



But Doctor,
you can't tell me
I am this healthy,
my money will only last
into my early 80's!

Fred Dunbar

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Honesty

It seems like just yesterday when I had my first shore house. There were 10 of us in a 2 bedroom, 1 bath garage apartment, which had no screens. Perhaps you can relate. We were just out of high school without a care in the world. We had house shirts, "80th Street Quaffers" relating to our thirst for fun. Maybe you remember them from the Dauphin Bar, quaffing beers 7 for \$1 or if you were rich that weekend a Schlitz little Joe for \$0.35. The weekend jam group was Voices. Most of the 80th Street Quaffers still live in the area with shore houses in Avalon and Sea Isle City. Although it seems like just yesterday, as I write this article Mother's Day weekend, I turn 60 next week.

At age 18 in our first shore house, life was like the 1971 song, "The Ball of Confusion". This Temptation's hit song was from their album, Sky's the Limit. Truly this is what life is about when you are young. The sky's the limit and your future is only limited by your thoughts.

My last article was about a Durable Power of Attorney and why everyone needs it. Last week my office contacted one of her clients requesting a copy of her Power of Attorney, since she started to seem a little unsure of herself. She had one but it was drafted in 2007. It was written a long time ago and she didn't know who she had named or truly what this document did for her. With her permission, we contacted her attorney's office to have a copy faxed to us. We then spoke with her daughter who was confusing this document with her mom's will.

Maybe it's time that all retirees have a talk with your children about your estate. This way as you drift into your 70s, 80s and possibly 90s, your kids will have an idea of what you want. When you relax on your front porch or deck, you probably can recall many of the important discussions you had with your children. Maybe it's time to talk about legacy planning. It's difficult! Maybe your kids have wanted to ask you questions but perhaps are afraid to since they may appear greedy or in different. It's easier if you initiate this conversation. Perhaps you start the conversation by talking about a friend's situation and just let it flow.

Even in the best of families this is a very hard discussion. Be honest about what your children can expect and be clear about the reasons behind it. Keep control of the conversation. No doubt throughout your children's lives you probably have been the mediator of most family disputes. Once you're gone, your children are on their own. They may be left to their own fears, doubts and suspicions. You don't want to create any needless disputes and the he said/she said scenarios.

One of our clients, keeps a letter underneath the blotter on his desk at home. It starts out by saying “if you’re reading this; I am either dead or in a coma”. This is something all of you should do. Write a letter of instruction.

Letter of instruction

It should spell out the immediate steps your family should take in case you become incapacitated or at your death. Provide a list of contacts including all of your advisors. Include their email address and phone numbers. This letters should spell out where all of your important financial and legal documents can be found. Don’t forget your passwords. Do this whether you are old school and keep everything in a binder (in a safe) or you leave it on your computer. Include bank account information; insurance policies; net worth statement; tax returns; a list of all of your valuables (and who gets what). This should be a copy with the originals kept in a safe place.

Wills

Do you have one and if so is it up to date? This takes away the guesswork and specifies exactly what you want to have happen after your death. It guarantees that your wishes will be followed with no confusion or conflict. Depending on your age and health, it may be better to do this after a medical checkup. Your medical records will document that you were of sound mind and body to prevent your Will from being contested. You can even do a video of the signing of your Will to demonstrate your physical and mental capacity.

Life gets in the way

Every 2 to 3 years update your Will. This will guarantee that any major life event such as a death, marriage, birth or divorce are dealt with. Review all beneficiaries including life insurance policies, IRAs, 401(k) or any type of retirement plan, as well as brokerage accounts titled Transfer on Death.

Aha moments

It is better not to have the contents of your Will be a total surprise. The dramatic reading of the Will around the table is better left to Reality TV. This will help make sure that your children do not live beyond their means hoping for an inheritance which falls short of their expectations. About 13 years ago I received a phone call around 3 o’clock in the morning. We all know when you receive a phone call in the middle of the night, it’s never good news. I was stunned when I heard a young lady tell me that her mother died. She immediately followed this up with “how much money did she have”. I was blown away as her Mom had just died and all she and her two sisters cared about was how much were they going to get.

Today, many parents are leaving their wealth to their adult children via trust. In this crazy world of 50% plus divorces, it’s a way of guaranteeing the money stays in their bloodlines. Perhaps have a **family meeting**. If you have a family meeting make sure it is clear that these are your decisions and it’s not up for a vote. Meet with each child individually as well. If you’ve decided to leave a greater percentage to one child versus

another, let each child know why and what your thoughts were. If something happens down the road you can always change it.

Many times our client says they just can't speak with their children about these things. Maybe it is hereditary. If for some reason you can't or don't want to have this conversation due to possible arguments, make a video and explain your decisions. This may not be ideal but it makes sure you have the last word.

So often today children inherit wealth and unfortunately they are like lottery winners. The money goes through their hands quickly. This is because they inherited the money and took it for granted. We have two clients that each inherited about \$500,000 from their dad and it was gone in a few short years. Don't let that happen to your children.

Share the wealth. Finally talk to your children about your family values and work ethic that created the wealth. You benefited from working hard, living within your means and spending wisely. Your children and grandchildren will benefit from your knowledge sharing your secrets to success. At my son's college graduation yesterday, the Commencement speaker told them "**it's the struggles that make you stronger**". You already know this.

Being a parent never ends. Being upfront with what your children can expect is a way to continue to look after them when you are gone.

Now that you are completely spent, grab your chair, book, beverage and head to the beach. Don't forget the sunscreen and make it a super summer.

Fred Dunbar, CLU, ChFC, RFC, AIF, is President of Planning Directions, Inc., a registered investment adviser, and Common Cents Planning, Inc. He is also a registered representative of and offers securities through Commonwealth Financial Network, member FINRA/SIPC. Advisory services offered through Planning Directions, and fixed insurance products and services offered by Common Cents Planning, are separate and unrelated to Commonwealth. Fred may be contacted at 800-647-0762, by e-mail at fdunbar@commoncentsplanning.com or by mail at 239 Baltimore Pike, Glen Mills, PA, 19342. He's always happy to meet with you 'down the shore' at 6606 Central Avenue N. Sea Isle City, NJ. 08243.