HOLDEN & MICKEY, INC.

Investment & Insurance Advisors

Serving Clients Since 1930

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Autumn Ryan

Camille Phillips

Holden & Mickey Inc. is proud to provide professional advice and service in both the investment and protection areas of the business. Autumn Ryan and Camille Phillips manage the administration of our investment business.

Director of New Business, Autumn Ryan, has been in the financial services business for 28 years. Before joining Holden & Mickey in 2015, she directed new business processing for over 40 advisors. She holds FINRA and state securities licenses, life and long-term care licenses, and the CLTC designation.

Director of Communications, Camille Phillips, joined the firm a year ago and has made an immediate impact. She is excellent with technology and our advisors seek her guidance on a daily basis. Prior to joining Holden & Mickey, Camille worked for a Fortune 100 insurance company.

With Autumn and Camille's help, the investment side of our practice has grown to be the largest part of our business at Holden & Mickey Inc. They look forward to serving you with any of your investment needs in the future.

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 Principals

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5 Retirement Concerns Too Often Overlooked

Baby boomers entering their "second acts" should think about these matters.

Retirement is undeniably a major life and financial transition. Even so, baby boomers can run the risk of growing nonchalant about some of the financial challenges that retirement poses, for not all are immediately obvious. In looking forward to their "second acts," boomers may overlook a few matters that a thorough retirement strategy needs to address.

RMDs. The Internal Revenue Service directs seniors to withdraw money from qualified retirement accounts after age 72. This class of accounts includes traditional IRAs and employer- sponsored retirement plans. These drawdowns are officially termed Required Minimum Distributions (RMDs).[1]

Taxes. Speaking of RMDs, the income from an RMD is fully taxable and cannot be rolled over into a Roth IRA. The income is certainly a plus, but it may also send a retiree into a higher income tax bracket for the year.[1]

Retirement does not necessarily imply reduced taxes. While people may earn less in retirement than they once did, many forms of income are taxable: RMDs; investment income and dividends; most pensions; even a portion of Social Security income depending on a taxpayer's total income and filing status. Of course, once a mortgage is paid off, a retiree loses the chance to take the significant mortgage interest deduction.[2]

Health care costs. Those who retire in reasonably good health may not be inclined to think about health care crises, but they could occur sooner rather than later – and they could be costly. A report by HealthView Services found that even with additional insurance coverages such as Medicare Part D, Medigap, and dental insurance, a healthy 65-year-old couple can expect to pay almost $208,000 out-of-pocket for their healthcare expenses.[3]

Eldercare needs. Those who live longer or face health complications will probably need some long-term care. One month's stay in a private room in a nursing home costs an average of $9,000 nationally, so it's important to consider these when preparing for retirement. Long-term care insurance is expensive, though, and can be difficult to obtain.[4]

One other end-of-life expense many retirees overlook: funeral and burial costs. Preparing to address this expense may help surviving spouses and children.

Rising consumer prices. Historically, healthcare costs inflation has risen between 1.5-2 times the Consumer Price Index. For a 65-year-old couple, this equates to an additional projected $85,917 in lifetime retirement healthcare costs. Retirees would be wise to invest in a way that gives them the potential to keep up with increasing consumer costs.[5]

As part of your preparation for retirement, give these matters some thought. Enjoy the here and now, but recognize the potential for these factors to impact your financial future.

Citations

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Creating a Retirement Strategy

Most people just invest for the future. You have a chance to do more.

"Across the country, people are saving for that "someday" called retirement. Someday, their careers will end. Someday, they may live off their savings or investments, plus Social Security. They know this, but many of them do not know when, or how, it will happen. What is missing is a strategy – and a good strategy might make a great difference.

A retirement strategy directly addresses the "when, why, and how" of retiring. It can even address the "where." It breaks the whole process of getting ready for retirement into actionable steps.

This is so important. Too many people retire with doubts, unsure if they have enough retirement money and uncertain of what their tomorrows will look like. Year after year, many workers also retire earlier than they had expected, and according to a 2022 study by the Employee Benefit Research Institute, about 47% do. In contrast, you can save, invest, and act on your vision of retirement now to chart a path toward your goals and the future you want to create for yourself.[1]

Since it's impossible to predict the future, some people dismiss having a long-range retirement strategy. Indeed, there are things about the future you cannot control: how the stock market will perform, how the economy might do. That said, you have partial or full control over other things: the way you save and invest, your spending and your borrowing, the length and arc of your career, and your health. You also have the chance to be proactive and to prepare for the future.

A good retirement strategy has many elements. It sets financial objectives. It addresses your retirement income: how much you may need, the sequence of account withdrawals, and the age at which you claim Social Security. It establishes (or refines) an investment approach. It examines financial implications and possible health care costs, as well as the transfer of assets to heirs.

A prudent retirement strategy also entertains different consequences. Financial professionals often use multiple-probability simulations to try and assess the degree of financial risk to a retirement strategy, in case of an unexpected outcome. These simulations can help to inform the financial professional and the retiree or pre-retiree about the "what ifs" that may affect a strategy. They also consider sequence of returns risk, which refers to the uncertainty of the order of returns an investor may receive over an extended period of time.[2]

Let a retirement strategy guide you. Ask a financial professional to collaborate with you to create one, personalized for your goals and dreams. When you have such a strategy, you know what steps to take in pursuit of the future you want.

Citations
1 – EBRI.org, 2022
2 – Investopedia.com, October 4, 2021

What Happens When There Are No Beneficiaries

Where do those accounts and policies end up?

Some accounts have no designated beneficiary. Rarely, the same thing occurs with insurance policies. This is usually an oversight. In exceptional circumstances, it is a choice. What happens to these accounts and policies when the original owner dies?

The investment or insurance firm gets the first chance to determine what happens. On many retirement plans, for example, a spouse is often the default beneficiary, even if not named on a beneficiary form. If the deceased has no spouse, then the plan assets may just become part of that person's estate. Brokerage accounts without any designated beneficiaries are also poised to become part of the estate of the decedent. The next stop for these assets could be probate.[1]

The state may end up deciding where the assets go when beneficiary forms are blank. If the deceased failed to name account or policy beneficiaries but had a valid will or other valid estate documents, this will influence the path from here – but it may not exempt the assets from probate court.

If no legally valid estate documents exist, then the deceased party dies intestate, and the state determines the destiny for the assets. Most states go by the same ladder of potential inheritors – surviving spouse at the top, then kids, then grandkids, then parents, grandparents, siblings, nephews or nieces. If absolutely no legitimate heir can be found, then the assets become property of the deceased's state of residence.[2]

What about life insurance policies? A life insurance policy usually has at least two levels of designated beneficiaries, and it is rare when a policyholder outlives them and even rarer when a policy has none. In such a circumstance, the proceeds of the life insurance policy become part of the estate of the policyholder upon the policyholder's death.[3]

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

What if a person simply lacks possible heirs, or sees no worthy heirs? Occasionally, this happens. Some people remain single for life, and others are estranged from relatives or heirs who would otherwise be beneficiaries.
A person in this situation has a choice: charity. Perhaps a charitable or non-profit organization deserves the assets. Perhaps a college or university would be a worthwhile destination for them. Choices exist, and those who are single can explore them as they consider their estate.

Citations

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2 - Schwab.com, September 24, 2021
3 - SmartAsset, April 28, 2022

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