



## FOUR THINGS YOUR WILL DOESN'T COVER

A will is an important estate planning tool, helping to ensure your assets are distributed in a timely and efficient manner, in accordance with your wishes. However, many people are surprised to learn that not all assets are governed by a will, including the following asset types which bypass probate to be paid directly to the named beneficiaries. (Probate is the court process required to validate your will before assets can be legally transferred to your heirs.)

1. **Retirement accounts:** Qualified retirement plans—such as 401(k)s, 403(b)s, and individual retirement accounts (IRAs)—require account holders to name beneficiaries upon establishing the account. In the event of your death, the named beneficiary on these accounts supersedes any heirs named in your will. So, if you divorced and remarried, and forgot to update your beneficiary, your ex-spouse would remain the legal beneficiary on the account.
2. **Life insurance:** Life insurance policies are contracts between the policy owner and the insurer. Proceeds bypass your will, are not subject to probate, and are paid directly to your beneficiary(ies) by the insurer.<sup>1</sup>
3. **Joint tenancy assets:** If you own accounts that are registered jointly with a spouse or another individual, such as a bank or investment account, or joint property, such as a home or vehicle, the ownership of those assets automatically passes to the surviving owner.
4. **TOD and POD:** These designations are most commonly used when you intend to pass property or assets to another party upon your death, but don't want to name the beneficiary as a joint owner during your lifetime. The transfer-on-death (TOD) designation is typically used for transferring property, such as a car or boat, if your state of residence allows. The payable-on-death (POD) designation is most commonly used for bank account assets. One advantage to using TOD and POD designations is that they can be set up or changed at any time without the assistance of an attorney, and without making adjustments to your will. Both generally require the completion of a form from your state department of motor vehicles (for TOD) or your bank (POD), depending on state laws and the type of property or assets.<sup>2</sup>

While the account types and designations discussed above can save loved ones' considerable time and potential legal fees when settling your affairs, you still need a will and certain other legal documents to ensure your wishes are carried out and loved one's interests are protected. Your will names your executor, the person(s) or entity you choose to distribute any remaining property or assets to your intended heirs or the organizations you designate. It also enables you to appoint guardians for any minor children or dependents in your care. In addition to your will, a durable power of attorney (POA) authorizes your appointed "agent" or "attorney in fact" to make business, legal, and financial decisions on your behalf during your lifetime. And a healthcare POA designates who will make important healthcare decisions on your behalf if you are unable to do so yourself. Be sure to meet with an estate planning attorney to ensure all appropriate legal documents are executed on your behalf, based on your situation. For property and accounts held outside of your will, review your beneficiary designations periodically to ensure they're current.

Questions? Call the office to schedule time to meet about your estate planning needs.

<sup>1</sup><https://www.insure.com/life-insurance/wills-vs-life-insurance-policies.html>

<sup>2</sup><https://www.nolo.com/legal-encyclopedia/avoid-probate-transfer-on-death-accounts-29544.html>

# AMERICANS' TOP FIVE HOPES FOR RETIREMENT

What do Americans look forward to most in retirement? In short, a little less work and a lot more fun.

According to a recent Kiplinger/Personal Capital survey,<sup>1</sup> Americans' top five hopes for retirement are:

1. Time to travel
2. Slower pace and relaxation
3. More flexible schedule
4. Family time
5. More recreation

That's not surprising given that 65% of U.S. employees cite work as a significant source of stress, and more than one-third report chronic work stress, which can have serious health repercussions, according to the American Psychological Association.<sup>2</sup> In a separate study, 76% of respondents said workplace stress "had a negative impact on their personal relationships" and 66% have "lost sleep due to work-related stress."<sup>3</sup>

Yet, retirement is not without its own worries. Realizing your hopes for retirement and ensuring you're able to enjoy the lifestyle you desire, requires careful planning during your working years (saving and investing for the future) and once you've retired (managing income, spending and portfolio risk). But how do you know if you're spending too much or too little in retirement? Should you skimp on spending for the next 20 or 30 years, or adopt a "you only live once" attitude and spend on the things that bring you joy while you still can? Fortunately, there's a happy medium. Instead of simply hoping you're able to accomplish all of your plans for retirement while maintaining your desired lifestyle, you can plan for the outcome you desire.

Determining how long your income may last in retirement begins with managing the risks that contribute to uncertainty, including longevity, healthcare expenses, market and interest rate risk, rising inflation, and taxes. Adjusting your exposure to different risk factors as you enter and live in retirement can help minimize income shortfalls due to equity market declines, changes in interest rates, or the impact of inflation and taxes. Planning not only helps manage risk, but provides greater confidence that a steady stream of income will be available to support your lifestyle and your needs throughout retirement.

To learn more about strategies for pursuing your top hopes for retirement, contact the office to schedule time to talk.

<sup>1</sup> Kiplinger/Personal Capital Survey, November 2018

<sup>2</sup><http://www.apaexcellence.org/resources/special-topics/work-stress>

<sup>3</sup><https://www.forbes.com/sites/victorlipman/2019/01/09/workplace-trend-stress-is-on-the-rise/#25e2ff766e1b>

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