YOUR FINANCIAL FUTURE

Your Guide to Life Planning

August 2011

In This Issue

Stepping In When Your Parents Can No Longer Manage

It's a decision most adults dread: having to take over the financial and day-to-day living decisions for parents who can no longer manage on their own. When caring for your parents, you may need to plan on three levels: managing finances, making health care decisions, and making sure their daily household needs are met.

Strategies for Smart Retirement Planning

Some factors that influence your retirement savings results, such as the types of investments available to you through your plan and the performance of the financial markets, can't always be controlled. But there are some factors you can influence that can help keep your portfolio on track.

Joe Ridenour
FORUM Private Client Group
Vice President
11313 USA Parkway
Fishers, IN 46037
317-558-6321
joe.ridenour@forumpcg.com

Stepping In When Your Parents Can No Longer Manage

It's a decision most adults dread: having to take over the financial and day-to-day living decisions for parents who can no longer manage on their own. When caring for your parents, you may need to plan on three levels: managing finances, making health care decisions, and making sure their daily household needs are met. Finding qualified experts who can advise you in these areas may make it easier to manage the situation.

If your parents work with a financial advisor, try to arrange a joint meeting where all parties can review the situation.

Managing Finances

If your parents currently are able to communicate, try to initiate a conversation about how they would like their money to be managed. Rather than telling them what to do, be clear that you would like to help and to make sure that their wishes are met. Access to bank and brokerage statements, insurance policies, and other financial documents may help you to safeguard your parents' assets.

If your parents work with a financial advisor, try to arrange a joint meeting where all parties can review the situation. If you pay your parents' bills and manage their checkbook, arranging for direct deposit of Social Security or pension benefits, as well as electronic delivery of recurring bills, could expedite the process.

Arranging for Health Care

If your parents are mentally competent, ask them about consulting a lawyer who can draft a health care proxy, a legal document designating you (or another person) to make decisions about medical care when they are no longer able to do so. If your parents have opinions about end-of-life care, their wishes can be incorporated into a living will, another legal document.

Even without these documents, the medical establishment is likely to look to you or other siblings to make decisions about health care, which could include arranging for long-term care or making end-of-life decisions. As part of this process, determine the type of medical insurance that your parents have and what it covers.

Overseeing Daily Living Activities

If your parents are able to remain in their home, you may need to consider helping them to manage medication, to conduct daily tasks such as bathing or meal preparation, and to make arrangements for assistance with household chores. A visiting nurse and home care agency may provide assistance in these areas.

You may want to consider consulting a Professional Geriatric Care Manager, a professional who may help arrange for home care, provide crisis intervention, and help you identify solutions to potential problems. You can learn more at www.caremanager.org.

Managing a parent's affairs can be complicated, but arranging for support from qualified people may help you care for parents in a way that meets their needs and does not create too much stress on you.

Whether retirement is just around the corner or 30 to 40 years away, regularly setting money aside -- particularly in a tax-deferred vehicle such as a 401(k) or tax-exempt account like a Roth IRA -- can often be the smartest move you can make.

Strategies for Smart Retirement Planning

A study conducted by the Employee Benefit Research Institute estimated that the average American worker will face a retirement savings shortfall of more than $47,000.[1] How can you avoid a similar fate?

Some factors that influence your retirement savings results, such as the types of investments available to you through your plan and the performance of the financial markets, can't always be controlled. But there are some factors you can influence that can help keep your portfolio on track.

Step 1: Stay invested.

It's not easy to see your account value decrease after a decline in the stock market, particularly after a steep, sudden drop of 10% or more. But one of the dangers of cashing out is missing a potential market rebound. Trying to "time" the market is a strategy even the most-seasoned financial professionals have difficulty mastering. It can also lead investors into the trap of "chasing gains"; that is, moving your money from one investment that's lagging into another one that's currently achieving better performance.

Step 2: Regularly monitor your investment mix.

One of the benefits of a diversified portfolio is balance. If one type of investment is experiencing losses, another type may be earning gains. Over time, these gains and losses may cause your asset allocation to skew away from your target mix.[2] Or your tolerance for risk may evolve over time. Lifestyle changes can also necessitate a readjustment to your allocation. That's why it's important to monitor your mix and make adjustments when necessary.

Step 3: Increase your savings rate.

Perhaps the most important way to help fund your future is to sock away as much as possible. Finding the extra money to invest can be tough -- you've got plenty of expenses to worry about today without the added anxiety of worrying about tomorrow. But every dollar you can spare can make a difference. Whether retirement is just around the corner or 30 to 40 years away, regularly setting money aside -- particularly in a tax-deferred vehicle such as a 401(k) or tax-exempt account like a Roth IRA -- can often be the smartest move you can make.

2011 Retirement Plan Account Limits

Maximum contribution limit for 401(k), 403(b), and 457 plan participants	$16,500
Maximum additional "catch-up" contributions for 401(k), 403(b), and 457 plan participants age 50 and older	$5,500
Maximum traditional IRA contribution	$5,000
Maximum additional "catch-up" contributions for traditional IRA account holders age 50 and older	$1,000
Maximum contribution limit for SIMPLE retirement accounts	$11,500
Maximum contribution limit for Roth IRAs[3]	$5,000

[1] *Source: Employee Benefit Research Institute, EBRI Notes, October 2010.*

[2] *Diversification and asset allocation do not ensure a profit or protect against a loss in a declining market.*

[3] *Roth IRA contributions may be made only by single taxpayers with modified adjusted gross incomes (MAGIs) of less than $122,000 and married joint filers with MAGIs of under $179,000. Phase-out limits for partial contributions also apply. If your MAGI is close to or over these limits, talk to your financial or tax professional before contributing to a Roth IRA.*