

Financial Issues

WINTER 2019

CEFCU® Investment Services and Wealth Management

Major Risks to Family Wealth

All too often, family wealth fails to last. Losses commonly occur because of lack of planning, lack of communication, and cybersecurity attacks.

Minimal or absent estate planning

Every year, people from all walks of life who have accumulated substantial assets pass without leaving any instructions for asset distribution. According to a recent Caring.com survey, 58% of Americans do not have an estate plan in place — nor even a basic will.¹

Anyone reliant on a will alone risks handing the destiny of their assets to probate, which can be slow, costly, and make funds that are part of an estate public record instead of remaining private. Without proper planning, the dynamics of blended families and tax laws can also have potentially negative effects on a family's assets. A well thought-through, flexible estate plan designed to adapt to life's changes and maximize tax benefits can perpetuate and enhance family wealth for decades.

Lack of communication

In some families, financial decision-making is still “vertical and top-down” — meaning parents or grandparents make decisions in private. Then, when heirs become decision-makers, they often don't know how to manage the “new” money and may have to deal with the lost potential for tax-advantaged growth and compounding of all assets.

Horizontal decision-making — discussion about financial assets between multiple generations is best. Having a trusted financial advisor to help guide communication between family members is an important step.

Cyber Risks

As it pertains to a family's asset protection, ask:

- ◆ What are your family's digital “footprints” from a financial perspective?
- ◆ What steps are being taken to manage those footprints?

If digital footprints aren't protected, hackers can hijack email and social media accounts. Using that information, identity thieves can send phony messages to financial institutions and advisors to authorize asset transfers, and try to steal other tangible assets.



Continued on page 2



Kevin Barbier
Trust & Investment
Management Officer
CFP® Professional

With Kevin, you can discuss options, like:

- ◆ Trusteed IRAs ◆
- ◆ Investment Management ◆
- ◆ Estate Planning ◆
(including Estate Settlement)
- ◆ Retirement Planning ◆
- ◆ Corporate and/or Successor Trustees ◆
- ◆ Asset Protection Trusts ◆

Major Risks to Family Wealth, continued

Reduce cyber risks by:

- ◆ Using strong passwords for computer applications and programs. Consider using a password manager to keep track of passwords.
- ◆ Backing up important files offline. Store paper files securely, too.
- ◆ Setting up transaction/fraud alerts on debit and credit cards.
- ◆ Checking account statements and credit reports regularly.

For more tips, check out the News and Security Updates at cefcu.com.

Ensure your wealth and your legacy are preserved with proper estate planning and guidance. Contact Kevin Barbier, Trust and Investment Officer and CERTIFIED FINANCIAL PLANNER™ professional, part of the Member's Trust Company and the CEFCU® Wealth Management team. For more information or to schedule an appointment, call 309.633.3836 or 1.800.356.7865, ext. 33836, or go to cefcu.com/wealth.

Citations.

1 - cbsnews.com/news/failing-to-have-a-will-is-one-of-the-worst-financial-mistakes-you-can-make [3/13/19]

CEFCU® Wealth Management

Personal Banking Available, Too!

If you need personal banking options in addition to wealth management services, a member of CEFCU's Private Member Group can meet with you at your office or home — whichever is most convenient for you. Services include facilitating:

- ◆ Personal lines of credit
- ◆ Jumbo or specialized mortgages
- ◆ Construction financing
- ◆ And, much more!

Brad Schupp, CEFCU's Private Member Group manager, has over 25 years of experience serving members with diverse financial needs. Contact Brad at 309.633.7489 or 1.800.356.7865, ext. 37489 or at bschupp@cefcu.com.



Money Tips for Newly-Married Couples

In a recent study, 35% of married couples cited money as their primary source of stress.¹ While there are many potential causes of financial stress, a good way to reduce it starts with regular communication about money early in marriage.

Set goals

Whether it's buying a home, taking a vacation, paying off debt, saving for retirement (or "all of the above!"), discuss what you want to accomplish and what you can realistically afford.

Create a budget

Tried and true, a budget can help you develop a spending and savings plan that reflects mutually agreed-upon priorities. Make a list of your shared assets and debts, including credit cards and loans. Determine how you can best pay down debt and save for future goals. Talk about your day-to-day and discretionary spending habits, too.

Set the foundation for your financial house

Nearly 60% of Americans have less than \$1,000 saved.² So, it's important to set aside an emergency fund. Depending on your monthly expenses and your income, a minimum of three months worth of expenses saved is recommended for a double-earner household.³ To get started, determine what bills you absolutely have to pay every month to get by. Building an emergency fund beyond six months is ideal to ensure you can cover essential bills AND have additional funds for an unexpected expense.

Make money decisions together

Share financial decision-making! When both spouses are vested in all choices, it helps reduce friction that can come from a single decision-maker. If you decide one of you will pay bills, consider having all your accounts at one financial institution for convenient, joint access so you both know where you stand. Online and mobile applications for your finances make that a snap.

Update paperwork

You may need to update your Social Security card, credit cards, and beneficiaries on certain accounts. You may also need to re-evaluate your insurance coverage, review tax withholding, and revise (or create) a will.

Get feedback about your goals

A financial advisor? Do we really need one? What will it cost? Can we trust someone else with our money? CEFCU Investment Services Advisors provide sound, unbiased advice for the short-term, the long-term, and everything in between. Our Advisors follow the same standards that guide CEFCU — the Credit Union you know and trust — always looking out for your best interests.

Schedule a NO-OBLIGATION appointment with an Investment Services Advisor by phone, online, or in person at most Member Centers. Call 309.633.2571 or 1.800.356.7865, ext. 32571, or go to [cefcu.com/invest](https://www.cefcu.com/invest).

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Citations.

1 - [cnbc.com/2018/07/10/five-money-mistakes-that-can-destroy-a-marriage.html](https://www.cnbc.com/2018/07/10/five-money-mistakes-that-can-destroy-a-marriage.html) [7/11/18]

2 - [fool.com/investing/general/2015/07/23/emergency-fund-guidelines-do-you-really-need-3-6-o.aspx](https://www.fool.com/investing/general/2015/07/23/emergency-fund-guidelines-do-you-really-need-3-6-o.aspx) [11/24/18]

3 - [businessinsider.com/how-much-money-to-save-in-emergency-fund-rules](https://www.businessinsider.com/how-much-money-to-save-in-emergency-fund-rules) [7/27/19]

Call Us Today!

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