vitally important. Unless you happen to have uncommon knowledge on the subject, seek help.

Do you have to accept it? While it may sound ridiculous at first, in some cases refusing an inheritance may be a wise move. Depending on your situation and the amount of your bequest – it may be that estate taxes will drain a large amount. Depending on the amount that remains, disclaiming some (or all) of the gift is worth contemplation.

Think of your own family. When an inheritance is received, it may alter the course of your own estate plan. Be sure to take that into consideration. You may want to think about setting up trusts for your children – to help ensure their wealth is received at an age where the likelihood that they'll misuse or waste it is decreased. Trust creation may also help you (and your spouse) maximize exemptions on personal estate tax.

The taxman will be visiting. If you've inherited an IRA, it is extremely important that you weigh the tax cost of cashing out against the need for instant funds. A cash out can mean you will have to pay (on every dollar you withdraw) full income tax rates. This can greatly reduce the worth of your bequest, whereas allowing the gains of the investment to continue to compound within the account, and continuing to defer taxes, may have the opposite effect and help to increase the value of what you've inherited.

Reassessing Retirement Assumptions

What makes sense for some baby boomers may not make sense for you.

1 - www.forbes.com/sites/janetnovack/2011/02/15/the-big-decision-when-to-take-social-security/ [2/15/11]
2 - money.usnews.com/money/retirement/articles/2013/01/07/what-people-who-live-to-100-have-in-common [1/7/13]

There is no "typical" retirement. Many baby boomers want one and believe that they will have one, and their futures may indeed unfold as planned. For others, the story will be different. Just as there is no routine retirement, there are no rote financial moves that should be made before or during this phase of life, and no universal truths about the retirement experience.

Here are some commonly held assumptions – suppositions that may or may not prove true for you, depending on your financial and lifestyle circumstances.

#1. You should take Social Security as late as possible. Generally speaking, this is a smart move. If you were born in the years from 1943-1954, your monthly benefit will be 25% smaller if you claim Social Security at 62 instead of your "full" retirement age of 66. If you wait until 70 to take Social Security, your monthly benefit will be 32% larger than if you had taken it at 66.[1]

So why would anyone apply for Social Security benefits in their early 60s? The fact is, some seniors really need the income *now*. Some have health issues or the prospect of hereditary diseases influencing their choice. Single retirees don't have a second, spousal income to count on, and that is another factor in the decision.

For most people, waiting longer implies a larger lifetime payout from America's retirement trust. Not everyone can bank on longevity or relative affluence, however.

There are no universal truths about the retirement experience.

#2. You'll probably live 15-20 years after you retire. You may live much longer, especially if you are a woman. According to the Census Bureau, the population of Americans 100 or older grew 65.8% between 1980 and 2010, and 82.8% of centenarians were women in 2010. The real eye-opener: in 2010, slightly more than a third of America's centenarians lived alone in their own homes. Had their retirement expenses lessened with time? Doubtful to say the least.[2]

#3. You should step back from growth investing as you get older. As many investors age, they shift portfolio assets into investment vehicles that offer less risk than stocks and stock funds. This is a well-regarded, long-established tenet of asset allocation.

Does it apply for everyone? No. Some retirees may need to invest for growth well into their 60s or 70s because their retirement savings are meager. There are retirement planners who actually favor aggressive growth investing for life, arguing that the rewards outweigh the risks at any age.

#4. The way most people invest is the way you should invest. Again, just as there is no typical retirement, there is no typical asset allocation strategy or investment that works for everyone. Your time horizon, your risk tolerance, and your current retirement nest egg represent just three of the variables to consider when you evaluate whether you should or should not enter into a particular investment.

#5. Going Roth is a no-brainer. Not necessarily. If you are mulling a Roth IRA or Roth 401(k) conversion, the big question is whether the tax savings in the end will be worth the tax you will pay on the conversion today. The younger you are – roughly speaking – the greater the possibility the answer will be "yes", as your highest-earning years are likely in the future. If you are older and at or near your peak earning potential, the conversion may not be worth it at all.

#6. A lump sum payout represents a good deal. Some corporations are offering current and/or former workers a choice of receiving pension plan assets in a lump sum payout instead of periodic payments. They aren't doing this out of generosity; they are doing it because actuaries have advised them to lessen their retirement obligations to loyal employees. For many pension plan participants, electing not to take the lump sum and sticking with the lifelong periodic payments may make more sense in the long run. The question is, can the retiree invest the lump sum in such a way that might produce more money over the long run, or not? The lump sum payout does offer liquidity and flexibility that the periodic payments don't, but there are few things as economically reassuring as predictable, recurring retirement income. Longevity is another factor in this decision.

#7. Living it up in your 60s won't hurt you in your 80s. Some couples withdraw much more than they should from their savings in the early years of retirement. After a few years, they notice a drawdown happening – their portfolio isn't returning enough to replenish their retirement nest egg, and so the fear of outliving their money grows. This is a good argument for living beneath your means while still carefully planning and budgeting some "epic adventures" along the way.

Your retirement plan should be created and periodically revised with an understanding of the unique circumstances of your life and your unique financial objectives. There is no such thing as generic retirement planning, and that is because none of us will have generic retirements.

- Michael

Fun Financial Fact

You would have to double-fold a U.S. currency note approximately 4,000 times before it would tear.

Stay informed. The estate laws have seen many changes over the years, so what you thought you knew about them may no longer be correct. This is especially true with regard to the taxation on capital gains. The assistance of a seasoned financial professional may be more important than ever before.

Remember to do what's right for YOU. All too often an inheritance is left in its original form, which may be a large holding of a single company – perhaps even one started by the relative who bestowed the gift. While it's natural for emotion to play a part and you may wish to leave your inheritance as it is, out of respect for your relative, what happens if the value of that stock takes a nose dive? The old adage "never put all your eggs in one basket" may be words to live by. Remember that this money is now yours – and the way in which you allocate assets needs to be in line with YOUR needs and goals.

- Shawn

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Coping with an Inheritance

A windfall from a loved one can be both rewarding and complicated

Inheriting wealth can be a burden and a blessing. Even if you have an inclination that a family member may remember you in their last will and testament, there are many facets to the process of inheritance that you may not have considered. Here are some things you may want to keep in mind if it comes to pass.

Take your time. If someone cared about you enough to leave you a sizable inheritance, then likely you will need time to grieve and cope with their loss. This is important, and many of the more major decisions about your inheritance can likely wait. And consider, too - when you're dealing with so much already, you may be too overwhelmed to give your options the careful consideration they need and deserve. You may be able to make more rational decisions once some time has passed.

Don't go it alone. There are so many laws, options and potential pitfalls – The knowledge an experienced professional can provide on this subject may prove to be

Parents, Alzheimer's & Money

Every eighth American aged 65 and older has Alzheimer's disease, and 43% of Americans aged 85 and older have it, according to the Alzheimer's Association. Consider those percentages in light of the Social Security Administration's estimate that about 25% of today's 65-year-olds will live past age 90. These shocking statistics have serious implications for family wealth.[1,2]

Your choices. What are your options when it comes to helping a parent out with money management?

You can get a power of attorney and assume some of the financial responsibilities. A power of attorney is a detailed and strictly constructed legal document that gives you explicitly stated measures of financial authority.

A *durable* power of attorney lets you handle the financial matters of another person immediately. The alternative - a *springing* power of attorney - only takes effect when a medical diagnosis confirms that person's mental incompetence. Copies of the power of attorney should be sent to any financial institution at which your parents have accounts or policies. It may be wise to get a durable power of attorney *before* your parent is unable to make financial decisions. If the disease progresses to the point where your mom or dad can't make competent financial decisions, then you are looking at a conservatorship. In that case...

You can act to become your mom or dad's conservator.

This means going to probate court. You or your parent can initiate a request for conservatorship with a family law attorney; if the need is more immediate, you or your family's attorney may petition the court. If conservatorship is granted, the conservator assumes control of some or all of the protected party's income and assets.

What if I don't want to assume this kind of responsibility? Some wealth management firms offer daily money management as an option in a "family office" suite of services. The firms make home visits to help with bill paying, filing medical claims and other recurring tasks; carefully scrutinize anyone offering this service.

The other choice is to give a relative, a financial services professional, or a family lawyer durable or springing power of attorney or limited or full conservatorship.

Keep your parents away from unprincipled people. These steps may prove essential, yet they will not shield your family from scam artists. Be on the lookout for new friends and acquaintances. If your instincts tell you something is wrong, investigate.

- Barbie

1 - www.alz.org/downloads/facts_figures_2011.pdf [2011]
2 - money.usnews.com/money/blogs/planning-to-retire/2010/07/22/predicting-your-own-life-expectancy [7/22/12]

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