayo Clinic News Network

While you never hope to use one, an advance directive outlines your preferences for medical care if you become ill and are unable to make decisions for yourself.

An advance directive is a legal document that you can complete at any time. It allows you to decide what kind of medical care you want in case you become too ill or hurt to express your wishes.

Spelling out decisions about end-of-life care ahead of time can avoid confusion later on among loved ones.

An advance directive also informs your health care team about who you want to speak for you — often called a health care power of attorney or health care agent — and what you would want, or not want, in a difficult situation.

Dr. Mei Yeow, who specializes in palliative medicine, explains that many people associate advance directives with decisions to stop treatment, when in fact patients may direct their physicians to continue aggressive treatments if that is their wish.

"An advance directive empowers patients to define their choices about end-of-life care, which enables the medical team to continue to provide patient-centered care," Yeow said. "I encourage everyone, particularly any patient with a serious illness, to make time to have these meaningful conversations with loved ones, complete an advance directive and ask your family members to do the same."

Advance directives can be in the form of a living will, designation of health care surrogate or other document naming an alternate decision-maker.

Yeow recommends that regardless of your age or current state of health, if you're over 18, it's important to set up an advance directive. To get started:

Talk to your loved ones about these issues.

Decide who you want to speak for you if you're unable to make decisions for yourself and make sure they're informed about what you want.

Talk with your medical provider to understand the various choices or treatment options that might arise in the end-of-life setting.

Fill out an advance directive form.

Depending on where you live, the form may need to be signed by a witness or notarized.

Give your advance directive to your health care professional to be added to your medical record.

Be sure your family members have a copy so it can be easily accessed at any time.

Links to state-specific forms can be found on the websites of various organizations such as the American Bar Association, the American Association of Retired Persons (AARP) and the National Hospice and Palliative Care Organization.

An advance directive can also be revised at any time you wish.

LIVING OPTIONS

COURTESY OF RIDDLE VILLAGE

When looking into a retirement community, make sure you know what the dining options are.

COURTESY OF RIDDLE VILLAGE

If a pet is part of your family, check if the retirement community you are interested in permits them.

Top five questions to ask when visiting retirement communities

Riddle Village

If you are starting to investigate retirement living options, you probably have many questions about what each community can offer you. It's important that you have all of the answers before making your final decision.

To help you get started, here are our top 5 questions that we recommend asking when visiting retirement communities.

1. If I need a higher level of care in the future, what additional costs should I expect?

You never know what the future may hold, so it is important to have as much financial information as possible, especially with regards to your future health needs.

It is important to understand the difference between the contracts offered at Continuing Care Retirement Communities (also known as Lifeplan Communities) and how they will affect you financially in the future.

2. What is the medical and financial criteria to enter your community?

It is common in many communities to require a prospective resident to meet medical and financial criteria prior to being approved for residency. It is very beneficial to do the financial criteria prior to focusing on a particular size residence.

3. What amenities and services are included in the monthly fee?

Any community you visit should be able to provide you with a list of included amenities and services. It is a beneficial exercise to evaluate and compare each community you visit.

As you will learn quickly, not all communities are alike and some services and amenities may be more important to you than others.

4. What kind of dining plan do you offer?

Dining is one of the most popular ways to socialize in retirement. No longer having to worry about cooking or cleaning up makes meals more relaxing for everyone.

Every retirement community varies in meal plans, so it's important to know what's included.

5. Can I bring my pet?

Pets are an important part of many families, so it is good to know if they are permitted and where on the campus they are allowed to join you.

About Riddle Village: Riddle Village is a Continuing Care Retirement Community located in Middletown Township. With three levels of care available, high-end amenities and convenient services included, retirement at Riddle Village is as relaxing and enjoyable as you always dreamed it would be.

Connect with us today. We can answer the questions above and provide you with more information about what Riddle Village has to offer. Visit www.RiddleVillage.org or call 610-891-3700 to request a brochure or speak to a member of the marketing team.