Scott White ADVISORS
An Independent Registered Investment Advisor

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The Navigator

MANAGING WEALTH. SERVING GENERATIONS.

Graduation: A Time of Celebration and Increased Responsibility

June is traditionally considered to be graduation season. Though children and grandchildren would like to celebrate the end of school, this is also the end of dependency on their parents.

Yes, graduation is an academic milestone and an important occasion to celebrate and acknowledge the accomplishment. The importance of this milestone goes far beyond a sentimental moment in time when a teen leaves school or potentially moves out of the house. This next chapter of life also means new legal freedoms, no more parental supervision, and many legal and financial responsibilities.

College graduation typically signifies the end of parental support and moving out of the house. However, the more legally and financially significant graduation is from high school since so many changes occur at the age of 18, the average age of students when they graduate 12th grade.

At 18, many life decisions no longer need parental consent such as getting a tattoo, a body piercing, voting, buying a house and getting married. This is because in the eyes of the law, on their 18th birthday a child is now considered an adult.[1] This is why it is important to share with your graduate that the new freedoms they are able to enjoy also come with stronger consequences for one's actions—like going to jail, getting sued, or gambling away their savings or inheritance via a sportsbook.

While turning 18 comes with many new opportunities, rights, and responsibilities, there are a few restrictions that remain, like purchasing and drinking alcohol (21 years old), going to a casino (21 years old), and renting a vehicle (20 to 25 years old).[2]

Regardless of the depth of your love of the youth in your life, upon graduation you need to ensure that you are protecting yourself legally and financially from accidental or intentional scenarios, and in turn help them set up their estate to also protect themselves. Legal and financial protection is even more important when trusts or an inheritance are involved.

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A New Look For Your Social Security Statement

The personal Social Security statement, created to help Americans understand the Social Security benefits they might be entitled to, has been redesigned for the first time since the earnings statement began mailing to selected age groups in 1995.[1]

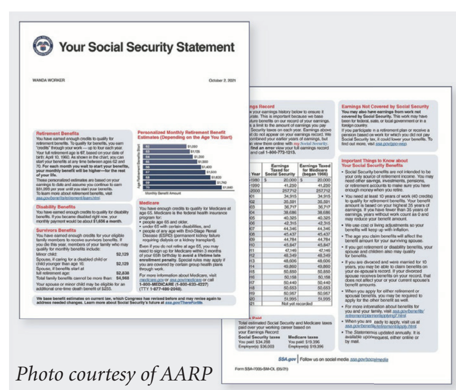


Photo courtesy of AARP

Changes on the new statement include more visual elements and plain language, as well as fact sheets tailored to the recipient's age and earnings history.

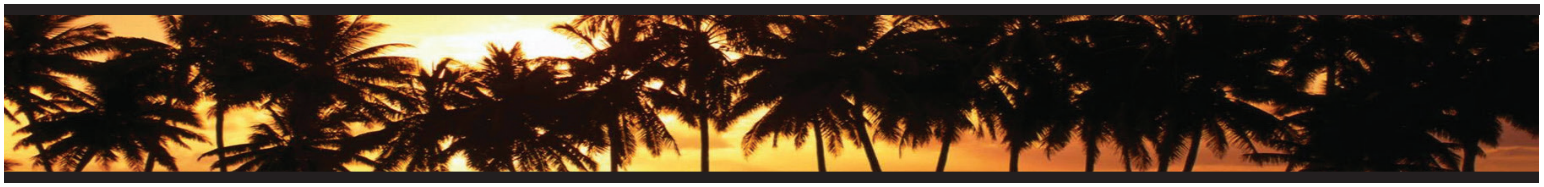
Page one will now contain personalized estimates with a bar chart of projected monthly retirement benefits at nine different claiming ages – from age 62 to 70.

Page two will now contain short descriptions of benefit calculations and eligibility notes in addition to the year-by-year table of work earnings for any job subject to Social Security and Medicare taxes.

Checking your statement once a year for accuracy is a good idea and can provide insight into how Social Security benefits might fit into your overall financial plans for retirement.

Americans 60 and older will receive a personal Social Security statement in the mail every year if they are not currently receiving benefits. However, by signing up for a digital account via ssa.gov, Americans in any age group can view, save, and print an up-to-date version of their statement at any time.

[1]*https://www.ssa.gov/policy/docs/ssb/v74n2/v74n2p1.html*



The Emotional Aspects of Retirement

by A. Scott White, CFP®, ChFC®, CLU®
President, Scott White Advisors

Are you, or someone you know, thinking about retiring? In addition to the financial considerations, there's also an emotional aspect. Retirement is a major transition—we move from the life we've known for decades to a life that's unknown. It can be bliss for some, and an emotional transition for others. Constructing a framework for retirement should start well ahead of the retirement date. Having a plan of what will make you happy during the next phase of life can help you start to envision what your days may look like.

Retired university professor and researcher Nancy Schlossberg studied retirement and developed 4 key insights to help others who are considering retirement: Plan for multiple transitions; make sure you're well grounded; determine the type of retirement you want; dream a little—or dream big.[1]

Social worker and researcher Amy Morin says those who retire should expect to go through stages of emotions. She recommends focusing on friendships to combat the risk of isolation.[2] According to the CDC, loneliness and social isolation may be linked to health problems.

Retirement is a big step. Take the time to consider the emotional aspects of this life change before moving into this phase of life.

[1] *https://money.com/retirement-plan-happiness/*
[2]*https://www.verywellmind.com/tips-for-adjusting-to-retirement-4173709*

Current Events

Faces of HOPE Luncheon

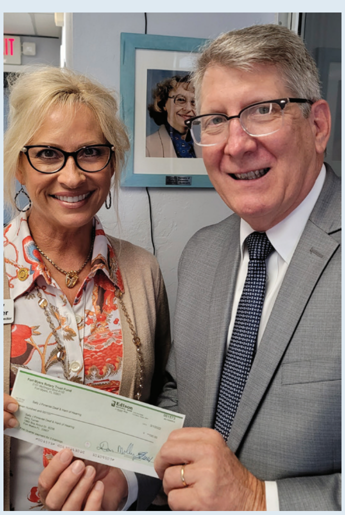
The luncheon included a keynote by Joshua Seidman, PhD, Chief Research and Knowledge Officer with Fountain House, the national organization that spearheaded the clubhouse movement. Dr. Seidman shared the history of the movement, how it intersects with public health, and why clubhouse services are so important for those with mental health challenges.

The event also included a panel discussion focused on the need to expand the capacity of Hope Clubhouse to be able to serve more people and an animated rendering was unveiled of what a clubhouse with more space would look like.

Pictured is Brian King, HOPE Clubhouse CEO Erin Broussard, and our own Scott White at the 2022 Faces of Hope event that was held in March.

Rotary Club of Fort Myers Donation

Scott was finally able to present grants in person during April on behalf of the Rotary Club of Fort Myers. As part of the selection committee for local, worthy organizations, he is honored to also present these donation checks.



Scott is seen here presenting a Rotary Club donation to Amy Turner, Executive Director of The Sally J Pimentel Deaf & Hard of Hearing Center, in support of their Project Sign the City program.

Team Retirement

Our marketing partner of more than 15 years is retiring. Scott met Kelly Rogers of Mesa Marketing and PR at a Raymond James conference in 2006. Since then, her firm has managed all print and digital marketing for Scott White Advisors. Kelly retired at the end of April, and the SWA team sent her this beautiful crystal tidal wave in recognition of her years of service. Yvonne Hall has been a member of the Mesa team for years, and will now lead SWA marketing with the rest of the Mesa team. We wish Kelly an enjoyable retirement!

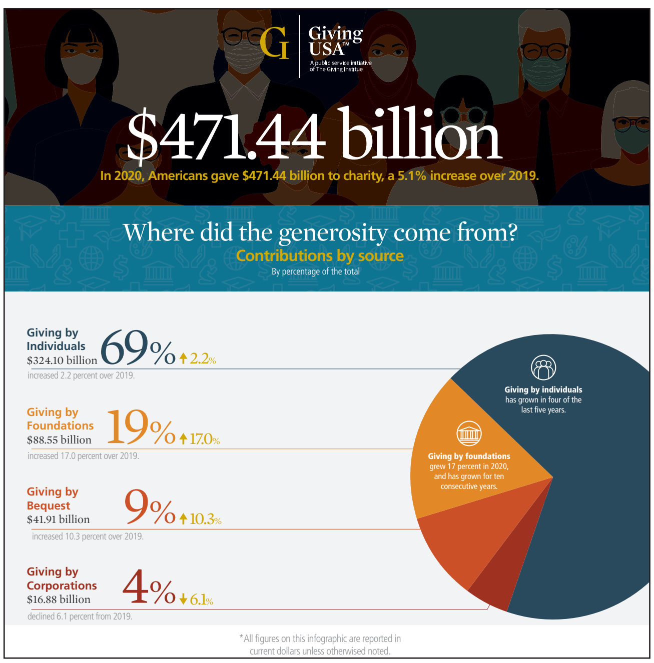
Retirement and Charitable Giving

by A. Scott White, CFP®, ChFC®, CLU®
President, Scott White Advisors

In financial terms, we refer to retirement as the 'asset distribution phase' of life—the time when the assets you've worked hard to create can be used to fund the post-career life you desire. For many of my clients, their retirement vision includes maintaining a pre-retirement lifestyle, enjoying favorite activities, spending more time with friends and loved ones, traveling, and volunteering to support favorite charitable organizations and causes.

Realizing your retirement vision requires careful planning and monitoring during your working years—and creating an Investment Policy Statement to help you achieve your vision. The process for developing an IPS follows a similar path to that of financial planning: assessing your financial condition; setting goals; developing a strategy designed to meet those goals; implementing the strategy; and regularly reviewing the results and adjusting as needed. As you approach retirement, it's important to revisit your IPS and adjust it as necessary.

After the IPS review, some of my clients who are approaching retirement find that they are not in need of all the funds accumulated in their retirement accounts and want to make charitable contributions with some of their funds. That's when we discuss whether they can donate retirement assets—and if there are any tax advantages for doing so. While it is possible to donate retirement assets, including IRAs, 401(k)s and 403(b)s by cashing them out, paying the income tax attributable to the distribution and then contributing the proceeds to charity, in most cases there is little to no tax benefit associated with this type of donation.



In 2015 the Protecting Americans from Tax Hikes Act (PATH) made permanent many of the tax extenders which needed to be approved every year by our Congress and President. One of the most popular provisions is the qualified charitable distribution rule (QCD) that allows individuals over age 70½ to give up to $100,000 per year directly to a public charity from their IRA, with some limitations.

There can be significant tax advantages to donating retirement assets to charity as part of an estate plan. When done properly, charitable donations of retirement assets can minimize the amount of income taxes imposed on both your individual heirs and your estate. Retirement plan benefits are only payable to the employee or account holder who earned them, with a few exceptions for spouses or survivors.

If you want to support charities without dipping into your cash reserves, think about donating appreciated assets such as stocks or real estate. This strategy can eliminate capital gains taxes you would incur by selling them separately before donating the cash, therefore ensuring that your intended charity receives the full value of the asset. In this case donors are able to give up to 20% more because capital gains taxes are minimized. Also, by donating these types of assets, you can take an income tax deduction in the amount of the full fair-market value, up to 30% of your AGI.

Retirement is one of the biggest events of one's life, opening the door to the vision you've created for the rest of your life. It's also a good time to review your philanthropic desires and support charities you care about with a gift made during your lifetime or at death. To discuss your retirement vision and questions you have about achieving it, please contact me.

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One seemingly small first step of independence and legal responsibility is to change a vehicle's title into their name. Prior to turning 18, a vehicle must be in a parent or guardian's name because minors are not allowed to take title. Even if the youth is currently making good choices, that sometimes changes with the newfound freedoms of being an adult. College stress and peer pressure of the new environment also can have a negative effect on seemingly 'good kids.' If your kid gets into an accident, jointly titling the car with your name means that the other driver can not only go after your kid for money, they can sue you.[3] Why tempt fate in these new life scenarios when you can ensure that legal protections are in place for you and your spouse. We are not saying the associated financial responsibilities need to change, unless you want them to, but the legal aspect is a no-cost protection for you and a new level of ownership and responsibility for them.

Note: A word of caution here about vehicle title changes. When you change title to your children, some auto insurance companies will kick your children off your existing family automobile coverage plan and force them to purchase their own insurance plan, resulting in much higher premiums. Because not all insurance companies have the same policy and many companies offer a family rate even if the children have title to their own automobile, be prepared by asking your agent ahead of time so you can shop for a new auto insurance company if necessary.

Federal privacy laws are another area of concern at 18. While children are under 18 parents and guardians are responsible for their healthcare. After your children reach 18 they are responsible for their own healthcare. This means parents and guardians no longer have the power to access childrens' medical records, consult with their physicians, give consent for medical treatment, or even decide if it is time to remove them from life support systems. Sadly we had a client learn first-hand how serious the medical profession takes privacy laws when her son was involved in a traffic accident out of state and she was denied access to the doctors handling his hospital care. To avoid such a difficult situation for children, we recommend right after their 18th birthday to send them to a family estate planning attorney and prepare their own Living Will and Health Care Advance Directives. In these documents each child should authorize their parents or guardians to have the power to consult with their doctors and make healthcare decisions on their behalf if the child is unable.

While the child is there with the attorney, we also recommend they should be educated on what a durable power of attorney document is and to make sure to also name their parents or guardians as the agents. This way if a child was unable to manage their financial affairs, like signing their tax return, challenging landlords in legal proceedings, or selling their vehicle, parents would have the power to do it on their behalf.

These specific recommendations are things Scott and Adriana did when their children turned 18. It is never too late to take action if you already have a child or grandchild over 18. Do yourself and your child a favor and take care of these tasks now to prevent legal and financial issues in the future and also to help them gain responsibility for these decisions and actions in their lives.

[1] *https://thelawdictionary.org/article/privileges-of-turning-18/*
[2] *https://thelivingplanner.com/the-privilege-of-turning-18/*
[3] *https://www.flammialaw.com/orlando-attorney-dont-put-your-name-on-your-kids-car-title/*

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