THE EPLEY – WOLBECK GROUP

U P D A T E

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Morgan Stanley

Estate Planning for Blended Families

In a blended family, it can be difficult to determine what's "yours, mine, and ours," but it's an issue that needs to be addressed. While this may be an emotional and uncomfortable conversation at times, do your best to keep the emotion out as you work through the myriad of issues that need to be reviewed.

Discovery

The first step in developing an estate plan in a blended family is for you and your spouse to have a very open conversation to discover:

Plans you may have from previous marriages — To understand how previous arrangements might impact your new plan, you will need to review any plans you have in place from previous marriages, including wills, trusts, beneficiary designations, guardianship, etc. For example, your current spouse may not be entitled to a retirement account if it was part of a divorce settlement specifying that it goes to your previous spouse.

Goals and wishes — Each of you needs to clearly define your goals for upholding previous obligations, how guardianship will be handled for both biological and stepchildren, and how you want your separate or combined assets distributed. This is extremely important, because how assets are owned is how

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News and Announcements

Welcome to the winter edition of our newsletter. On behalf of our entire team, I'd like to wish you a Happy Holiday Season!

Since this is our last newsletter for 2024, I thought I'd share some business and personal highlights from our team this year. Did You Know?

Business:

- The Epley-Wolbeck Group surpassed the $1 billion of assets under management as of February 2024.
- The Epley-Wolbeck Group has been named on Forbes Magazine's Best-In-State Wealth Management teams for the past 2 years.*
- Our team has 3 Certified Financial Planner® Professionals (CFP®). This allows us to assist our clients with the most complex financial challenges.
- As of November 25, 2024 our office will be in a new location. The new address is One Technology Plaza at 211 Fulton Street - 5th floor.

Personal:

- Shayne got engaged to Emily and the wedding is in January 2025.
- Megan and her husband Kenny sold their Peoria house. They moved to a farm in Metamora on the same road where her family has lived for generations.
- I became a Grandpa on June 2nd when my daughter Claire, and her husband Drew, welcomed Leighton Belle into the world.
- Shelly's son Conner married Clare this summer in Indianapolis.
- Hiral received the Woman of the Year award from Women in Leadership.
- PJ's daughter Sophia is a senior at Peoria Notre Dame and is considering her college options. Evan is a freshman at Peoria Notre Dame.

Thank you for the opportunity to be of service. As always, please call or email with any news, questions or concerns.

Happy Holidays!

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Estate Planning

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they will be distributed in the future. For example, imagine if your spouse passes away, and unbeknownst to you, all assets were left to the children from a first marriage, while you don't have enough money to pay the monthly bills. Straightforward communication is the key to developing a blended estate plan.

✔ **Together or separate** — Commingling or keeping assets separate can depend on several factors that a couple needs to decide. If one party brought in significant assets, you may decide to keep those separate, while commingling assets you build together. Children also play a major role in this decision. Maybe you already have college accounts or trusts established for your children from a previous marriage and those assets should remain separate. Many parents feel strongly about setting aside assets specifically for their children from a previous marriage.

✔ **Review the marital property laws in your state** — Make sure you understand how your state laws govern the way you hold assets. For example, if you live in a community property state, any assets that aren't identified as separate will be considered equally owned as community property of the couple, even if they were assets you intended to keep separate because they were acquired prior to the marriage.

Documentation

You need to document every detail of your estate plan to avoid potential issues. Also, this legal documentation will help avoid the expensive, and potentially emotional, issues involved with probate court.

✔ **Wills** — You should create a will that provides clear instructions on how all your assets are to be distributed, guardianship for minor biological and stepchildren, health care directives, and any other wishes to be carried out should either of you become incapacitated or die.

✔ **Trusts** — Blended families should consider developing a trust, which holds the assets on behalf of the beneficiaries and defines how and when the assets pass to the beneficiaries. A trust can also last for years, through the lifetimes of the surviving spouse, children, and even future generations. For blended families, certain types of properly established trusts can provide financial support for your spouse and still make sure something is left for your children.

✔ **Account titles** — Even if you have a will or a trust, you will also want to make sure that accounts, such as a retirement account, have defined beneficiaries. Additionally, other accounts can be owned as joint tenants with right of survivorship or transfer on death, making the owner's intentions clear that in both cases the assets go directly to the party named on the account.

Please call if you'd like to discuss this in more detail. ✔✔✔

Ways to Reduce Life Insurance Premiums

Following are some ways that you can help reduce your life insurance premiums while at the same time still maintaining adequate coverage:

How Much Do You Really Need? Take a long, hard look at your finances to see how much life insurance you really need. Consider what expenses will need to be covered if something were to happen to you. If reducing your expenses is a top priority, then only buy the amount of coverage that you really need.

How Long Do You Need It? The longer the term of your life insurance, the more you will pay in premiums. If your kids are on their own and you'll soon be paying off your mortgage, it may make sense for you to reduce the benefit.

Your Health Matters. If you smoke or are overweight, you are most likely going to pay more for your insurance. Getting healthy is good for a lot of reasons, including the fact that it can also reduce your premiums.

Go Shopping. Shop around for the best policy to meet your needs at the best price. Most insurers now provide policy quotes online to make this a relatively easy process. Just make sure you are comparing policies with the same features.

Check the Fine Print. As you review different policies, make sure to check for any hidden fees. For example, some insurance companies charge extra if you pay your premiums monthly versus annually. Also make sure that there are no riders on your policy that are not needed for which you are paying extra. ✔✔✔

Avoid These 10 Insurance Mistakes

Few people enjoy thinking about their insurance needs, shopping for coverage, or reading through a policy's fine print. Once they do buy a policy, many people rarely think about it again, other than when they pay the premiums. But that tendency to avoid thinking about insurance can lead to insurance mistakes. Below are some common insurance mistakes:

1. Expecting the best — Some people may think they can skip various types of essential insurance (like auto or health insurance), because it won't happen to them. Or they may buy a bare-bones policy. But the reality is that accidents and injuries can happen to anyone.

2. Not shopping around — If you're in the market for a new policy, shop around and compare prices to get the best deal. But make sure you're comparing equivalent policies and coverage.

3. Buying too much insurance — While insurance is a valuable part of your overall financial plan, there is such a thing as being over-insured. Don't pay high premiums for insurance coverage you don't really need.

4. Not negotiating on insurance rates — Here's a little-known tip: The premium price you're quoted isn't set in stone. Depending on the type of coverage you need, you may be able to get discounts based on your profession, the age of your car, installing an alarm system in your home, choosing a higher deductible, and more. Bundling — buying several policies through the same carrier — can also lead to premium price breaks.

5. Forgetting to pay the premium — It's a simple but potentially devastating mistake. Missing premium payments could cause your policy to lapse, leaving you without coverage. Reduce the risk of this happening by automating your payments.

6. Dropping coverage to save money — When your budget is tight, dropping insurance coverage may seem like a good way to save cash. But while you may save money in the short term, you could end up worse off in the long term if you need to make a claim. If premium payments are straining your budget, consider raising your deductible or asking your insurer if you're eligible for any discounts.

7. Forgetting to update life insurance beneficiaries — As your life changes, so should the people named as beneficiaries on your life insurance policy. Divorce, remarriage, the death of a spouse, or the birth or death of a child are all times when you should update these designations. If you fail to take this simple step, your life insurance may not do its job when you need it most. After all, do you want your insurance benefits to go to your ex-spouse or have one child receive a generous insurance payment while the other receives nothing? Keeping your beneficiary designations up-to-date can help you avoid those outcomes.

8. Having coverage gaps — Everyone faces different risks, and thus has different insurance needs. Sometimes, it's easy to overlook a risk until it's too late. For example, if you live in an earthquake-prone area, you likely need separate earthquake insurance. If you serve on a nonprofit board of directors, you may need personal liability coverage. If you own ATVs, snowmobiles, or other vehicles, you may need special policies to protect yourself in case of damage to the vehicle or a lawsuit. The list of possible risks goes on and on.

9. Not researching an insurance company before you buy — Not every insurance company is created equal, and what looks like a great deal today may be less appealing tomorrow when you are struggling to get a claim processed quickly. Before you buy, get multiple quotes, read the policy's fine print, review the insurer's complaint record with the state department of insurance, and check the company's ratings with ratings agencies like Fitch, Moody's, and A.M. Best.

10. Not thinking about insurance as part of your overall financial plan — Insurance isn't something you should think about in isolation. In fact, it's an essential part of your overall financial plan. A solid risk management strategy protects your hard-earned wealth and your family's future. Please call if you'd like to discuss insurance in more detail. ✔✔✔

Your Retirement Portfolio and Bonds

Of the three main asset classes, bonds often appear the least exciting. However, bonds can be an important piece of any retirement portfolio. As a general rule, your bond allocation should increase as you near retirement.

When you're young, bonds will likely be of little importance to you. True, investing predominately in bonds in your youth might keep you from some panicked moments during temporary bear markets, since the stock market is arguably more volatile than the bond market. However, depending on your tolerance to a few downturns throughout the course of your working life, the average return rate of stocks has historically been higher than bonds.

As you move closer to retirement, however, your vulnerability to risk increases, as you no longer have as much time to ride out a sudden stock decline and recover by your anticipated retirement date. Increasing your bond allocation slightly as you age can offer a buffer should you encounter a sharp decline in stocks. Keep in mind, however, that some of the age-based bond-to-stock ratio investment theories you've likely heard could be outdated guidance — it may not be realistic to tweak your allocation ratios based on advice born in times when bond yields were much higher, the cost-of-living-to-income ratio lower, and employer-sponsored pensions more popular.

Of course, your retirement portfolio should align with your individual retirement goals and risk tolerance, which is why stock and bond allocations often vary from person to person even within the same age category. While bonds, like any investment, come with a modicum of uncertainty, they typically carry less risk than stocks. Therefore, a more conservative investor, regardless of age, might choose a larger portion of his/her asset allocation to represent bonds. On the other hand, because stocks outperform bonds when it comes to long-term growth, a younger, more aggressive investor might choose to start out with no bond investments at all, focusing on stocks until retirement is more visibly on the horizon.

To discuss your retirement goals and create or restructure a portfolio that best fits your overall goals and risk tolerance levels, please call to discuss. ✔✔✔

Market Data

	Month End			% Change	
Stocks:	Oct 24	Sep 24	Aug 24	YTD	12-Mon.
Dow Jones Ind.	41763.46	42330.15	41563.08	10.8%	26.4%
S&P 500	5705.45	5762.48	5648.40	19.6	36.0
Nasdaq Comp.	18095.15	18189.17	17713.62	20.5	40.8
Total Stock Market	56595.25	57046.41	55960.34	18.4	36.1
Precious Metals:					
Gold	2734.15	2629.95	2513.35	32.2	36.9
Silver	32.69	31.18	28.98	34.8	41.3
Interest Rates:	Oct 24	Sep 24	Aug 24	Dec 23	Oct 23
Prime rate	8.00	8.00	8.50	8.50	8.50
Money market rate	0.43	0.42	0.47	0.48	0.61
3-month T-bill rate	4.49	4.54	4.98	5.26	5.33
20-year T-bond rate	4.58	4.19	4.28	4.20	5.21
Dow Jones Corp.	5.22	4.87	5.06	5.17	6.34
Bond Buyer Muni	4.35	4.23	4.32	4.48	5.29

Sources: Barron's, Wall Street Journal. An investor may not invest directly in an index.

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