Planning for Your Wealth

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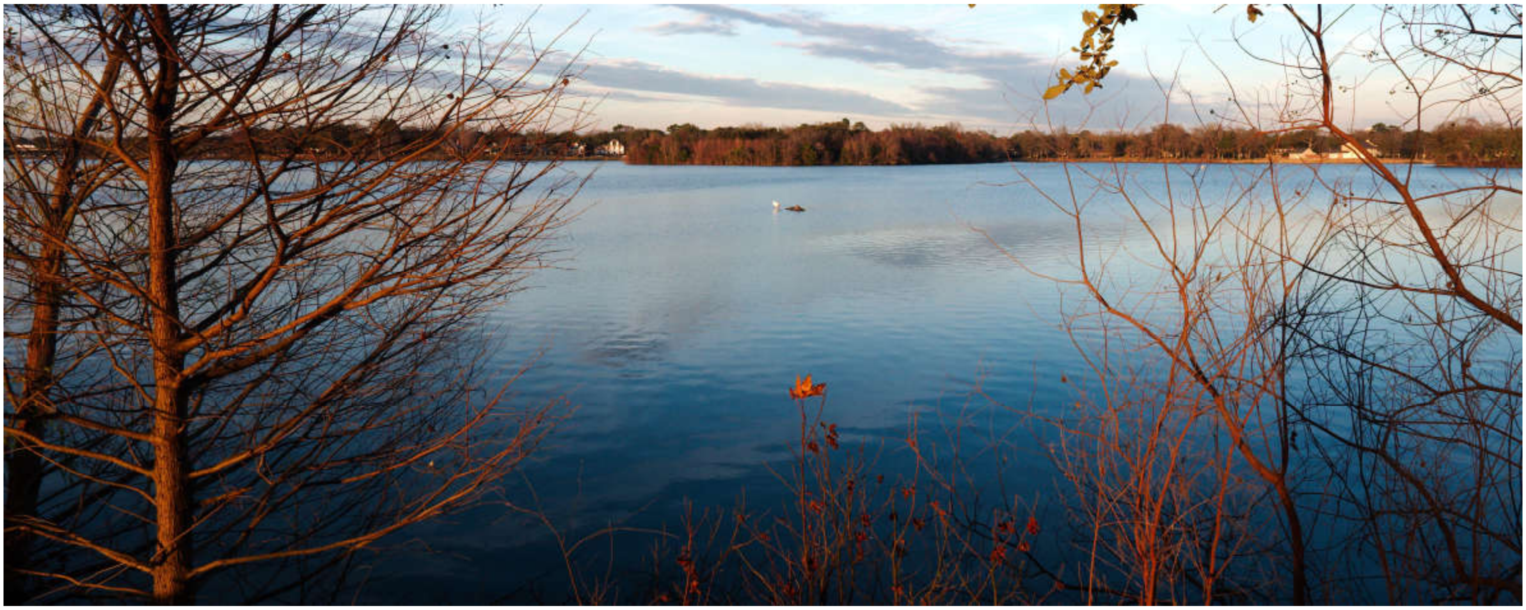

Does Your Estate Plan Account for Your Digital Assets?

Estate and Giving

Online services, important documents and family mementos can carry great value.

Unlike tangible items like heirloom jewelry and vacation homes, or intangible but well-established considerations like financial securities and accounts, digital assets aren't always top of mind when building and maintaining an estate plan. But to neglect those digital assets may lead to difficulty and heartache for family members later – and could lead to the loss of items with incredible value, both sentimental and monetary.

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There can be other benefits to organizing your digital assets as well, such as in the case of an emergency. If you become incapacitated, could your loved ones access your important accounts for everything from utility bills to medical clinic portals?

As the number and types of digital assets are continually growing and are locked behind a hodgepodge of companies, usernames and passwords, getting a handle on your digital estate can be tricky. A diligent, steady approach to inventorying your digital life can help bring order to this process.

What's a digital asset?

While you may not want to bother with a $2.99 crossword puzzle app and may not own a $64 million non-fungible token for a piece of digital art, these two extremes show the scope and evolving nature of digital assets.

More common examples include financial accounts, service accounts, legal and financial documents, cloud storage and health records, as well as online photo, video and music collections. You may also want to make your email and social media accounts accessible to loved ones so when the time comes they can be closed with a graceful denouement or established as a lasting online memorial.

Making an inventory

In short, the category of digital assets includes things like video game collections worth thousands, digital currency wallets worth hundreds of thousands, and family photos and home movies that are priceless.

Luckily, once introduced to the idea of a digital estate, you'll likely find it easy to identify and plan for assets and accounts. Puzzle apps? Probably not worth worrying about. Emailed love letters? Absolutely essential. The gradual identification of important digital assets over time will likely be more effective and comprehensive than trying to compile a complete list from the get-go.

Consolidated storage

For digital assets not tied to specific service accounts, including photos, videos, and PDFs of health records and legal paperwork, you may consider setting up a cloud-based backup system to consolidate disparate devices, accounts and services. Your advisor has access to some of these tools that can help you organize your assets while providing gated access and rigorous cybersecurity.

For online accounts, it's a good idea to change passwords regularly for security reasons. A secure password manager can make it easier to manage strong, complex passwords and simpler for loved ones to access the accounts if needed.

Like any other asset, more or less

Creating an estate plan is an act of love. By making your intentions clear with a holistic, comprehensive plan, you help reduce additional stress and friction for your loved ones as they grieve. Though the understanding of the value of digital assets is fairly new, accounting for them in an estate plan follows the same foundational principals as with any other asset.

And like with all planning practices, it's better to have a plan too early than to be in need of one all of a sudden. Talk to your professional team about accounting for digital assets in your holistic long-term plan.

SOURCES:
https://www.raymondjames.com/commentary-and-insights/lifestyle-technology/2021/09/20/does-your-estate-plan-account-for-your-digital-assets

The Psychological Side of Spending Your Retirement Savings

Many investors worry about outliving their savings. As a result, they sometimes underestimate what they can comfortably spend in retirement.

For years, you've been saving and investing for retirement.

But what happens when you finally retire and it's time to switch gears from saving to spending?

It turns out, many people are so focused on accumulating assets that they never really think about actually withdrawing the money. In fact, recent studies show that many retirees aren't drawing down their retirement portfolios, opting instead to live on Social Security and the minimum required distributions (aka RMDs) so their portfolios can continue to grow. This may lead to unnecessary sacrifices in a retiree's standard of living. After almost two decades in retirement, most current retirees still have 80% of their pre-retirement savings, according to research from BlackRock.

The problem with uncertainty

So why aren't these retirees spending their nest eggs? Some may be spending as little as possible to leave behind a larger sum for their loved ones or philanthropic pursuits. But in many cases, it's because they aren't sure how to determine a sustainable withdrawal rate that accounts for their total lifespan. They worry about the "what ifs" retirement may throw their way and want to be prepared. You may be able to relate.

This latter group understands that over the course of a long-term retirement, inflation can erode savings. Portfolio returns can vary, and healthcare costs can quickly escalate. And they may be concerned about outliving their savings – only 25% of baby boomers believe their savings will last throughout retirement, according to the Insured Retirement Institute. By spending less and allowing their savings to potentially grow in the early years of retirement, they hope to offset some of the uncertainty.

Collaborating with your financial advisor can help increase your confidence about having enough money to live comfortably in retirement. Just like in your working years, you can establish a just-in-case cash cushion or line of credit that helps put you at ease. And having a sound distribution strategy in place – one that takes into account your income sources, lifestyle, asset locations and tax situation – can help you enjoy the retirement lifestyle you envisioned.

Withdrawing your money

When it comes to withdrawing your retirement savings, here are a few things to consider:

Organize your expenses: Three typical categories include essential expenses (think food, housing and insurance), lifestyle expenses (vacations, hobbies) and unexpected expenses (healthcare costs, auto repairs). Consider paying for your essential expenses with guaranteed income sources such as Social Security or annuities. Use growth or income investments to pay for lifestyle expenses, and maintain a cash reserve for any unexpected costs that might occur.

Be flexible. For instance, a downturn in the market is a good time to tighten the reins on your spending. But if

Shobe Current News

Dustin Miller has been promoted to Financial Advisor

Congratulations to Dustin on passing the Series 7 and Series 66 industry exams! He has been promoted from Client Service Associate to Financial Advisor.

FAFSA Event in 2022

In early 2022, we would like to host an informational session on the Free Application for Federal Student Aid (FAFSA) which is a necessary step for TOPS. This event will provide tips that can help ease the FAFSA process. If you or someone you know may be interested in this event, please email us at events@shobe.com.

you experience some unexpected investment gains, the timing might be right for that dream vacation.

There's little doubt your income needs will fluctuate during retirement. The early years may be filled with travel and other big-ticket items that require more substantial withdrawals. As time goes on, you'll likely travel less, but your healthcare expenses may increase. Studies show that spending tends to decline in the later years of retirement, most likely the result of less travel and similar pursuits. People ages 55 to 64 spend on average $60,076 per year, while people ages 65 and over spend $45,221, according to the Bureau of Labor Statistics.

Building in flexibility allows you to go with the flow. Just be sure to regularly touch base with your advisor so your budget can stay on track.

Review your plan. Work with your advisor to develop and review your retirement income and distribution strategies. You can run hypothetical simulations based on different withdrawal rates, how many years you will live in retirement or any other contingencies, which will allow you to develop a better idea of how much you can comfortably and confidently spend in retirement to help achieve your goals.

Everyone's retirement situation is different. You may have encountered some unexpected circumstances, such as a layoff or forced retirement that occurred earlier than you planned, and you weren't able to save as much as you hoped. On the other hand, leaving a legacy may be your primary goal. Whatever the case may be, establishing a withdrawal strategy that's right for you – while also keeping your emotions in check – is often a good plan of action.

Sources: kitces.com; forbes.com; cnbc.com; ournextlife.com; smartaboutmoney.org; thestreet.com; kiplinger.com; myirionline.org

Raymond James and its advisors do not offer tax advice. You should discuss any tax matters with the appropriate professional.

Shobe Tech Corner

Client Center Two Factor Authentication

In an effort to further secure your account, Client Center will now require enhanced authentication. Upon logging in, you will be prompted to enter an authentication code that will be sent to your mobile phone. This measure allows for greater protection of your documents in Vault and other information in Client Center.

If you have specific questions about your account, please contact your planner.