




The Road Ahead  
Planning For All of Life's Events

A scenic landscape featuring a gravel road that stretches into the distance. The road is flanked by dry, golden-brown grasses. In the background, there are rolling hills and a sky with soft, colorful clouds, suggesting a sunset or sunrise. The overall mood is peaceful and contemplative.

Life oftentimes throws curveballs you may or may not be expecting (we've all heard the expression "That's life!" at some point in time), but thankfully there are things you can do to be financially prepared for those unexpected moments or detours in the path. Some life events can be exciting: a new baby, a marriage or a financial windfall; at other times, life events can be devastating, such as the loss of a loved one, a divorce or a change in employment circumstances. No matter what life throws your way, the stress can be reduced if you have a plan – that is, if you plan for the unexpected.

In this white paper we will outline how to navigate through tough decisions like estate planning (or updating your estate plan), divorce and job loss; we'll also touch on life's exciting events. In these unprecedented times, even if you think you have everything under control, a curveball can come along. It can never hurt to learn a different tactic or take a look at your financial situation through a different lens.

## PLANNING FOR THE FUTURE

Let's touch upon the life events that many of us experience that are more positive, including marriages, new children and financial windfalls. Though these times – and many others – in our lives can be filled with happiness, it's important to remember the financial implications of each as well; think of it as “protecting the happy glow.”

### Life event: getting married

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When it comes to getting married, we suggest much of the financial work be done before the big day. Talking to your future spouse about finances may not be as exciting as tasting cake or touring venues, but it is just as important. Here are some things to cover prior to walking down the aisle:

**Bank accounts:** In simplest terms, you and your soon-to-be spouse need to be on the same page about finances. Once you're married, what's yours is now theirs, and vice versa. One of the top items to discuss prior to tying the knot is about setting up new bank accounts. This could mean creating a joint bank account or discussing the importance of keeping accounts separate. It's not uncommon to use a combination of both. For example, they may also use a joint account strictly for household expenses such as a mortgage or rent and other household bills. In addition to the joint account, some couples also utilize individual accounts for their personal spending or “fun money.”

**Creating a budget:** Discussing budgeting tendencies should not be skipped. One partner may be coming into the marriage having had a strict budget they adhered to for years, while the other partner may have never budgeted a day in their life. Figuring these things out up front will help eliminate disagreements later. To start this conversation, answer these questions: What debt payments will we both have? How do our incomes match up? How much can we each save? Can we find ways to combine expenses? Are there any expenses that can be eliminated completely?

**Beneficiaries:** Another set of decisions that will need to be made once you're married is about insurance and estate planning. If you both are covered by a health plan through an employer, you'll need to decide whose plan would be more beneficial. Look at things like who has the lower premiums or a wider choice of doctors. If you're planning on having children, you can look at which spouse's plan covers better pre-natal and maternity care. In addition to health insurance, you'll need to discuss life insurance options. When you're single and don't have children, there isn't as much urgency when it comes to life insurance, but once you get married and/or have children, it's advantageous to have some kind of insurance in place.

**Retirement planning:** Most likely, you and your partner are coming to the marriage with a retirement account or two. Whether that be an employer-sponsored 401(k) or a traditional or Roth IRA, the two of you should discuss what you're bringing to the marriage and how you can strategize. Be sure to keep in mind joint life expectancy, age and health differences. If your partner is 15 years older than you, planning for that inequity is extremely important.

Does that all sound “not-romantic?” It doesn't have to be. There are tools that can make it more fun like quizzes and gamification apps. When it comes down to it, communication is key. As long as you're communicating with one another and being honest, becoming a couple in the eyes of the law will be much easier.



## Life event: new child

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Whether you're planning to welcome a new child into your life in the next year or in five years, there are financial aspects to think about ahead of time:

**Save in advance:** There's no question that kids are expensive. If saving in advance is an option for you, you can better ensure financial success for your future family. When deciding how much to save, think about things like the health care costs of having kids or the adoption fees you may encounter if pursuing that route. Additionally, think about all the baby "things," like clothing, diapers, strollers, toys, cribs, baby monitors and so on. Tip: If you're wondering if you can afford kids, and the answer seems like a resounding "no!", look at your other expenses. Consider reducing some of your other costs, such as eating out or big vacations. While that may not seem fun, the point is to try to plan ahead.

**Review your healthcare plan:** Pregnancy and giving birth are unfortunately not as affordable in this country as they should be. Check with your employer to go over your healthcare plan to make sure you won't be blindsided when you open those medical bills.

**Consider childcare costs:** According to a 2019 survey by Care.com, the average weekly cost for the care of an infant can range from \$211 to \$580, which comes out to roughly \$850 to more than \$2,300 each month. If you're interested in having your child in daycare or have in-home childcare, be sure to research prices well before you bring your child home. And if you're looking to cut that cost down as much as possible, you could join a local parents group to see if nanny sharing is an option in your community.

**Plan for the longterm:** Generally speaking, raising a child to age 18 (and usually beyond that!) can bring up a lot of unforeseen costs. Preparing for the years to come is crucial, which is why estate planning can be very helpful. This typically consists of adjusting your beneficiaries, purchasing or expanding disability insurance coverage, writing or adjusting your will, adjusting how you will continue to fund your retirement and deciding how you want to save for your child's education through a 529 account. Finding a professional to help you with estate planning – especially if you've never done it before – can be extremely beneficial.





## Life event: financial windfall

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Over the next 25 years, there is an estimated \$68 trillion that will change hands with the country's aging population transferring those assets to charitable endeavors and their heirs, according to a study by Cerulli Associates<sup>2</sup>. We know wealth looks different for everyone, but a sudden influx of assets will undoubtedly have an impact on your life and goals.

Here are tips for managing a financial windfall:

- 1 | Take a breath and ask for help:** Whether you experienced a windfall from the loss of a loved one or won the lottery, it's important to take a moment to pause in order to prevent hasty decisions. Then, ask for help from professionals like a CPA, financial planner or estate planning attorney.
- 2 | Clearly outline your goals:** Think long and hard about what you want to achieve with this change in your financial situation. Make a list of your top financial goals.
- 3 | Reduce your debt:** We always suggest charting a course that helps you pay down – or pay off – your debts, rather than acquiring new ones.
- 4 | Invest for retirement:** Always think about your future – regardless of your age when you receive a financial windfall. Talk to a professional about the power of compound interest.
- 5 | Keep your job:** It may be tempting to quit your job, but it is not necessarily the smartest plan for the long term. Quitting your job also means your Social Security contributions stop, which could negatively affect your retirement.
- 6 | Make it last:** Receiving a financial windfall is just the beginning. Talk to a financial advisor about how you can make the funds last and protect you and your family for years to come.

## SETTING YOURSELF UP TO HANDLE ANYTHING

The COVID-19 pandemic is a perfect example of how unpredictable life can be. It may seem impossible to prepare for everything – especially a global health emergency. We don't have to remind you that the coronavirus has taken hundreds of thousands of lives in just the U.S. alone – and for those who have gotten out on the other side of the virus, life may never be the same. But a big part of preparedness is a plan that can adjust and adapt. That's why now may be an important time to reevaluate your estate plan – or create one if you haven't already.

### Life event: loss

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To protect yourself and your family, the first thing we recommend doing is gathering all essential documents. These include medical directives, power of attorney, will, trust and beneficiary designations.

**Medical Directives:** A medical directive can be made up of a number of documents, including a health care proxy, a durable power of attorney for health care, a living will and medical instructions. The specifics of your individual medical directives will be dependent on your state's laws and your own personal choices.

**Power of Attorney:** Your power of attorney is an individual you appoint to act in your place for financial purposes when, and if, you were to become incapacitated. Without appointing this person, no one can represent you unless a court appoints a conservator or guardian. That process is long, costs money and the person the judge ends up choosing may not be who you would have chosen. Therefore, it's vital to appoint a power of attorney – make your own choices, now.

**Will:** Your will is also vital to your estate plan. This legally binding document will direct who will receive your property at your death. If you don't have a will, then the state will determine how your property is distributed. Similar to the power of attorney, this takes time, money and the outcome may not be what you would have chosen. Think through your beneficiaries and make sure they are aware your will exists and where it is held.

**Trust:** Your trust is a legal document that allows a third party (called a trustee) to hold and direct assets in a trust fund on behalf of a beneficiary. The most common reason to set up a trust is to avoid probate – the process wherein your assets are held in limbo.

**Beneficiary Designations:** Though setting up beneficiary designations for your retirement plan is not directly a part of your estate plan, you should be sure to update them at the same time you're updating your estate plan.



After gathering all essential documents, we encourage you to go through each document with a fine-tooth comb and make updates, as needed. Things to look for include:

- ✓ **GUARDIANSHIP:** If your “little ones” aren’t so little anymore and may even be married and/or have children of their own, be sure to update your documents accordingly.
- ✓ **HIPAA RIGHTS:** The Health Insurance Portability and Accountability Act (HIPAA) has been around since 1996 and protects the confidentiality of every individual’s medical records and other personal health information. However, you should think about under what circumstances you may want your HIPAA rights waived. Waiving your HIPAA rights would allow physicians and other health care professionals to share your medical information with your health care representative – this is usually your power of attorney. Without these HIPAA authorizations, health care professionals may be unwilling to share information, which may block decision making regarding your care and any end-of-life wishes.
- ✓ **TAXES:** It is vital to keep your estate documents updated for many reasons, but taxes are a large reason – especially if you have accumulated wealth. Outdated estate documents may include planning you have done in the past for estates at lower exemption values. Additionally, various formulas you may have used in the past may not be applicable anymore. Take the time to review this and get a tax professional or attorney involved.
- ✓ **MOVING STATES:** Your location when you last updated your estate plan has a significant impact. Each state has its own estate and income tax laws, so it’s important to plan appropriately. Some states are common law property states, while others are community property states. The difference between the two is significant. Again, reviewing this aspect with a tax professional or attorney with an eye toward reducing federal and state taxes will help your bottom line.
- ✓ **PHILANTHROPIC GOALS:** Many people forget to include charitable giving in estate plans. Whatever you are passionate about when it comes to philanthropy should be something that is carried over even after you’re no longer around to donate. In addition to helping society, there are financial benefits for donating to charity, including reducing your estate taxes and increasing the amount you pass on to heirs, in some cases.

Because each of our lives are so complex, the points above just skim the surface of everything that may need to be discussed to get your estate plan up to date. And remember, any time there is a large life event such as a death, birth, marriage or divorce, estate plans should be updated. It can seem overwhelming, but it’s part of what a financial advisor does every day, so reach out for advice and for referrals.



## Life event: divorce

### HOW TO ORGANIZE YOUR DIVORCE

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There's no doubt that going through a divorce takes just as large of a toll on your mental health as it does on your financial health. Even if a divorce is relatively amicable, it can still be tricky to navigate when it comes to finances. There are many steps involved in the divorce process, but here we are going to focus on several of the important documents each party should make sure they have together before diving into the process. We strongly recommend checking off each one of these documents as you collect them and keep them in a folder together – whether that be digital or hard copies.

Bank statements

Tax returns: regular and estimated filings with all associated schedules for the last three years

Employment records: including income data, commissions, bonuses, company-provided benefits

Self-employment data, such as business records, partnership/LLC documents

Credit card statements

Credit loan applications

Real estate deeds and mortgage documents

Real estate/personal property tax data

Investment and/or brokerage account statements, including stock options and any real estate holdings

Pension, profit sharing, deferred compensation and retirement plans

Will, estate, and trust agreements

Insurance policies: property, life, disability, vehicle

Vehicle information: tags, title, etc.

Memberships: health, social and country clubs

Medical expenses

Inventory of safe deposit boxes

Family heirlooms

Household property inventory

Personal credit reports



## Life event: job loss

### WHAT TO FOCUS ON IF YOU LOSE YOUR JOB

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Amidst the COVID-19 pandemic, job loss has skyrocketed throughout the country<sup>1</sup>. With countless industries being devastated by the pandemic, chances are you know someone who has lost their job or been furloughed. Maybe you even are that someone. It's important to remember that you're not alone. But aside from [applying for unemployment benefits](#), what else can you do to get your finances in order? Here are five tips that may help your financial situation during these trying times:

#### 01 | Extend your health benefits

Your health should be your top priority. If you are able, negotiate with your employer and try to extend your health benefits for as long as possible. If you worked at a company with more than 20 employees, one option is to opt into COBRA (Consolidated Omnibus Budget Reconciliation Act) coverage, which allows you to keep your health insurance for up to 36 months. This must be done within 60 days of being laid off, so look into this as soon as possible.

Additionally, if you had a health care plan through the Affordable Care Act (ACA), you can go to [HealthCare.gov](https://www.healthcare.gov) to update your income information, which may qualify you for a subsidy. For any other situation or to better understand your options, HealthCare.gov has a [COVID-19 page](#) with tons of information to get you started.

#### 02 | Reassess your budget

Take the time to sit down and look at your budget, especially if you're not sure how long you'll be without work. Cut back on unnecessary expenses, trim subscriptions and, if possible, refinance loans. Mortgage rates were extremely low in 2020, so if you've considered refinancing your mortgage, now may be a great time to do it.

Even more, think about pausing some bill payments, such as student loans, auto loans, and credit card debt. There are many companies throughout the U.S. that are making it easier for Americans to pause bill payments if they've been impacted by COVID-19. To find out if you're eligible, just call your provider or check online.

#### 03 | Don't forget about retirement

Even though you may be without a job, it could still be possible to make decisions to benefit your future retirement. Most importantly, don't forget about any money you've contributed to a 401(k) through your employer. If you leave money sitting in your account, there's a chance you could end up paying management fees for a 401(k) you aren't contributing to anymore.

Remember, cashing out your 401(k) early is not generally encouraged because you will end up paying taxes and penalties. However, because of the current climate, the [CARES Act](#) has made it easier to withdraw up to \$100,000 from your 401(k) without tax or penalty, if you need to.

Ideally, we would recommend leaving your 401(k) alone and tapping into emergency savings first, and if you can, roll your 401(k) into an IRA. This way you can continue to save and even invest, regardless of where you work in the future.


#### 04 | Review your insurance policies

If your company was one that provided life insurance or disability insurance, there is a chance you may have lost access to those plans once you were laid off. The decision to either pick up insurance on your own or wait until you're working again is completely dependent on your situation. Typically, term life insurance can be as little as \$20 per month. If you can afford it, it may be beneficial to enroll to protect your income and any dependents who rely on it.

#### 05 | Find part-time work

If you're having difficulty finding full-time work, look to supplement your income with a part-time or freelance gig. Many businesses are operating remotely, so extend your job search outside of your area. And don't forget about startups! They can help you build out your resume in the interim.

All in all, we understand losing a job – even if temporarily – can throw a huge wrench in anyone's financial plan, especially during a global pandemic. If you'd like a second opinion or are seeking additional advice on how to move forward, please reach out to us.

The background of the page is a soft-focus photograph of a sunset over water. The sky is a mix of warm orange and pale yellow, with the sun's glow creating a bokeh effect of light circles. The water in the foreground is dark and textured, with gentle ripples. A white rectangular text box is centered on the page, containing the main body of text.

Now that we have gone in detail about some of life's most financially impactful events, it's going to be vital to do some self-reflection and planning on your part. You are the only one who knows exactly where you are financially right now and where you want to go. If you'd like a second opinion or would like to learn next steps, reach out to us to set up an introductory meeting.



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<sup>1</sup> <https://www.pewresearch.org/fact-tank/2020/06/11/unemployment-rose-higher-in-three-months-of-covid-19-than-it-did-in-two-years-of-the-great-recession/>

<sup>2</sup> <https://info.cerulli.com/HNW-Transfer-of-Wealth-Cerulli.html#:~:text=Cerulli%20Associates%20projects%20that%20nearly,to%20be%20the%20primary%20beneficiary.>

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