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Robert G. Elliott's Financial News

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Estate Planning for Complicated Family Situations

In our modern and increasingly complex society, planning for the future is not always straightforward. Divorce and remarriage, blended families, children with disabilities, or even a financially irresponsible child can complicate estate planning to the point where procrastination is tempting. If any of these situations apply to you, the reality is you should have a well-thought-out estate plan in place.

If You Are Divorced

One of your top priorities is updating your beneficiaries, last will, trusts (along with the executor/trustee), durable power of attorney, and healthcare proxy. Likewise, because you no longer have the benefit of combining your estate and inheritance tax exemptions with a spouse, you may need to consider more strategic estate planning to avoid estate taxes.

If there are any children involved, you have even more decisions to make, including guardians of any minor children. Typically, you will not want your former spouse or his/her new blended family to receive any of your assets.

While you can name anyone as your beneficiary on life insurance policies, annuities, retirement accounts (if permitted by your plan), IRAs, and health savings accounts, your children typically cannot receive these funds until they turn 18. In the meantime, your children's appointed guardian, such as their surviving parent, could be designated by the court to manage these monies until they reach adulthood. Proper estate planning can avoid any mishandling of those funds and provide you with the reassurance that your children will be protected.

One way to ensure this outcome is to set up a trust with an appointed trustee, such as a grandparent, aunt, or godparent.

If You Have Remarried

While remarrying is a beautiful reminder that second chances really do exist, this can often complicate estate planning – particularly when at least one spouse has children from another marriage. The first step is to sit down with your spouse and discuss what you both feel is fair for each other and your children. Because of state marital estate laws, unless you have a prenuptial agreement in place, your current spouse has legal entitlement to up to half of your estate, regardless of what your will may designate.

Assuring that your surviving spouse provided for while leaving a legacy for your children can be a frail matter; it's important to have a plan intact that assures both your spouse and children receive what you intend. You might consider a trust, such as a marital trust, qualified terminable interest property (QTIP), or irrevocable life insurance trust (ILIT) that can provide lifetime income to your surviving spouse, while simultaneously ensuring that your heirs receive the remaining proceeds.

If You Have A Special Needs Child

Understandably, parents of a special needs child are often so distracted when accommodating their children's immediate needs that important financial matters are overlooked. The consequences of putting off estate planning are far worse in these situations.

The two most important factors to consider are preserving your child's eligibility for Medicaid and other essential benefits while continuing to provide the best possible lifestyle for him/her. However, without a proper action plan, an inheritance could disqualify your special needs child from vital benefits.

To avoid this situation, parents often leave special needs children out of the inheritance equa-

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Allie, Bob, & Sarah

Personal Note

The last few months have been eventful for my family. Wiley Bros., where I have worked since 1992, was purchased in August (a shock to me!) to create a partnership that I believe will prove to be an excellent outcome for my clients. And both of my daughters, Sarah and Tate, got engaged. My wife, Cassie, has already been, and will remain, very, very busy as we prepare for two weddings in 2024. I will stay on high alert to do whatever I can to help and am very excited for these two amazing young women and their fiancés.

As often happens with significant events, I tend to think back over the years. I began my career with Wiley Bros. in October of 1992 and the Dow Jones Industrial Average (DJIA) was about 3,200. Some of the top headlines from 1992 were: [1]

Bill Clinton is elected president after campaign that includes strong third-party bid by Ross Perot

Four Los Angeles police officers are acquitted of nearly all charges in beating of Rodney King, touching off worst U.S. riots of century

South Florida devastated by Hurricane Andrew

Sarah our oldest, who is currently my business partner, was born in 1996. That year the DJIA closed at 6,448 after gaining over 26% for the year. Obviously, Sarah's arrival on the scene got investors excited about the future! Also in 1996: [2]

A first-class stamp cost $0.32

The FBI arrested Ted Kaczynski, aka the Unabomber

Approximately 45 million people worldwide used the internet (vs 5.18 billion in 2023!)

Tate, our younger daughter was born in 1999. That year was close to the peak of the "internet bubble" and the DJIA closed at 11,497 returning over 25%. Once again, my daughter's arrival coincided with a strong market. If you are thinking I should have more kids to keep things moving higher I am going to disappoint you. We are definitely finished having children! Back in 1999 do you remember: [3]

Bill Clinton was acquitted of impeachment by the Senate

Star Wars Episode I- The Phantom Menace grosses over $102 million in 5 days breaking box office records

The number of internet users worldwide reached over 150 million worldwide with more than 50% in the U.S. (pretty amazing growth in 3 years!)

Some of you reading this newsletter will not remember any of these events and they probably sound like ancient history. I imagine that is the case for both Sarah & Tate. But, many of you do remember these events and, like me, probably think: Wow, that wasn't that long ago! I enjoy pointing out these reminders because a few of the top stories of 2023 (so far) are:

The growth of AI (Artificial Intelligence) and how it may impact our future

War between Russia-Ukraine and possible war between China-Taiwan

Maui wildfire death toll, already highest in U.S. history, could surge

The DJIA has been churning this year and closed at 34,517 of 9/19/23. For what it's worth, this is the same level the DJIA was trading at in May, 2021.[4] Essentially the stock market has not made any progress in over two years. But, I suggest you take a look at where it was back in 1992, 1996, and 1999. From those levels we have made significant progress. And, we seem to face many of the same issues today that we dealt with in those past years: political battles, economic downturns, and natural disasters. In my opinion, the headlines of today that generate fear and anxiety amongst investors will be replaced with new ones in the future. There will ALWAYS be events to worry about and, from my experience, they will never go away.

And I remain optimistic about the future. Despite the events of the past thirty years I have watched my two beautiful daughters grow into special young women who are about to embark on their lives with two very special young men. I cannot wait to read what Sarah writes in these pages in 2048 when she celebrates her thirtieth year in the investment business. If the stock market continues moving forward in the future similar to the past she will be writing about the DJIA hitting over 236,000. Wow!

1 https://scholar.lib.vt.edu/VA-news/ROA-Times/issues/1993/rt9301/930103/01030216.htm
2 https://www.infoplease.com/year/1996
3 https://www.infoplease.com/year/1999
4 Dow Jones Industrial Average History (DJIA / Dow 30)

Estate Planning....

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tion, listing other siblings or a designated guardian as heirs with the intention that their special needs child will be provided for as he/she continues to receive necessary medical benefits. The truth is, misuse of these intended funds is always a possibility, as intentions and reality often do not mesh. A much more reassuring path is to consider a special needs trust, which can assure that your child continues to qualify for medical benefits while providing a sound financial future.

An Irresponsible Adult Child

It's quite common for parents to worry that a child could get into serious trouble when presented with a large sum of money. This depends on a variety of factors, such as age at the time of inheritance, lifestyle, or even addiction issues. Consider establishing a trust – such as a spendthrift trust or even an incentive trust – where the appointed trustee can limit your child's inheritance to several installments throughout the course of his/her lifetime (even on an annual basis if you so wish), place conditions such as good behavior on the disbursements, or even appropriate the funds for something as specific as college tuition.

Please call to discuss this topic in more detail.

COMMUNITY SPOTLIGHT: Love One International

Founded by Suzanne Mayernick and located in Nashville, TN, Love One International's mission is to transform the lives of children and families in Uganda through life-saving medical care, and family preservation. Many critically ill, malnourished children in Uganda do not have easy access to medical care and this is where Love One steps in. Love One focuses on providing the emergency medical care that the children need in a local hospital. After the children are discharged from the hospital, they are brought to the Love One Center to rehabilitate. The goal is to rehabilitate and resettle the children back with their families and to empower their families to help the children live a healthy life. Love One provides education to the families prior to resettling the children on proper hygiene, nutrition, etc.

Love One also has a community outreach program because there are hundreds of remote villages in the Gulu District alone with limited access to medical care. People in these communities often die from easily-preventable diseases like malaria or minor infections that escalate into greater health issues. Love One is partnered with local hospitals to reach communities throughout the region. Each community has a liaison that communicates any medical needs in the community to the Love One staff. For more information about Love One International visit: https://www.loveoneinternational.org/

This is not a paid advertisement. The amazing charities and organizations we spotlight have each been specifically nominated by one of our clients or a member of the Elliott Team. &Partners has not vetted this charity for their operational effectiveness, so we encourage you to do your own due diligence..

Municipal Bonds

We offer the following bonds subject to prior sale or change in price as of September 20, 2023.

Ref No	Issuer	Maturity Date	Coupon	Yield to Maturity	Yield to Call	Call Date	Rating	Price*
1	TN HSG FIN AGY	07/01/43	4.000	4.180		07/01/28	Aa1 / AA+	97.488
2	Hallsdale-Powell Utility Rev	04/01/37	4.000	4.000	4.000	04/01/32	AA	100.000
3	Kingsport GO	03/01/39	5.000	4.180	3.820	03/01/33	Aa2 / AA+	109.220
4	Met Gov't Nashville GO	07/01/36	4.000	3.940	3.850	07/01/36	Aa2 / AA+	100.603
5	Dickson Elec Rev	07/01/38	5.000	4.180	3.800	07/01/32	Aa3	108.877

Callable at 100% beginning of the call date above and every call date thereafter with 30 days notice.

In addition to the bonds listed, we have several other corporate bonds available. If you are looking for a specific bond or maturity, please feel free to contact me with your requests.

We are also interested in buying corporate bonds. If you have bonds for sale, please call me for a bid and details on how you can convert your present bonds to cash or alternative investments.

Finally, new bonds are coming to market every day. If you give me a call, I will be more than happy to go over current market offerings and conditions with you.

**Prices Subject to Change*

Although the information and statistics are not guaranteed, they have been obtained from reliable sources and are believed to be accurate. All put/call information may not be displayed and &Partners assumes no responsibility for such undisclosed features or omissions. All are subject to market conditions and/or prior sale.

Nurture Your IRA

It's tempting to pay little attention to an individual retirement account (IRA). After all, with a maximum contribution of $6,500 in 2023 ($7,500 if you are over age 50), how much can an IRA contribute to the vast sums you'll need for retirement? The answer is plenty, especially if you follow these tips:

- Start contributing as soon as possible. That way, tax-deferred or tax-free compounding of earnings can have a dramatic impact on your IRA's ultimate value. Consider the following example. Four individuals, ages 20, 30, 40, and 50, each contribute $5,000 to an IRA this year. What will that amount grow to when each person reaches age 65, assuming an 8% annual rate of return? The 50 year old will potentially have $15,861, the 40 year old will have $34,242, the 30 year old will have $73,927, and the 20 year old will have $159,602. Compounding of earnings turned the 20 year old's contribution into a much larger balance. *

- Contribute every year until you reach retirement. Even if you can't afford the maximum contribution, contribute something every year. Over a period of time, a modest investment program can grow to a significant sum. Assume that at age 30 you start contributing $5,000 per year to an IRA, earning 8% compounded annually. After one year, you'll have only $5,400. But that will grow to $29,333 after five years, $72,433 after 10 years, $228,810 after 20 years, and $861,581 after 35 years, when you turn age 65.* (Keep in mind that an automatic investing program, such as dollar-cost averaging, does not assure a profit or protect against loss in declining markets. Because such a strategy involves periodic investments, consider your financial ability and willingness to continue purchases through periods of low price levels.)

Select investments with care. Your IRA should be a long-term investment vehicle for retirement, so your investments should be appropriate for that long time frame. Even modest changes in your rate of return can substantially impact your IRA's ultimate value. For example, assume you have $10,000 in your IRA, which will be invested for 30 years. If you earn an average rate of return of 6% compounded annually, your balance will equal $57, 435. Increase that return to 8%, and your ending balance will equal $100,627, a difference of $43,192. *

- Fund your IRA at the beginning of the year, rather than at the end of the year. This allows your contributions and earnings to compound for a longer period. For example, assume you are 30 years old and make $5,000 IRA contribution at year-end for 35 years. If you earn 8% compounded annually, your IRA balance would equal $861,584 at age 65. Make the contribution at the beginning of the year instead, and your balance would equal $930,511, a difference of $68,927. *

Please call if you'd like to review strategies to help maximize your IRA's value.

** These examples are provided for illustrative purposes only and are not intended to project the performance of a specific investment. They do not take into account the effects of commissions or any taxes that may be due.*

A Note from Sarah:

I have had a busy couple of months. I recently got engaged! So my fiancé, Jake, and I have been starting to plan our wedding. We're excited to say that we have already booked a venue in Lake Tahoe for August of next year. I feel like I am finally in that stage of life where weddings are happening all the time! It is a very exciting time since my friends are going through the same stage I am, but it can be stressful trying to fit everything in. Wish Jake and I luck in this next year as try to plan and execute a memorable wedding!

A Note from Allie:

My husband, Jack, and I have stayed busy this summer raising our daughter, Lucy, who turns two in November. Lucy is full of opinions and certainly knows what she wants (and what she doesn't want!). Most recently we took her to visit her cousins in Jacksonville, FL. Unfortunately, our flight down to Jacksonville was delayed 6 hours, causing us to land at 2:00 AM. Fortunately for us, Lucy was pleased with this plan, and she proceeded to clap when we landed and tell everyone "good morning" as we de-boarded the plane. She definitely keeps a smile on our faces, and those around us, even during frustrating times. Any advice on navigating the "terrible twos" is appreciated!

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