

"Money Sense"

February 2004

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Call for an appointment: 262-938-9060

Tuesdays 8:30 a.m. - 11:30 a.m.

Thursdays 1:00 p.m. - 4:00 p.m.

When we think of our investments we generally think in terms of their potential growth or performance. What I have found is that the real return comes from the planning that is done to protect that nest egg and the people we love.

Several years ago I met Kathy and Bill; both were retired, healthy and living in their own home, they had two children who lived out of state, they were very private people and they had chosen not to discuss their finances or their estate plan with their children.

With no advance warning Bill suffered a stroke and it became clear that he would never return home. Their doctor recommended that Bill receive the care a skilled nursing facility could provide. Both of their children came home to help Kathy but everything happened so fast and unexpectedly, no one knew how to get started.

They began the search to find a facility only to realize that their mother needs a durable power of attorney for health care in order to place their father in a facility without his consent. Since Bill is not capable of making that decision and Kathy does not have a durable power of attorney, she must petition the court for legal guardianship which will allow her to make both medical and financial decisions on Bill's behalf. Kathy and Bill never needed an attorney until now. Who can she trust? Who will understand? Who will help?

Kathy and Bill found great comfort in making decisions together. For the first time Kathy felt lost and terrified that she might make the wrong decision. She wanted a nice facility for Bill but she had no idea what they could afford. She wanted her children to be involved but didn't know how and in a very short time they would both be gone.

It is because of Kathy and Bill, and many similar situations that we have stepped outside of the box of a traditional financial institution to work with Alexian Village. We know how difficult and frightening it feels not knowing what to do. We are committed to providing a unique service to our clients and the residents at Alexian Village. Our services include not only investment planning but also planning for all of the unexpected situations that cause stress in families and erode individuals nest eggs. We refer to what we do as "Lifetime Planning."

I felt that I was providing a valuable service when I introduced Kathy and her children to an attorney that could draft the necessary paperwork to establish Kathy as legal guardian for Bill. The attorney also reviewed their current will, which was old and did not address the Wisconsin Marital Property Law. In addition he found that the children were named as personal representatives for their parents estate, however, since the children live out-of-state, the court needed to appoint an alternate who is a Wisconsin resident. They were surprised to find out that establishing a guardianship was costly and took several weeks to complete.

The attorney suggested a "Revocable Living Trust" rather than a Will. There were several reasons that it was a better alternative than a Will but the main reason was that Kathy could name her two children as Trustees even though they lived outside of Wisconsin.

The attorney requested that we make a list of all Kathy and Bill's assets so that we could determine an amount Kathy could comfortably afford. Many hours were spent inventorying their current investments and determining how they were titled. Until the inventory was completed it was difficult to determine how to pay for the skilled facility. Once the list was complete we contacted each of the investment accounts that had beneficiary designations to see who was the named primary and contingent beneficiary. Those assets included insurance and annuity policies, bank and brokerage accounts, and mutual fund companies holding qualified plans or IRAs. Since most of the assets were held in joint tenancy, much of the work could not be done until the guardianship was in place.

What I have learned is that it is very important to evaluate your current situation. I remember many years ago when I was a Vice President in the M&I Trust department. I gingerly started a conversation with my mother about the necessity of having Durable Powers of Attorney in the event that something happened to either one of them. I told my mother a story similar to the one above and said that she would need to get a guardianship for my Dad if something happened to him. I even explained to her that she couldn't sign their taxes if he became incapacitated. Her reply was "I have been married to your dad for forty years...I can do anything I want for him!" She argued, but the truth was she would have no authority and we ended up establishing the necessary documents not only for her and my dad but also for the four of us children who would want to help all we could to make a difficult situation easier.

Ellenbecker Investment Group would very much like to be your champion in helping you to evaluate your current estate plan. Please call us if you would like us to meet with you in your home to discuss your personal situation.

APRIL 15th is drawing near....call us to pick up your tax information and introduce you to one of our Tax Planners.

Have a wonderful St. Patrick's Day! Blessings, Karen Ellenbecker

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