PARTNERS
WEALTH MANAGEMENT
Third Quarter 2014 (630) 778-8088/info@partnerswealth.com

5 Tips That Can Help Get Your Kids Into College

Saving money for college is a daunting proposition. But there's another big challenge—making sure your high school sophomore or junior is doing the right things to improve the odds of being admitted to college. Here are five tips for helping bolster your children's academic standing:

1. Selecting the right classes. The courses your child chooses do make a difference, particularly if the goal is to get into a top-flight college or a particular field of study. For instance, if your child wants to enter one of the top U.S. engineering programs—at Georgia Tech, Purdue, MIT, or another leading school—he or she will need to have taken at least trigonometry and pre-calculus.

College admissions counselors base acceptance decisions on high school coursework completed through the junior year. They'll also want to see a list of classes a student will be taking as a senior. You can help by finding out what courses are required, or preferred, by the colleges on your child's wish list.

2. Test preparation. Whether your child is taking the SAT, the ACT, or both, doing well on these tests is likely to require considerable preparation.

Getting ready can take many forms, from buying a guide that walks kids though the exam and gives test-taking strategies, to completing online SAT practice tests from the College Board, to signing up for a formal SAT/ACT preparation course. At the very least, the published guides and online samples can be a good way for students to become familiar and comfortable with the test format.

If you think your child will need more intensive help to ace the test—many bright, talented students aren't great test-takers—you may find that coursework, tutors, and anxiety-coping strategies can be effective.

3. Summer experience. For many high school students, the summer between their junior year and senior year is their last opportunity to gain real-life experience that is relevant to their career interests. It also can provide excellent material for college essays and personal statements that students may be asked to explain why they're interested in a particular college or area of study.

Students might gain experience through a job, an internship (paid or unpaid), or they might interview people in fields that interest them.

4. Vacation with a purpose. A summertime family trip could be a great time to visit prospective colleges. While you're there:

- Pick up copies of the student newspaper to find out what's going on at the school.
- Ask questions of students and residents to learn what the climate will be like when it's not summer.
- Seek out the professors in your

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Retirement Plan Solutions

Please join us in welcoming Mary Patch, QKA, QPFC, to our growing team.

As our Director of Retirement Plan Solutions, Mary assists advisors, consultants and plan sponsors assess, improve and enhance retirement plans. Her professional background spans more than two decades.

Her specialties include plan design, compliance testing and analysis, investment reviews, fiduciary liability, ERISA 3(21) & 3(38) fiduciary duties, and employee education programs. She has achieved the Qualified 401(k) Administrator (QKA) and Qualified Plan Financial Consultant (QPFC) designations through the American Society of Pension Professionals & Actuaries (ASPPA). She also holds the Series 65 Uniform Investment Advisor license.

Mary is a published author and the Chair of ASPPA's Plan Consultant Magazine. She also assists ASPPA in several grassroots efforts with state legislators regarding various pending legislation.

If you are looking to establish a new retirement plan or would like to review your existing plan, please contact our office. We would love the opportunity to discuss how we may be of service to you.

John

What To Do After Your Bucket List

You hear a lot about how much money you should save to live the lifestyle you desire when you retire. But equally important, and maybe even more so, is the question of how you are going to live in retirement.

After you have checked off all of the items on your bucket list and taken all of the trips you can afford, how do you spend the rest of your time (which now is all leisure)? This happens to be a question some people overlook as they enter their retirement years, but it is critically important for pre-retirees to consider.

People are living longer these days, so you may be looking at a retirement period of 20 years, or even more. You will have a lot of leisure time. A long retirement period can take you into the advanced elderly years, a time when many retirees are physically unable to work part-time, serve as volunteers, or even keep up with their gardening. And watching TV, playing computer games, and emailing your friends and family can get boring when you do it all day—for a few years.

So, what can you do?

One answer is to move to a retirement community. This definitely could be a consideration when planning your retirement. Retirement communities are designed to alleviate a boring (and life-shortening) lifestyle. Found throughout the United States, they often are located close to medical facilities—another important consideration because you probably will require increased medical attention as you grow older.

Many people entering their retirement years want to remain near family members. So if you're considering a retirement community, you may want to look somewhere that's close to much of your family.

Six other things you may want to consider if you choose to move to a retirement community:

1. Facilities. What does the community offer in addition to the omnipresent community clubhouse? Many communities feature activities and facilities designed especially for retirees, such as swimming pools, tennis courts, bocce courts, arts and crafts courses, photography clubs, home-state clubs, woodworking shops, computer rooms, card rooms, bingo games, movies, little theater, community dinners, and special events. Some even provide golf courses.

2. Fees and taxes. Make sure you are financially comfortable with homeowner association fees, insurance rates, and property taxes (if applicable).

3. Resale value. What is the real estate sales history of the community? Have home and condo valuations generally trended upward during the years of its existence? Have home and condo prices recovered somewhat from the real estate bust of a few years ago?

4. Shopping. Is the community located near stores and shopping centers?

5. Restaurants. A lot of retirees like to eat out as frequently as they can afford. Are good restaurants conveniently located? Do many of these restaurants offer "early bird" menus at a discount?

6. Transportation. Some senior citizens may choose to give up their drivers' licenses as they enter the upper years of old age. Having public transportation available could be an important consideration.

And finally, what about the question of how much money you should save for your retirement? A better question may be: How much will you need to pay your retirement expenses each month? We can help you with that answer. And we can help you plan the retirement lifestyle choices that best suit you. ●

Key Aspects Of Key-Person Insurance

Life insurance is a crucial part of most personal estate plans, but it also could be very important for your business. "Key-person" insurance can help ensure continuity and solvency if someone who plays a top role in your company should die unexpectedly. The proceeds could cover the cost of hiring and training a replacement and pay off outstanding bills or loans called in by anxious creditors.

Key-person policies usually cover the owner and the president of the business—often the same person—and can be especially helpful if surviving family members plan to continue running the business. You also might want coverage for other employees who are essential to the operations.

Like other life insurance benefits, the proceeds from a key-person policy are exempt from income tax and generally won't be considered part of the key person's taxable estate. However, if the insured employee is the sole or controlling shareholder, the proceeds may be taken into account in determining the value of company stock for estate tax purposes.

How much key person insurance is needed for your business? Consider the following three methods for determining an appropriate amount:

1. Replacement costs. For these purposes, you'll need to calculate what your company would have to spend to train someone thoroughly to do the job of the person who died. That process is likely to take at least a year and may include salary as well as other expenses.

2. Multiple of salary. There are various rules of thumb about multiples of salary but you'll probably want to use at least a multiple of three. So if someone is making $250,000 a year you would need a key-person policy that would pay a minimum of $750,000.

3. Contribution toward earnings.

Dispel These 7 Popular Myths About Retirement

Retirement is changing. People are living longer, and many stay healthy and vital into their 80s and 90s. Working, at least part time, has become more commonplace. Yet with fewer and fewer corporate pensions to fall back on these days, the money to pay for a long life after work may not be there. And with change comes confusion and misperceptions about what really may happen during your retirement, however you define it.

Consider these seven common ideas that may prove overly optimistic—and then tweak your plans to make sure you don't fall short of your goals:

Myth #1: You'll have saved enough for retirement when you get there.

According to a 2014 survey by the Employee Benefits Research Institute (EBRI), an independent research firm, only 42% of current workers over age 55 say they've saved at least $100,000, while just 23% have set aside more than $250,000. The EBRI survey also indicated that just 18% of all workers were "very confident" they've saved enough for retirement. You easily could find yourself facing a shortfall.

Myth #2. You'll spend a lot less than you do now.

Some cash outlays, such as paying off the mortgage and sending the kids to college, no longer may apply. But what do you want your retirement to look like? If you've envisioned globe-trotting or indulging in expensive hobbies, you may find that will erode your nest egg more quickly than you expected. Unexpected expenses—high-priced dental work, say, or a down payment for a child's home—also can siphon away funds.

Myth #3. You'll save a lot of money when you downsize your home.

Moving to a smaller place probably will reduce maintenance costs and property taxes. But that doesn't mean you won't still have all the usual expenses associated with home ownership—just on a smaller scale—plus other possible fees that may apply if you've moved into an over-55 community. And if you've relocated to a ritzy neighborhood in a city or resort area, your expenses could go up.

Myth #4. You'll continue working past the normal retirement age.

You may want to stay on the job or shift to something else, but such plans don't always work out, and health problems also could pose obstacles. And if you're counting on job income to shore up your finances through many years of "retirement," not being able to do it—or deciding you're just not up to it—could leave a big hole in your retirement income.

Myth #5. You easily can get a part-time job if you need one.

When you retire from your full-time position, you might seek part-time employment, but those jobs may be harder to find, and to keep, than you imagine. You may be competing with youngsters who are more tech-savvy than you for jobs requiring computer skills. What's more, if you're living in an area with numerous other retirees, which is often the case, the competition can be fierce.

Myth #6. You can rely on Medicare for all your medical expenses.

Retirees often expect Medicare to pick up the entire cost of physician visits, hearing or eye exams, or the like, but that's simply not how the system works. In fact, Medicare covers only roughly half of such expenses, according to data recently provided by the Kaiser Family Foundation. And don't overlook the exorbitant costs of staying in a long-term care facility or paying for in-home nursing care. If you don't have a supplemental policy, Medicare might not provide enough coverage for you.

Myth #7. You can rely on Social Security for most of your income.

Different people have different ideas about Social Security. Some almost disregard those payments from the government, thinking they'll be too small to make any difference in funding retirement. Others, though, talk about Social Security like it's the be-all, end-all. It's neither. The fact is, Social Security can be genuinely helpful, often covering some of your essential expenses. But for most people it's not nearly enough to live on. The Social Security Administration says the average monthly benefit in 2014 is $1,294, which works out to $15,528 a year. That's why it's vital to take steps to supplement Social Security with income from investments, employer retirement plans, IRAs, and other sources.

There's one more myth we would like to expose—that it's too late to change your destiny. Reexamine your basic assumptions about your retirement and then make a reasonable retirement savings plan based on your needs and realistic objectives. ●

Estimate what portion of your company's earnings can be attributed to the key person and then multiply that amount by the number of years needed for protection. For instance, if you attribute roughly $100,000 of annual earnings to a key employee, you would need $500,000 of coverage to protect that employee for a five-year period.

What happens if the key person leaves your company while the policy is in effect? Your business might sell the policy to the departing worker, or surrender it for its cash value, assuming that it is permanent insurance. There's no cash value available with a term-insurance policy, but term insurance is generally less expensive than whole life coverage and is usually preferable to having no insurance at all.

Your situation may include special circumstances affecting how much insurance you need. Work with your financial and insurance advisors to choose an appropriate policy. ●

Life Insurance Is Triple Tax Winner

We're not saying that life insurance is the greatest thing since sliced bread. But this financial planning concept—which seemingly has been around forever, perhaps since before sliced bread—does offer significant tax benefits. In fact, permanent life insurance is a three-way tax winner.

For simplicity, this article will focus on whole life, one of several kinds of life insurance. Typically, a whole life policy remains in force as long as you continue to pay the premiums. Meanwhile, the policy builds a "cash value" you can borrow against. You also could surrender the policy and receive its "surrender value." If you keep paying premiums, or if the policy is paid up, your beneficiaries will receive a death benefit when you die. That money, which usually is available a short time after the death, can help sustain a family during a time of financial need.

What about federal income taxes? Although Congress has chipped away at many traditional tax shelters, the main benefits of life insurance remain intact. Generally, it provides at least three significant tax breaks:

- There's no income tax when you acquire the policy.
- There's no income tax on the cash value building within the policy.
- There's no income tax when the death benefit is paid to beneficiaries.

That makes life insurance completely exempt from income tax. This generous tax treatment is especially attractive to upper-income taxpayers. Due to recent tax law changes, the top income tax rate is now 39.6%, and you might have to pay an extra 3.8% Medicare surtax on a portion of your investment earnings. When you add the surtax to the top tax rate, you could be paying tax on some of your income at a 43.4% rate, not even counting state income taxes. It's not unusual for those in high-tax states to exceed an overall 50% mark.

Note; If premiums aren't paid until the insured's death and the policy is surrendered or lapses, the amount previously borrowed is subject to income tax to the extent it exceeds basis.

What about federal estate tax? The proceeds will be included in your taxable estate if you own the policy or otherwise posses any "incidents of ownership," such as the right to change beneficiaries. But you can avoid that problem easily by transferring ownership of the policy to a life insurance trust. And even if death benefit proceeds are subject to estate tax, a generous \$5.34-million exemption in 2014 can cover the liability.

What will it cost? This varies widely, based on factors such as the amount of coverage, your age, medical condition, and family health history. But you should be able to find a policy with a reputable insurer that is affordable for your situation.

Of course, from an investment standpoint, you might achieve a better rate of return with other options. Nevertheless, life insurance, aided by the triple tax shelter, can be a productive part of your overall financial plan. ●

Tips To Get Kids In College

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child's areas of interest. Faculty schedules in the summer are often less frantic than during the academic year.

- This is also an ideal time to make a positive, lasting connection with an admissions counselor. The summer pace is slower for the admissions staff, too, and they have more time to spend with families.
- While visits are important, it's easy to fall in love with the campus of a college that may be out of reach for a particular student. On the other hand, there's nothing wrong with aiming high, and working harder to get into a dream school could be a benefit no matter what.

5. Advance planning for the application process. The more students can find out about the colleges they want to attend, including application requirements, the better prepared they may be to throw themselves into a very selective application process. Two of the most intensive aspects of that process are essays and letters of recommendation.

There's no "one-size-fits-all" essay. Many colleges now require essays of various lengths and topics in addition to the essay prompts on the Common Application. Here, too, preparation can be very helpful, with students thinking about what they want to write and taking the time to develop an effective essay.

As far as recommendations go, keep in mind that the best teachers are likely to be in great demand, and it's important to get a request in early.

Of course, your part in this process, beyond helping your student prepare and not miss important deadlines, is to make sure you're financially ready to foot part or all of the college tab. Good preparation isn't just for the kids. ●