

Beach Cities ESTATE LAW

WILLS • TRUSTS • PROBATES

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OUT WITH THE OLD

How to Refresh Your Financial and Estate Plans This Spring

As the chill of winter gradually gives way to the warmth of spring, it's not just our homes that could use a thorough cleaning and refresh. Spring is the perfect time to rejuvenate other aspects of our lives, including our financial and estate planning. Just as we declutter our living spaces, it's important to tidy up and organize our financial affairs to ensure a smooth and secure future.

Here's a comprehensive checklist to guide you through the process of spring-cleaning your financial and estate planning affairs:

Update your asset list.

Review and update your list of assets held in trusts. If you've acquired new bank accounts or made changes to existing ones, be sure to add them to the list. Check the title to ensure that the asset is titled to the name of your trust. Include copies of the most recent statements for each account. This ensures that your loved ones can easily locate and access your assets if needed.

Confirm beneficiary designations.

Check all assets with beneficiary designations, such as life insurance policies and retirement accounts. Ensure that each asset has both a primary and contingent beneficiary listed. This step guarantees that your assets are distributed according to your wishes.

Address corporate entities.

If you have corporations, partnerships, or other entities that were formed by filing with the secretary of state, consider taking the following actions:



- Report beneficial ownership as per the new Corporate Transparency Act.
- If your entity existed on Jan. 1, 2024, plan to report by Jan. 1, 2025.
- Dissolve any dormant entities to simplify your ownership structure.

Evaluate real property planning.

Review your plans for passing real properties to your heirs. Discuss with your estate planner to ensure that your properties are set up properly, considering factors like property tax basis to minimize potential complications.

Update child and pet information forms.

If applicable, update your child and pet information forms with any new or changed information regarding those who depend on you! Ensuring that your legal documents accurately reflect your current family composition is crucial for their effectiveness.

Consolidate all of your assets.

Consider consolidating your assets if they are spread across multiple accounts. Streamlining your financial holdings not only simplifies your financial life but also makes it easier for your loved ones to manage in the event of your incapacity or passing.

Maximize FDIC insurance coverage.

If you're concerned about exceeding the FDIC insurance limit of \$250,000 per account, explore programs that allow you to work with one bank while distributing your funds across multiple banks behind the scenes. This strategy multiplies your protection and reduces the hassle of dealing with numerous financial institutions.

As you refresh your surroundings, take this opportunity to revitalize your financial future for peace of mind and security. Call us if you have questions or need further information. Happy spring cleaning!

- Angela Klenk



Visit www.fincen.gov/boi to report beneficial ownership to stay compliant with the Corporate Transparency Act. For more information on the Corporate Transparency Act, visit our blog by scanning the QR code on this page!

DON'T MISS OUT ON THIS 401(K) GROWTH OPPORTUNITY



Planning for retirement can be exciting — deciding where you'll travel, what hobbies to pick up, or how to otherwise fill your time in your golden years. The hardest part is planning with the optimal financial tools. The goal is for your investments (combined with Social Security) to take care of you in retirement, not to wonder why the investments you put your hard-earned money into didn't pan out. And as with all financial decisions, you must carefully weigh your options for growing your 401(k). This article will explore one tool specifically, the low-cost index fund, which can effectively grow your 401(k) with minimal expense.

“The goal is for your investments (combined with Social Security) to take care of you in retirement, not to wonder why the investments you put your hard-earned money into didn't pan out.”

What is a low-cost index fund?

Low-cost index funds can diversify your investments without a huge price tag. This pre-set index of stocks is often either a mutual fund or an exchange-traded fund (ETF). These funds follow popular indexes, which frequently point to the overall economy. The Standard and Poor's 500 index is one example. The Dow Jones Industrial Average is another. They're staples of investing and offer security and stability for many investors.

Index funds aim to mirror the performance of a specific index. So, no real management is necessary for this fund since they don't try to outsmart the market or beat its averages. That's what keeps costs low within the index. Because the fund is not actively managed, the costs are usually lower.

Why choose a low-cost index fund?

Comparatively, a low-cost index fund only requires an investment minimum (many times as low as \$500–\$1,000 initial investment) and an account minimum. Both of these can be as low as zero, especially for those with a Roth or Traditional IRA. The main cost is the expense and tax-cost ratios. The fees subtracted from any returns is the

expense ratio, while the tax-cost ratio is whatever capital gains taxes are triggered if the fund is outside of a tax-advantaged account like a 401(k). In this case, as we're exploring how to grow your 401(k), you would only have to worry about the expense ratio.

You should research which index funds have the lowest expense ratios and their investment strategies — what type of industries (energy, technology, etc.) they invest in. Small-, mid-, and large-cap indexes track small, medium, and large companies. Figuring out which sector you want to invest in within these categories is also crucial. Also, consider foreign, domestic, or a combination within emerging markets. You'll find many choices, but ultimately, you just need to choose one that best suits your needs.

Okay, I'm convinced. What's next?

Once you decide, you can invest in the fund that suits your needs. Consider convenience, costs, commission-free options, and whether you want your investment to reflect your ethics. After investing, review the fund regularly to ensure it still measures up by looking at your mutual fund's quote page. If fees start climbing or your fund isn't doing its job (rate of return), you can always switch to another. Also, consider diversifying your portfolio by investing in multiple index funds.

We know this is a lot of information, but we hope this 101 on low-cost index funds has given you a new option to consider. It's one of the safest, low-cost ways to boost your 401(k). Your options are broad, and we welcome your questions. We're here to help; reach out to our office to schedule an appointment.



TAKE A BREAK



BELL PEPPER SANDWICH

Inspired by [TheSpruceEats.com](https://www.thespruceeats.com)



Ingredients

- 1 medium bell pepper, any color
- 2-3 tbsp cream cheese
- 1 tsp whole-grain mustard
- 2 oz ham (or other deli meat), thinly sliced
- 1 1/2 oz Swiss cheese, thinly sliced
- 1/2 small cucumber, cut into 6-8 thin slices
- 2 tbsp guacamole or a few slices of avocado
- Dash of salt and pepper

Directions

- On a cutting board, remove the stem of the bell pepper with a sharp knife. Cut the pepper in half lengthwise and remove the ribs and seeds.
- Lay the pepper halves on the cutting board and spread cream cheese inside each half. Spread whole-grain mustard on top of the cream cheese.
- Layer your deli meat, cheese, cucumbers, and guacamole on each bell pepper half. Add a dash of salt and pepper, then combine both halves and serve!

ASSET DISTRIBUTION DONE RIGHT

Know Your Options to Help Protect Beneficiaries

Discussions about inheritances are often delicate. However, the goal is to consider the unique circumstances of your children or other beneficiaries. You want to provide for loved ones without offending anyone in the process, yet some are more responsible with money than others, and you want to help them make the most of their inheritance. Here are a few suggestions to set your family up for success after you pass.

No-Contest Clauses

Employing a no-contest clause in your will can eliminate any potential in-fighting or contention to break away from your wishes. It automatically disinherits any contentious family members. If you know your kids enjoy bickering, then adding this no-contest clause puts them on notice to leave their bickering aside, especially in court. Preventing a long, drawn-out court mess is a surefire way to take care of your family. It's an easily added clause; you just have to choose to include it.



A Living Trust

Establishing a living trust is one way to delineate how you want your assets to be distributed after you pass, and you can revoke or change it at any time while you're still around. You can set up a few different ways for the successor trustee to distribute assets from the trust, depending on your family circumstances: outright distributions, staggered, or discretionary. An outright distribution means beneficiaries receive assets without any protections — but an irresponsible recipient might squander the inheritance very quickly. The staggered distribution allows you to set the rules about how and when funds will be distributed or if any triggering events will play a role (turning 18, marriage, etc.). The last option is to give your successor trustee discretionary power to distribute assets — they will decide when and what a beneficiary will receive.

Choosing the Right Trustee

Whichever distribution option you choose, selecting the right person or entity to be your trustee (an individual, a private fiduciary, or a bank) is crucial. They should be trustworthy and fair, especially if you grant them discretionary power. They'll be in charge of making sure your assets are distributed according to your wishes — and their best judgment.

Being firm in your care for others won't make you the villain. Thankfully, you can share your legacy and assets according to your best judgment and discretion. You have several options and tools — just remember, you know your children best.

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HOW TO ENJOY THE EMPTY NEST

Welcome to the new phase of life every parent faces, the empty nest. It's that bittersweet time when the last child packs up and leaves only echoes in their once bustling rooms. Suddenly, the soundtrack of your life has shifted from a lively chorus to silence. For 18 years or more, school runs, sports practices, and the ever-present hum of family life framed most of your days. Now, your home feels a tad too spacious.

It's normal to miss the commotion and the constant interaction with your children. But you are entering an exciting new chapter in your life, just like your children are. Your role as a parent is simply evolving. You've been their guide, teacher, and protector for years, and those roles don't just disappear — they transform. Your children will still look to you for support and guidance; this is your chance to be there for them in a new way.

There's no reason to be cut off from your children. Stay connected through texts, FaceTime calls, and good old-fashioned phone conversations. Discuss their new experiences

and share your own. Arranging in-person visits can turn into new traditions for your family. Allow yourself to enjoy this different but equally rewarding aspect of parenthood.

Now, let's turn the spotlight on you. This is your time, a golden opportunity to focus on self-care and personal growth.

Remember those hobbies you shelved when parenting took center stage? Dust them off and give them a whirl! Painting, hiking, learning a musical instrument, or even skydiving — there's no better time to explore old or new interests.

With fewer responsibilities at home, you can pack your bags and explore. Whether across the globe or the state, travel refreshes your spirit and broadens your horizons, offering perspectives that can only come from stepping out of your comfort zone.

Life doesn't stop teaching, and we never stop learning. Your nest might be empty, but your life is full of opportunities waiting for you to seize.

