

LET'S TALK

MONEY[®]

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Passing your family business to the next generation can be personally and financially challenging if you don't prepare. A succession plan can help guide your company's successors.

Leaving a Legacy

If you own a small business, your company could be part of your legacy. What better way to leave a lasting imprint than to see your business thrive when you no longer lead its efforts? Business success is notoriously difficult to continue through the generations, but you can take steps to help ensure your legacy with a succession plan that works after you're gone.

Create a Business Plan

Succession planning is easier when you create a methodology to pass your business on effectively. Begin with a business plan that describes what your business does, its customers and competitors, how customers view your business and whether you compete on price or quality. This exercise leaves a more complete picture for successors.

Choose Your Successors

Next, find out if your family truly **wants** to succeed you and they are not only willing, but able. Unprepared or unwilling successors can bring a business down quickly. Work with advisors to determine the true interests among your heirs and create a blueprint

upon which they may continue your enterprise's success.

Put It in Writing

Once you nail down these basic details, work with an attorney to draw up a succession agreement. This piece of paper should detail when and why family will succeed, including the three D's: death, disability and disagreement. It may also outline a program that helps you prepare successors for their future.

Fund It

Successors will also need to pay you for your hard-earned business equity. They could pay you in installments, but this would tie your financial future to that of the business. You may help loved ones fund business succession efficiently by making them beneficiaries of your life and disability income insurance policies. Life insurance can also help you equalize an estate for a loved one who won't be among your business successors.

Talk to a licensed financial professional to learn more about how to finance business succession.

All in the Family



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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Small Business Version

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Retirement Expectations vs. Reality

According to the financial services industry organization LIMRA, retirees were more likely to say that basic living expenses were higher than anticipated than they were to say that these expenses were lower than anticipated.

This is Real

The LIMRA Secure Retirement Institute found in an early 2017 survey that six in 10 retirees who said their basic living expenses were significantly higher than expected weren't confident they could enjoy the lifestyles they'd planned. But retirees found creating a formal retirement document helped them better gauge their retirement expenses. In the same survey, about seven in 10 with a formal written plan say discretionary expenses are about the same as expected, while half of retirees without any plan said the same.

EXPECTATION REALITY

Four Retirement Saving Truths

With so much information floating around about retirement, it can be hard to separate fact from fiction. No matter where you are on your journey toward what you hope is a financially stable retirement, consider these four truths:



Social Security payments won't make you rich.

Just because this government benefit comprises a major portion of retirees' income doesn't mean it's a lot. In 2017, the average monthly benefit for retired workers was only \$1,369.

Saving early is best. Time and compounding potentially make a significant impact on Americans' retirement income. Simply put, the earlier you begin and maintain a savings plan, the more you'll potentially accumulate for retirement.



Living expenses may still be high.

When you stop working, related expenses will disappear. But other expenses, including vacations — because you have more time to take them — and medical expenses, may cost more than during your working years.

Uncertainty is certain. Will taxes rise? How about the cost of Medicare and related medical expenses? Will you outlive your retirement income? These and other challenges can put a crimp in your retirement plans.



Prepare Now

What do you do? For starters, save early and save regularly. If you have access to a company 401(k) plan, contribute as much as the plan allows. If you can't save the maximum, save anything, especially if your employer matches your contributions. If you don't have a company plan or you want to contribute additional funds toward retirement, check out a traditional or Roth IRA.

As you near retirement, work to pay off as much debt as possible, especially high-interest credit cards. And work with a financial professional to prepare as best you can.

Prepare for Almost Anything

Even the most prepared people can't predict when an expensive surprise will come their way or how much it will cost. You can, however, prepare financially for the unexpected by creating an emergency fund to help meet surprise expenses.

Financial Emergencies

We have all experienced the shock of a big expense. For example:

- The car won't start and you learn it needs \$800 worth of work.
- The furnace breaks down and you have to choose between a \$5,000 replacement or a cold winter.
- Your company is struggling financially, and you find yourself in the unemployment line.

Unanticipated surprises like these can affect your budget in varying ways. An emergency fund may help you get through the rough spots.

Funding the Fund

There are two basic ways to accumulate an emergency fund. First, deposit any financial windfall into

the fund. If you receive a bonus from your employer, an unexpected commission or a tax refund, sock it away in the emergency fund. You won't miss what you didn't have before.

In lieu of a windfall, find a little bit of money to save regularly and put it away. Aim for three to six months of expenses as a target. This discipline can help you build your emergency fund sooner than you might think.



Have Travel, Save Money



Summer is traditionally when we find time to kick back, take a vacation and enjoy the weather. This season can also take a bite out of your budget. Here are a few tips to help you not break the bank this summer.

Ways to Save

- If you plan to travel by air, consider off-peak hours and flexible travel dates. Both could save you a sizable sum.
- If you're staying home this summer, suspend your gym membership for a couple of months and bike, hike and exercise outdoors instead.

Too Good to be True

As college debt soars, so do the number of scams trying to separate you from your money. The Federal Trade Commission, several states and the District of Columbia are cracking down* on deceptive student loan debt relief scams. If you have student loans, it pays to beware.

Know their Tricks

Scammers can duplicate government seals, making their emails look official. Among their false promises is their claim of fast loan forgiveness if you pay an upfront fee. First, no legitimate student loan lender will ask for that fee for debt relief. It's illegal. Second, no one can offer immediate loan forgiveness.

Check for the authenticity of anyone claiming to be from the Department of Education. Delete the emails and hang up on phone calls from pretenders. The department and legitimate private lenders offer ways to make paying back student debt easier.

* Federal Trade Commission "Game of Loans: The stark truth about student loan 'debt relief' claims" by Lesley Fair, October 13, 2017



- Buy a grill and outdoor furniture at the end of summer, when clearance prices are likely to dominate.
- Keep your blinds and curtains closed during the sunniest part of the day. This will lessen the load on your air conditioning.
- Raise your AC thermostat a degree or three. This simple step will add up in savings over time.

Paid Leave Options

Do you know which benefits your employees value? Employees often list health insurance and a retirement plan among their most desired benefits, but paid time off is also important in today's pressurized work environment.



A Changing Benefit

Companies offer paid time off to employees for sickness, vacation, maternal/paternal leave and personal reasons. While a newer trend is to offer a bank of days and let employees take time off for any of the qualifying reasons, others still structure time off by event, such as sickness or vacation.

Sick Time

Employers typically offer this perk as a set number of paid sick days, or they may offer insurance to pay for the time off. Insurance is more likely to be involved when employees need longer absences due to disability from an illness or injury.

Vacation Time

While most employers still offer a set number of vacation days, typically based on seniority, a growing number of companies offer unlimited paid leave options. According to Project Time Off,* the

average number of vacation days used in 2016 was 16.8. However, employees left 662 million vacation days unused.

Knowing many employees don't take their full vacations, it's not surprising that the newest vacation trend — unlimited time off — hasn't resulted in a flood of workers taking off indefinitely. A refreshed and renewed workforce may mean more productive employees, so encourage them to take the time off they — and your company — need.

Parental Leave

The Family and Medical Leave Act ensures that eligible parents who work for employers with at least 50 employees can take up to 12 weeks off. While federal law doesn't require paid leave, some local jurisdictions mandate it.

Paid Time Off — Period!

Some companies combine all time off into one basket. For example, Company X might offer 30 days time off for any qualifying reason, including health, vacation and personal reasons. This contrasts to the old approach where the same company might have offered 21 vacation days, seven sick leave days and one or two personal days.

Talk to an employee benefits specialist to learn how you might structure time off and other benefits to attract and retain skilled workers.

*GfK conducted an online survey from January 26-February 20, 2017 with 7,331 American workers, age 18+, who work more than 35 hours a week and receive paid time off from their employer.

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