



# North American Management

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## Do You Need Financial Planning?

Many of you may have put together a financial plan along with your estate documents at some point in your history with North American Management. As you may know, financial planning is as much a *process* as an event and now could be the time to update or create a new plan to preserve and grow your wealth.

***Not sure if this applies to you?*** Here's a quiz to help:

If you know the answers to all ten of the following questions, your financial plan is probably in great shape. But if one or more of these leave you wondering, it might be time to give us a call.

**1. Can I maintain my current lifestyle for the rest of my life?**

If you live into your 90s with inflation at 2-3%, it's not just what you are spending today but what you are going to need as you get older. Cash flow projections can help you determine how much you can afford to spend and how much you need today to make it last.

**2. Have I reviewed my estate documents in the last five years?**

Tax laws change, family circumstances change. If you haven't reviewed your estate documents (will, trusts, powers of attorney) within the last five years, now is a good time to make sure they are still reflective of your wishes.

**3. How much am I going to need for health care and long term care as I age?**

It is estimated you may spend as much as \$300,000 out of pocket for medical care between age 65 and 90. And long term care costs in continuing care and assisted living facilities can be as high as \$20,000 per month. You want to make sure any cash flow projections have included allowances for these medical and long term care costs.

**4. Are my children and grandchildren prepared for the wealth I will leave them?**

We are often reluctant to share the details of our financial information with our children, but that can leave them unprepared for sudden wealth. A strategy to financially educate your heirs can lead to preserving wealth across multiple generations to come.

**5. Do I have a tax-efficient strategy for my annual charitable giving?**

Planning ahead for charitable giving each year can lead to tax savings. Using your Required Minimum Distribution and low basis stock (rather than cash gifts) could provide opportunities to avoid additional taxes.

**6. Have I taken advantage of all the ways to transfer what I don't need to my children and grandchildren?**

While trusts are a key component of efficient wealth transfer, Roth IRA conversions and using the annual gifting exclusion can provide additional opportunities for reducing your taxable estate.

**7. Am I using all of the tax-deferred and tax-free opportunities to reduce my income taxes now?**

Maximizing contributions to employer retirement plans, health savings accounts and flex spending accounts can reduce the amount of taxes you pay while you are working.

Contributions to college savings accounts and certain life insurance policies can also reduce or delay income tax down the road.

**8. Do I know how much of my monthly spending is fixed and how much is discretionary?**

Knowing how much of your spending is really fixed versus discretionary allows you to plan for the unexpected and reduces the risk of running out of money later in life.

**9. If I am under 65, am I planning to optimize my Social Security benefits?**

There are 83 different combinations of Social Security benefits you and your spouse can claim. Each year you wait to take benefits between 66 and 70, your benefit increases by 8%. Make sure you know which combination makes sense for your needs and your tax bracket.

**10. Do I have a succession plan in place for my business?**

If your business is a significant part of your net worth, you will want an easy way for your heirs to monetize the value when you are gone. Life insurance policies and employee stock plans are just two mechanisms to transfer this part of your estate effectively.

***How did you do on the quiz?***

These are just a few ideas we would be happy to discuss with you when considering your financial planning needs. Please contact your Relationship Manager if you would like to explore any of these ideas in more detail.