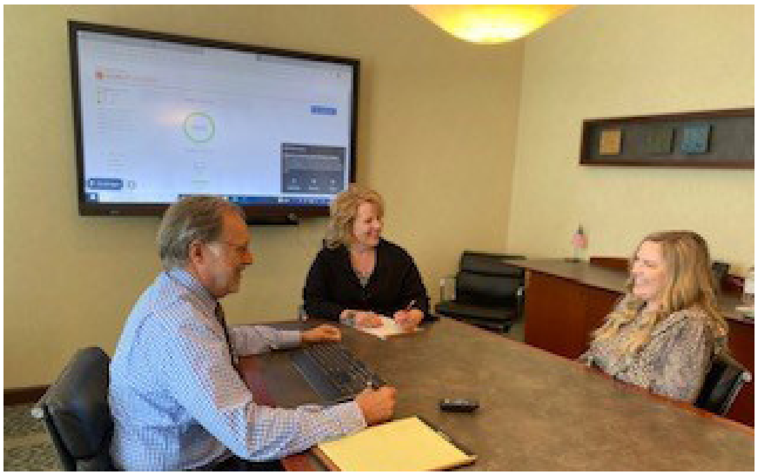
HOLDEN & MICKEY, INC.
Investment & Insurance Advisors
Serving Clients Since 1930

March 2022 | Vol. 10 No. 1 | Quarterly Updates

Meeting In the Office Again



As the pandemic transitions to endemic, we are encouraging all clients who wish to meet with us in person to do so. We want to see your expressions and hear what is going on in your lives.

While the world has changed and comfort with technology has increased, we certainly anticipate zoom and telephone meetings to continue. However, we are excited to reconnect in person as well.
John Mickey recently stated that he has already had more lunch meetings with clients this year than he had in all of 2021!

No matter what you choose-in person, zoom or telephone meetings, we look forward to seeing you soon.

The information provided is not written or intended as specific tax or legal advice. Holden & Mickey, its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel. Individuals involved in the estate planning process should work with an estate planning team, including their own personal legal or tax counsel.

About Us:
- *Holden & Mickey, Inc. designs, implements, and monitors financial plans for high net worth individuals. Our firm has been working with clients in this area since 1930. Holden & Mickey advisors are highly credentialed and multi-generational in their focus on wealth management.

Holden Mickey, Inc

336-724-1810
www.holdenmickey.com

Holden & Mickey Principals

Lawrence N. (Chip) Holden, CLU®, ChFC®
lholden@holdenmickey.com

John E. Mickey, CLU®, CLTC
jmickey@holdenmickey.com

Gerald M. (Gerry) Malmo, III, CLTC
gmmalmo@holdenmickey.com

David L. Holden, CFP®, CLU®, ChFC®, CLTC
davidholden@holdenmickey.com

Steven H. Davis, CEPA
sdavis@holdenmickey.com

Brian J. Holden
brianholden@holdenmickey.com

Capital Towers
4350 Congress St., Suite 300
Charlotte, NC 28209
(704) 557-9600

Major Risks to Family Wealth

Protect your family assets for future generations.

Financial markets can be challenging to understand. All too often, family wealth fails to last. One generation builds a business—or even a fortune— lost in the ensuing decades. Why does it happen, again and again?

Often, families fall prey to serious money blunders, making classic mistakes, or not recognizing changing times.

This article is for informational purposes only and is not a replacement for real-life advice. Make sure to consult legal and tax professionals before modifying your overall estate strategy.

Procrastination. This is not just a matter of failing to create a strategy but also failing to respond to acknowledged financial weaknesses.

As a hypothetical example, say there is a multimillionaire named Alan. The designated beneficiary of Alan's six-figure savings account is no longer alive. He realizes he should name another beneficiary, but he never gets around to it. His schedule is busy, and updating that beneficiary form is inconvenient. Alan forgets about it and moves on with his life.

However, this can cause significant headaches for those left behind. If the account lacks a payable-on-death (POD) beneficiary, those assets may end up subject to probate. Using our example above, Alan's heirs may discover other lingering financial matters that required attention regarding his retirement accounts, real estate holdings, and other investment accounts.[1]

Minimal or absent estate management. Every year, some multimillionaires die without leaving any instructions for distributing their wealth. These people are not just rock stars and actors but also small business owners and entrepreneurs. According to a recent Caring.com survey, 58% of Americans have no estate preparations in place, not even a will.[2]

Anyone reliant on a will alone may risk handing the destiny of their wealth over to a probate judge. The multimillionaire who has a child with special needs, a family history of Alzheimer's or Parkinson's, or a former spouse or estranged children may need a greater degree of estate management. If they want to endow charities or give grandkids an excellent start in life, the same idea applies. Business ownership calls for coordinated estate management with consideration for business succession.

A finely crafted estate strategy has the potential to perpetuate and enhance family wealth for decades, and perhaps, generations. Without it, heirs may have to deal with probate and a painful opportunity cost—the lost potential for tax-advantaged growth and compounding of those assets.

The lack of a "family office." Decades ago, the wealthiest American households included offices: a staff of handpicked financial professionals who supervised a family's entire financial life. While traditional "family offices" have disappeared, the concept is as relevant as ever. Today, select wealth management firms emulate this model: in an ongoing relationship distinguished by personal and responsive service, they consult families about investments, provide reports, and assist in decision-making. If your financial picture has become far too complex to address on your own, this could be a wise choice for your family.

Technological flaws. Hackers can hijack email and social media accounts and send phony messages to banks, brokerages, and financial professionals to authorize asset transfers. Social media can help you build your business, but it can also expose you to identity thieves seeking to steal both digital and tangible assets.

Sometimes a business or family installs a security system that proves problematic—so much so that it's silenced half the time. Unscrupulous people have ways of learning about that, and they may be only one or two degrees separated from you.

continued on page 3

continued from page 2

No long-term strategy in place. When a family wants to sustain wealth for decades to come, heirs will want to understand the how and why, and be on the same page. If family communication about wealth tends to be more opaque than transparent, then that communication may adequately explain the mechanics and purpose of the strategy.

No decision-making process. In some high net worth families, financial decision-making is vertical and top-down. Parents or grandparents may make decisions in private, and it may be years before heirs learn about those decisions or fully understand them. When heirs do become decision-makers, it is usually upon the death of the elders.

Horizontal decision-making can help multiple generations commit to the guidance of family wealth. Financial professionals can help a family make these decisions with an awareness of different communication styles. In-depth conversations are essential; good estate managers recognize that silence does not necessarily mean agreement.

You may attempt to reduce these risks to family wealth (and others) in collaboration with financial and legal professionals. It is never too early to begin.

Citations

1. SmartCapitalMind.com, February 4, 2022

2. Yahoo.com, January 18, 2022

Taking Charge of Your Financial Life

Delegating responsibilities to others may lead to problems down the road.

When you are putting together a household, it isn't unusual to delegate responsibilities. One spouse or partner may take on the laundry, while another takes on the shopping. You might also decide which one of you vacuums and which one of you dusts. This is a perfectly fine way to divvy up household tasks and chores.

One household task it's valuable for both partners to take part in, however, is your shared financial life. It's important, regardless of your level of wealth or stage of life. Counting on one spouse or partner to handle all financial decisions can create a gap for the other partner. Should the one in charge of the money separate, become severely disabled, or pass away, that may leave the other partner in a bind. A situation like that is probably difficult enough without adding additional stress.

Begin the conversation. If you are the partner who isn't steering the household finances, ask yourself why. It may be that you have preconceived notions about how difficult it might be to educate yourself to make informed decisions. Maybe you know how to do it, but you would simply rather not be bothered. It's also possible that you recognize that your spouse or partner has a particular expertise in these matters and doesn't need your help.

Regardless of the reason, it's probably a good idea that you should at least be able to hop into the driver's seat, should misfortune strike your household. In that unfortunate circumstance, you should feel confident that whatever the reason or the duration, you won't have any unnecessary concerns about managing your household's finances.

For example, what if you have insurance that covers extended care, in case of a severe injury that causes your spouse or partner to be away from work for an indefinite period? How will you be certain that the claim is made? Who will make sure the bills get paid? The job will fall to you.

Getting involved. The good news is that through communication, regular conversations, and a little effort, you can probably learn what you need to know

continued on page 4

continued from page 3

in order to help yourself in these situations. Part of this, too, may be meeting and getting to know the financial professional who works for your household.

The more knowledge you have, the more confident you can become. Starting the conversation is just the first step. It may take you some time to become comfortable in taking a greater role in the decision-making, but when you do, you may feel more confident if the responsibility ever falls solely to you.

RMDs Get a Small Reprieve

2022 brings new life expectancy tables.

For the first time in nearly 20 years, the IRS has released updated actuarial or life expectancy tables. Those who take required minimum withdrawals (RMD) from retirement accounts may already know we use these tables to calculate your RMD. Using these new tables is relatively simple, but here are some considerations to keep in mind.

What's my RMD? We determine the required amount you must withdraw annually by dividing the previous year-end balance of your qualifying accounts by what the IRS calls a "life expectancy factor." The newest tables assume we'll live longer, which may impact the amount you need to withdraw.

What about inherited accounts? There are some exceptions, but you must generally withdraw all assets within ten years, regardless of your life expectancy. The Secure Act eliminated the ability to "stretch" your withdrawals across your lifetime if the original account owner passed away in 2020 or later.

While most RMD calculations are straightforward, the process can get more complicated if you have multiple accounts or other sources of retirement income. Before modifying your current strategy, consider reaching out to your financial or tax professional for help.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Holden Mickey, Inc

Holden & Mickey, Inc
100 N Cherry St
Suite 500
Winston Salem, North Carolina
27101

www.holdenmickey.com

Tel:336-724-1810
Fax:336-724-2118