



TIMOTHY J. WEITZEL

Gerald E. Eggers  
John E. Vyverberg  
Deleth Halvorsen  
Bradley J. Weitzel  
Raymond A. Quint  
Martin T. Berger

# financial SUCCESS

SUMMER 2016

## Give Yourself a Money Makeover

**A** new haircut or wardrobe overhaul can work wonders in terms of giving someone a fresh outlook on life and a self-esteem boost. The same can be said for a money makeover. While it might not be quite as fun as a traditional makeover, a money makeover can improve your finances. Best of all, unlike other kinds of makeovers, a money makeover can actually save you money.

### Step 1: Identify your flaws.

Any makeover begins with identifying the things you want to change. Sit down, make an honest assessment of your current financial state, and then list a few things that you wish were different. For example, your list might include: Save more money, purchase a house, stop relying on credit cards, and figure out where all your money goes.

Be honest at this stage. You need to face up to things you want

to change if you want your life to be different. At the same time, if your list is a mile long, don't beat yourself up over it.

**Step 2: Decide what you want to change.** If you're like most people, your list of potential financial fixes is a bit overwhelming. Since you won't be able to tackle everything at once — and because there are some things you may not be able to change at all — you'll need to prioritize.

Look at your list and highlight a

few items you think would make the biggest difference in your life and that you can actually do something about. Say you want to buy a house so you can stop renting, but reckless spending has left you with poor credit. Rather than focusing on changing your living situation, you might be better off focusing on improving your credit score, so that one day you can buy that dream house. Or, you may wish you had more disposable income. A raise

*Continued on page 2*

## Straightening Out Your Financial Accounts

**I**t's not uncommon to accumulate things over the years without taking time to straighten them out periodically. That applies to our finances as well as our possessions. How many credit cards do you carry? How many stocks and bonds, brokerage accounts, and individual retirement accounts (IRAs) do you own? It's not just a matter of finding time to keep track of different financial assets. Often, these assets are acquired without a clear-cut strategy. If you feel it's time to straighten out your finances, consider these steps:

- ✓ Make a list of all your assets and debts. List each one individually, so you have a sense of how many different accounts you have.
- ✓ Go through each one of your investments. Make sure you understand why you own each one. Assess the prospects of each investment and decide whether you should continue to own it.
- ✓ Look for ways to consolidate accounts. Try to get down to one bank account, one brokerage account, and one IRA.
- ✓ Assess your outstanding debts. Look for ways to reduce the cost of your borrowing. ○○○



Copyright © 2016. Some articles in this newsletter were prepared by Integrated Concepts, a separate, nonaffiliated business entity. This newsletter intends to offer factual and up-to-date information on the subjects discussed but should not be regarded as a complete analysis of these subjects. Professional advisers should be consulted before implementing any options presented. No party assumes liability for any loss or damage resulting from errors or omissions or reliance on or use of this material.

## Money Makeover

Continued from page 1

may not be on the table at work, but you may find more income by committing to a budget and reining in unnecessary purchases.

**Step 3: Take action.** The next step is to actually implement your makeover. Take the steps you need to make the necessary changes in your life. It may be helpful for you to come up with a calendar or list of specific action steps to keep you on track and help prevent getting discouraged.

For example, if you're looking to improve your credit score, you might make a list of specific things you need to do to make that happen, with deadlines for each one. For example, check your credit report for errors, automate bill pay in order to avoid future late payments, and pay off one credit card in full in two months.

If it's your spending that's the problem, you might start by simply tracking how and when you spend for a week or two. Then, you might look at that information and see that you're spending \$40 per week on after-work drinks. Once you know that, you can make an effort to stop or reduce spending and dedicate that money to other goals.

**Step 4: Get help if needed.** You don't necessarily need fancy tools to give yourself a financial makeover. But it often helps when someone has your back. If you're worried about your ability to turn your makeover dreams into reality, you may want to seek the help of an expert on issues related to taxes, retirement, college planning, debt repayment, and more.

Not only can they provide valuable and objective advice, but they'll also be a coach who can help you stay on track and achieve your money makeover goals.

Celebrate your success. As you take steps to change your financial

## Is Saving 10% Enough?

**A** common rule of thumb when planning for retirement is to save 10% of your gross income during your working year. But several trends suggest that it is probably on the low side:

✓ **Fewer individuals are covered by defined-benefit plans.** The 10% guideline anticipated that a retiree would receive a defined-benefit pension as well as Social Security benefits. But a substantial portion of the work force is no longer covered by a defined-benefit pension.

✓ **The Social Security system will face increasing pressure in the future.** Due to the unprecedented number of baby boomers who will be retiring in the near future, there will be fewer workers to pay the benefits for each retiree.

✓ **Life expectancies are continuing to increase.** Average retirement ages have been decreasing while life expectancies have been increasing. Thus, the average retiree has fewer years to accumulate savings, but those savings must last longer.

✓ **Plans for retirement have changed.** Another common retirement planning rule of thumb is that you'll need 70% of preretirement income during retirement. Increasingly, retirees view retirement as a time to travel extensively or engage in expensive, new hobbies. Thus, more and more retirees are finding little change in their income needs after retirement.

All these trends point to the fact that future retirees will be responsible for providing more of their income for a longer period of time. Thus, you should consider higher, not lower, savings rates.

life, be sure to stop and celebrate.

Give yourself a pat on the back — and perhaps a small reward — when you pay off that credit card,

While 10% of income may sound like a lot of money, consider how many years you expect to work compared to how many years will be spent in retirement. Assume you start working at age 22, work until age 62, and then die at age 82. Thus, you work 40 years and are retired for 20 years — for every two years you work, you need to support yourself for one year in retirement. If your retirement expenses don't go down and you don't have a defined-benefit pension, you'll need to save significant sums to support yourself.

Contrast the current situation with a typical scenario in 1950. At that time, the average retiree worked 47 years before retiring for nine years. Thus, that person worked over five years to support one year of retirement.

For many people, the answer may be to extend their working years. In the above example, if you wait until age 70 instead of age 62 to retire, you will work for 48 years and be retired for 12 years. Thus, you will work four years for every year of retirement. While preretirees may not have the mathematics down pat, many realize that working longer rather than retiring earlier may be the only way to ensure they don't run out of retirement funds. Almost all recent surveys of baby boomers indicate the majority expect to work at least part-time during retirement.

These stark realities don't mean you can't retire, just that you need to plan carefully. If you'd like to discuss your retirement plans, please call. ○○○

stick to your monthly budget, or set up automatic contributions to your retirement account at work. ○○○

# Talking to Your Parents about Finances

**O**ften, our parents need a gentle reminder to take their medication or make a doctor's appointment. Other times, there's the need for complete financial intervention. The tough job is knowing the difference.

## Signs You May Need to Intervene

You may want to consider some degree of financial intervention if your parents repeatedly exhibit multiple symptoms, such as the following:

- Inability to handle day-to-day details
- Exorbitant expenditures
- Grandiose thinking
- Reluctance to spend money
- Increase in the number of checks written
- Excessive opening and closing of accounts
- Uncharacteristic withdrawals of large sums of cash
- Unattended long-term obligations
- Unpaid bills

## How to Approach Your Parents

At issue is the element of control — most seniors loathe giving up control in their lives. The best approach is to appeal to their sense



of protection where you're concerned. For example, you might say something like, "I'm attempting to do my own financial planning, but I need to know more about yours in order to plan accordingly." This can then open the discussion about their plans for long-term care and if they have money earmarked for assistance if needed, either through savings or a long-term-care insurance policy.

In some cases, the most effective strategy may be to engage the services of a third-party expert, such as a financial planner, tax advisor, and/or elder law attorney. Parents often feel threatened when children pry into their financial matters. Utilizing the services of an outside professional will help let them know that you have their best interests at heart.

## How to Organize Your Parents' Finances

However you end up dealing with decisions about your parents, you'll need to draft or find the paperwork listed here:

- ✓ **Sources of retirement income** — If your parents don't keep good records, this may mean checking the mail regularly to wait for income checks and bank or investment statements.
- ✓ **Residential preference** — You should regard staying in the family home as a temporary situation that must eventually change regardless of your parents' wishes. Should your parents develop an illness or dementia, they will likely need 24-hour care at some point and not many adult children can provide this on their own.
- ✓ **Last will and testament** — While it's important to honor your parents' wishes, it's also important to stave off sibling arguments and discord in the future. Ensuring your parents write a will helps make sure assets get



distributed according to their wishes.

✓ **Durable power of attorney** — This is legal authorization to take over your parents' finances and make decisions on their behalf. A durable power of attorney for healthcare (DPAHC) allows you to make healthcare decisions on their behalf.

✓ **Living will** — A living will is similar to a healthcare DPA, but is also an advance directive of the actual wishes of the incapacitated person regarding healthcare, such as life-sustaining measures or resuscitation.

✓ **Funeral arrangements** — Many times seniors make these arrangements but forget to tell their children.

✓ **Update beneficiary forms** — These may be outdated and include everything from insurance policies to investment payouts.

✓ **Create a plan for estate taxes** — The larger the estate, the more prudent it may be to seek advice from an estate attorney or financial advisor.

The key elements to your parents' financial security and longevity are to determine how much they need to live on now — and in the future — and be sure to factor in increased healthcare expenses.

Please call if you'd like to discuss this in more detail. ○○○

## Financial Thoughts

In a recent study, retirees over the age of 50 who downsized their home did so for the following reasons: 64% wanted to lower monthly housing costs, 44% believed a larger home was too much work, 18% had fewer family members in the household, and 18% wanted to free up cash (Source: Merrill Lynch and Age Wave, 2015).

More than 15 million children under the age of six are enrolled in child care franchises across the Unit-

ed States. About 70% of parents place their young children in some type of daily child care. The average cost of child care in the U.S. is \$11,666 per year (\$972 per month) (Source: *DBusiness*, September–October 2015).

Middle-income families spend \$242,070 raising a child to age 18, not including college costs (Source: *DBusiness*, September–October 2015).

The average amount of underinsurance on household contents for

high-net-worth individuals is \$415,000 (Source: *REP*, September 2015).

The cost of extracurricular activities for students, including band, field trips, etc., is \$649 per year for grades kindergarten to 5, \$942 for grades 6 to 8, and \$1,403 for grades 9 to 12 (Source: *Money*, September 2015). ○○○



WEITZEL FINANCIAL SERVICES, INC.  
2477 John F. Kennedy Road  
Suite 201  
Dubuque, IA 52002-2833

PRSR STD  
US POSTAGE  
PAID  
DUBUQUE IA  
PERMIT NO 1044

ADDRESS SERVICE REQUESTED

## News and Announcements

There are so many good articles in this issue. I sincerely hope everyone takes the time to read or at least browse this Summer edition. There are two articles in particular I would like to bring to your attention, but maybe for different reasons.

First, the page 1 article about a money makeover. Well, Weitzel Financial Services, Inc. is getting its own makeover; more of an addition, if you will. In continually striving for the best and most preeminent ways to serve (you as) our clients, we are in the process of launching a new Wealth Management division of Weitzel Financial Services, Inc. I'll have complete details in the coming months, but we are very excited that we will be able to offer much more in the way of investment products,

advice, and service for select accounts... Stay tuned!

The second article and topic that I'm kind of obsessed about is on page 3: "Talking to Your Parents..." I will be 59 in August; I know my gray hair makes me look older and more distinguished. Being 59 puts me in the so-called sandwich generation of having parents, kids, and grandkids. 2016 also marks my 34th year in the financial services business, so I've watched and "grown up" with my clients and now their adult children. In the words of the '70s hit by Stealers Wheel, I'm "Stuck in the Middle with You." Nothing can be more important, difficult, necessary, emotional, and rewarding than working on wealth transition for "maturing" parents! At Weitzel Financial Services, Inc., we are very

experienced with this process and likely know and have worked with your attorney and accountant already. We would be honored to help start that effort.

What else is going on? Summer is here, and we wish all of you a safe and happy time. Remember bicyclists and motorcyclists are everywhere; please share the road! Good luck to all our local high school baseball and softball teams! If you can, try to get to a high school game; you will love it, and it is closer than Wrigley and less aggravating than watching the White Sox. In closing, once again, thank you for your trust and confidence; we really appreciate it. Go White Sox!