6195 W. Quaker St., Orchard Park, NY 14127 // 716.662.4361
www.moldenhauerassociates.com

MOLDENHAUER & ASSOCIATES

JULYNEWSLETTER

Editor: Richard C. Moldenhauer, CLU, CEP, RFC *Chartered Financial Consultant*

We have returned to WNY for the summer. I look forward to trying to assist the advisors and staff in making added progress in our quest to provide the best value in competent financial guidance in WNY.

As previously mentioned, May was the great month for our family. Kathy has been a very special person and without her support during my recovery, I doubt that I would be here today. Our dreams of having 4 sons with great wives that they love and who love them in return, has come to fruition. Honestly, I did not expect to be here to see that happen. What a nice time for my son Matt and his new bride, Hannah.

Those of you who know Brett can appreciate his integrity and dedication to the firm and its clients. Our staff has supported the transitions in leadership and broker dealer affiliation complexities. Brett and I have always seen the business as a multi-dimensional entity. While our purpose is to grow a successful business in a highly complex world, we see our purpose as several things (1) Providing clients a great value in financial assistance and service (2) to create a pleasant and career based atmosphere for advisors and staff to grow (3) to provide a community support system that benefits our local community and those special charitable concerns we care deeply for. In order to accomplish this, the business must grow and incorporate new technology and the best in personnel support.

While Brett, Nick and John are leading the firm in so many ways, the growth and effort of the entire team inspires me. I hope their development enables us to serve our present clients well and eventually grow the firm.

The support staff and younger advisory team consist of great people with bright futures. We continue to seek the right new members to join our team. These folks, too, must be committed to the same values the firm espouses. We believe, for the right people, our system can create career rewards other firms can not provide.

Personally, it is my hope to assist advisors and clients with estate planning concerns as well as create new business succession clients for the firm. If there is one thing that I have learned over the past 10 crazy years, it is that business' only survive if the owners make their firm's planning a priority.

Many people talk a good game, but few get the job done well and in time. According to business text books, only 35% of businesses transfer or are sold successfully. For those who do not plan well, the cost is the waste of a lifetime worth of work. Employees lose jobs, customers lose service and relationships, and value simply erodes.

If I can help a few people avoid succession mistakes, hundreds of people will benefit. As I approach my last decade with the firm, I hope this is an area where I can create new life and value.

Richard Moldenhauer

Richard Moldenhauer

A PRIMER FOR ESTATE PLANNING

Things to check and double-check.

Estate planning is a task that people tend to put off, as any discussion of "the end" tends to be off-putting. However, people without their financial affairs in good order risk leaving their heirs some significant problems along with their legacies.

No matter what your age, here are some things you may want to accomplish this year regarding estate planning.

Create a will if you don't have one.

Many people never get around to creating a will, not even buying a will-in-a-box at a stationery store or setting one up online.

A solid will drafted with the guidance of an estate planning attorney may cost you more than a will-in-a-box, but it may prove to be some of the best money you have ever spent. A valid will may save your heirs from some expensive headaches linked to probate and ambiguity.

Complement your will with related documents.

Depending on your estate planning needs, this could include a trust (or multiple trusts), durable financial and medical powers of attorney, a living will, and other items.

You should know that a living will is not the same thing as a durable medical power of attorney. A living will makes your wishes known when it comes to life-prolonging medical treatments, and it takes the form of a directive. A durable medical power of attorney authorizes another party to make medical decisions for you (including end-of-life decisions) if you become incapacitated or otherwise unable to make these decisions.

Review your beneficiary designations.

Who is the beneficiary of your IRA? How about your 401(k)? How about your annuity or life insurance policy? If you aren't sure, then be sure to check the documents and verify who is the designated beneficiary.

When it comes to retirement accounts and life insurance, many people don't know that beneficiary designations take priority over bequests made in wills and living trusts. If you long ago named a child now estranged from you as the beneficiary of your life insurance policy, he or she will receive the death benefit when you die, regardless of what your will states.[1]

Time has a way of altering our beneficiary decisions. This is why some estate planners recommend that you review your beneficiaries every two years.

In some states, you can authorize transfer-on-death (payable-on-death) designations. This is a tactic against probate: TOD designations may permit the ownership transfer of securities (and in a few states, forms of real property and other assets) immediately at your death to the person designated.[2]

Create asset and debt lists.

Does this sound like a lot of work? It may not be. You should provide your heirs with an asset and debt "map" they can follow should you pass away, so that they will be aware of the little details of your wealth.

- One list should detail your real property and personal property assets. It should list any real estate you own and its worth; it should also list personal property items in your home, garage, backyard, warehouse, storage unit, or small business that have notable monetary worth.
- Another list should detail your bank and brokerage accounts, your retirement accounts, and any other forms of investment, plus any insurance policies.
- A third list should detail your credit card debts, your mortgage and/or HELOC, and any other outstanding consumer loans.

Think about consolidating your "stray" IRAs and bank accounts.

This could make one of your lists a little shorter. Consolidation means fewer account statements, less paperwork for your heirs, and fewer administrative fees to bear.

Let your heirs know the causes and charities that mean the most to you.

Have you ever seen bereavement notices requesting that donations be made to an organization or charity in lieu of flowers? If that's something you would like to happen, write down the associations you belong to and the organizations you support.

Select a reliable executor.

Who have you chosen to administer your estate when the time comes? The choice may seem obvious, but consider a few factors. Is there a possibility that your named executor might die before you do? How well does he or she comprehend financial matters or the basic principles of estate law? What if you change your mind about the way you want your assets distributed – can you easily communicate those wishes to that person?

Your executor should have copies of your will, forms of power of attorney, and any kind of health care proxy or living will. In fact, any of your loved ones referenced in these documents should also receive copies of them.

Talk to the professionals.

Do-it-yourself estate planning is not recommended, especially if your estate is complex enough to trigger financial, legal, and/or emotional issues among your heirs upon your passing.
Many people have the idea that they don't need an estate plan because they aren't "wealthy." Keep in mind: money isn't the only reason for an estate plan. You may not be a multimillionaire yet, but if you own a business, have a blended family, have kids with special needs, worry about dementia, or cannot stand the thought of probate delays, plus probate fees whittling away at assets you have amassed, these are all good reasons to create and maintain an estate planning strategy.

Richard Moldenhauer may be reached at 716-662-4361.
Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

Citations.

1 - thebalance.com/why-beneficiary-designations-override-your-will-2388824 [10/8/16]

2 - fool.com/retirement/2017/03/03/3-ways-to-keep-your-estate-out-of-probate.aspx [3/3/17]

WHAT YOU CAN & CANNOT CONTROL AS YOU PLAN FOR RETIREMENT

Some things you have no influence over. You may have some power to affect other factors.

Are you worried about retiring?

Many baby boomers are, and they have reason to be, given low interest rates, subpar returns on equities, increasing health care costs, and the issues facing Social Security.

Now, do yourself a favor. Read that last sentence again, and ask yourself, "which of those four things can I control?"

The correct answer: none of them. That may be frightening, but it is also truthful. As you plan for retirement, you must acknowledge that certain factors are beyond your control. As much as you would like to influence or change them, you have no say over them.

So, what can you control?

Primarily, three things: the way you save; the way you manage risk; and the way you will spend your savings.

The way you save may be more important than the way you invest.

Every saver hears about the benefits of an early start, and those benefits can be considerable. As an example, consider these hypothetical savers:

Erica saves $5,000 per year for 20 years at an 8% return, and thanks to time, inflows, and compounding, she turns that initial $5,000 into $247,115 two decades later. Midway through this 20-year stretch, Giovanni, Erica's co-worker, decides he will start saving too. Time is not such a good friend to him, however. If he wants to amass $247,115 (give or take a few bucks), he will have to pour in around $15,795 into his retirement account annually at that 8% yearly yield. And as for Erica … all other variables frozen, if she saves $14,000 per year, instead of $5,000 a year, at a consistent 8% yield for 20 years, her savings at the end of that two-decade period will be $691,921 rather than $247,115.[1]

Your risk exposure matters.

In a perfect world, taking on X degree of risk would lead to Y degree of reward. If only it worked that way. Still, a portfolio that assumes reasonable levels of risk may generate better long-term returns than a highly conservative, risk-averse one.

The inescapable truth of investing is that when you forfeit risk, you also often forfeit your potential for significant gains. To be more specific, getting out of equities when the market sours puts you on the sidelines when the market rallies. Should you abandon equities in a correction or bear market, you face another kind of risk – the risk of selling low and buying high.

If you absolutely detest risk and want to minimize your risk exposure as you save and invest for retirement, then you must compensate for that lessened risk exposure by saving more, whether in cash or conservative investment vehicles. Remember that to save more, you must also spend less.

Will you plan how to spend your retirement savings?

That will put you a step ahead of many retirees, who have no strategy whatsoever. You need to plan both the succession and amount of your retirement withdrawals – what annual percentage should be distributed from what accounts in what order. Four primary variables may affect your plan, and you arguably have some control over them all: your yearly withdrawal amount, your level of debt, your health, and your retirement date. You cannot control the tax code or the equities markets, but you can try to pay off debt, improve your health, spend reasonably, and work longer, if needed.

Focus on what you can control.

It may keep you from losing some sleep over what you cannot.

Richard Moldenhauer may be reached at 716-662-4361.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

Citations.

1 - bankrate.com/finance/investing/saving-money-or-investing-more-important-over-time.aspx [12/30/15]

UPCOMING EVENTS:

Our July seminars are at:

The Century Manor	The Lumber Yard
Tuesday, July 18, 2017 at 6 p.m.	Thursday, July 27, 2017 at 6 p.m.
401 E. State Street	18 South Federal Street
Olean, NY 14760	Perry, NY 14530

We encourage clients who live in the area to introduce potential clients to our firm by bringing a friend to one of our seminars. These are informational and educational events. We are not there to convince people that we are the only firm to consider. Rather, we believe our firm offers a quality opportunity for people looking for a new advisor. Please attend a seminar in your neighborhood with a friend.

Richard Moldenhauer is a representative with Commonwealth Financial Network. Call him at 716-662-4361.

Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Advisor, Fixed Insurance products and services offered through Moldenhauer and Associates.