

THE ROUND TABLE

As Your Parents Age, Help Them Protect Their Finances

It's heartbreaking to hear stories of people losing money (even their life savings) as a result of fraud or financial exploitation, especially if they are older and financially vulnerable. In fact, it's quite common. People age 70 and older reported losses of \$567 million in 2022.¹ You know your parents could be at risk, and you want to protect them, but how?

One place to start is by looking for warning signs that your parents have been victimized, or are at risk of being influenced, manipulated, or coerced by a stranger or someone they know.

- Unusual bank account activity, including large or unexplained withdrawals, and nonsufficient fund notices
- Missing checks, credit cards, or financial statements
- Unpaid bills
- Lost money or valuables that can't be located after a thorough search
- Relationships with people who seem to have undue influence
- Unexplained changes to legal documents
- Declining memory and decision-making skills

Regularly checking in with your parents may help you spot issues that need to be addressed. If your parents have fallen victim to a financial scam or are being pressured for money from someone they know, they may be embarrassed or reluctant to tell you, even if you ask. Do your best to remain objective and nonjudgmental, and patiently listen to their views while expressing your own concern for their well-being.

Laying some groundwork to help prevent future incidents is also important. For example, talk to your parents about how they might handle common scams. Let them know it's a good idea to get a second opinion from you before acting on any request for information or money, even if it seems to come from their financial institution, a well-known company, law enforcement, a government agency such as the IRS or Social Security Administration, or even a grandchild in trouble.

Encourage them to set up appointments with their elder law attorney or financial professional to talk about concerns and legal and financial safeguards. They might also want to add layers of protection to their financial accounts, such as naming a trusted contact or setting up account alerts.

People are often reluctant to report financial fraud or exploitation, either out of embarrassment or fear of being wrong. But if you suspect your parents have been victimized, you can get help from many sources, including the National Elder Fraud Hotline, sponsored by the U.S. Department of Justice. You can call (833) 372-8311 to be connected with case managers who will assist you and direct you to additional resources.

1) Federal Trade Commission, 2022

Yours, Mine, and Ours: Financial Tips for Blended Families

Combining finances can be complicated for any couple, but the challenges become more complex the second time around, especially when children are involved. Here are some ideas to consider if you are already part of a blended family or looking forward to combining households sometime soon.

Be Clear and Comprehensive

It's important to reveal all assets, income, and debts, and discuss how these should be treated in your combined family. A prenuptial agreement may seem unromantic, but it could prevent acrimony and misunderstanding if the marriage ends through divorce or the death of a spouse. If you don't want a legal agreement, have an open and honest discussion, and lay all your cards on the table. It's not too late to clarify the situation after you've tied the knot.

One of the most fundamental issues is where you and your new spouse will live. It might be more convenient — and perhaps better financially — to move into a residence that one of you already owns. But couples in a second marriage often report that moving into a new home gives them a feeling of a fresh start, which could have value that can't be measured financially.¹

Create a blueprint for short-term and long-term finances. Do you plan to combine bank accounts or keep separate accounts, perhaps with a joint account to pay shared expenses? To what accounts will each of your salaries be deposited? Will one spouse help pay off the other spouse's debts such as student loans, auto loans, and credit cards? Research suggests that remarried couples are generally happier when they pool resources, but there are many variations in how that might be carried out.²

Consider the Kids

Discuss how you plan to handle financial responsibility for children from previous marriages versus any children you have together. Are they going to be "your kids, my kids, and our kids," or are they all "our kids"? Being a stepparent and/or a divorced parent can be complex emotionally, and there are no easy answers. But there are some not-so-complex financial questions you should address up front.

Be clear about alimony payments, child support, and other financial responsibilities. For example, what is each spouse's intention and/or legal obligation to pay college tuition costs for children from a previous marriage? Are there assets that one spouse wants to reserve for the benefit of his or her children? Is the other spouse willing to waive rights to those assets?

Communicating and planning with an ex-spouse is essential if you share custody of children. Along with responsibilities for everyday expenses, be sure you understand and agree on other financial issues, such as who will claim the child as a beneficiary on tax returns, and who is the "custodial parent" for purposes of financial aid applications. A beneficiary deduction may be more valuable for a parent with higher earnings, but a custodial parent with lower earnings may enable a student to qualify for more financial aid.

Update Wills and Beneficiary Forms

Be sure that your will and all beneficiary forms reflect your new situation and current wishes. A will can designate heirs and facilitate distribution of assets when an estate goes through the probate process. However, the assets in most pension plans, qualified retirement accounts, and life insurance policies convey directly to the people named on the beneficiary forms — even if they are different from those named in your will — and are not subject to probate. By law, your current spouse is the beneficiary of an ERISA-governed retirement account such as a 401(k) plan. If you want to designate an ex-spouse or children from a previous marriage as account beneficiaries, you must obtain a notarized waiver from your current spouse.

Blending families can be challenging on many levels. Financial matters may be easier to deal with than personal aspects as long as you take appropriate steps to identify the issues and agree on your shared financial goals.

1–2) American Psychological Association, August 23, 2019 (most current information available)

Give Your Money a Midyear Checkup

If 2023 has been financially challenging, why not take a moment to reflect on the progress you've made and the setbacks you've faced? Getting into the habit of reviewing your finances midyear may help you keep your financial plan on track while there's still plenty of time left in the year to make adjustments.

Goal Overhaul

Rising prices put a dent in your budget. You put off a major purchase you had planned for, such as a home or new vehicle, hoping that inventory would increase and interest rates would decrease. A major life event is coming up, such as a family wedding, college, or a job transition.

Both economic and personal events can affect your financial goals. Are your priorities still the same as they were at the beginning of the year? Have you been able to save as much as you had planned? Are your income and expenses higher or lower than you expected? You may need to make changes to prevent your budget or savings from getting too far off course this year.

Post-Tax Season Estimate

Completing a midyear estimate of your tax liability may reveal planning opportunities. You can use last year's tax return as a basis, then factor in any anticipated adjustments to your income and deductions for this year.

Check your withholding, especially if you owed taxes or received a large refund. Doing that now, rather than waiting until the end of the year, may help you avoid a big tax bill or having too much of your money tied up with Uncle Sam.

You can check your withholding by using the IRS Tax Withholding Estimator at [irs.gov](https://www.irs.gov). If necessary, adjust the amount of federal income tax withheld from your paycheck by filing a new Form W-4 with your employer.

Investment Assessment

Review your portfolio to make sure your asset allocation is still in line with your financial goals, time

horizon, and tolerance for risk. How have your investments performed against appropriate benchmarks, and in relationship to your expectations and needs? Looking for new opportunities or rebalancing may be appropriate, but be cautious about making significant changes while the market is volatile.

Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. All investing involves risk, including the possible loss of principal and there is no guarantee that any investment strategy will be successful.

More to Consider

Here are five questions to consider as part of your midyear financial review:

1. Do you have an emergency fund?
2. Can you put more into your health savings account?
3. Have you checked your credit score recently?
4. What are the interest rates on your credit cards?
5. How much money is left in your flexible savings account?

Retirement Savings Reality Check

If the value of your retirement portfolio has dipped, you may be concerned that you won't have what you need in retirement. If retirement is years away, you have time to ride out (or even take advantage of) market ups and downs. If you're still saving for retirement, look for opportunities to increase retirement plan contributions. For example, if you receive a pay increase this year, you could contribute a higher percentage of your salary to your employer-sponsored retirement plan, such as a 401(k), 403(b), or 457(b) plan. If you're age 50 or older, consider making catch-up contributions to your employer plan. For 2023, the contribution limit is \$22,500, or \$30,000 if you're eligible to make catch-up contributions.

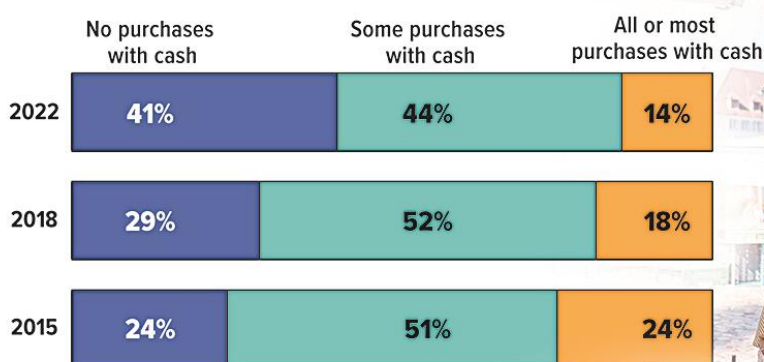
If you are close to retirement or already retired, take another look at your retirement income needs and whether your current investment and distribution strategy will provide enough income. You can't control challenging economic cycles, but you can take steps to help minimize the impact on your retirement.

More Americans Embrace the Cashless Economy

A growing number of Americans are going "cashless" for everyday purchases like groceries, gas, services, and meals compared to previous years. A cashless payment might be made using a debit or credit card, or a payment app or mobile wallet on a smartphone.

In 2022, about 41% of Americans said none of their purchases in a typical week were paid for using cash, up from 29% in 2018 and 24% in 2015. Among affluent households, 59% said they didn't use cash for any typical weekly purchases. The trend of not carrying cash varies by age, with 54% of people under age 50 saying they don't worry much about whether they have cash on hand compared to 28% of people 50 and older.

Percentage of Americans who use cash in a typical week for everyday purchases



Source: Pew Research Center, 2022 (numbers do not equal 100% due to rounding)