Collier Legacy Planning llc

Raymond Loth
Licensed Insurance Professional
2380 State Road 44, Suite E
Oshkosh, WI 54904
920-233-0033

Grandma's Blueberry Buckle

Blueberry season is soon approaching! Perhaps this recipe was a hit in your family. Why the name Blueberry Buckle? While it bakes, the batter rises, but the berries and crumb topping weigh it down. This causes the surface of the cake to "buckle" (collapse and become indented). . . hence the name! Let's see if you can get your cake to buckle! —*Barb Schlaefer*

Buckle Batter:

1-1/2 c. white sugar
1/2 c. butter, softened
2 large eggs
4 c. all-purpose flour
4 tsp. baking powder
1/2 tsp. salt
1 c. milk
4 c. fresh blueberries

Topping:

1-1/3 c. white sugar
1 c. all-purpose flour
1 tsp. ground cinnamon
2/3 c. cold butter, cut into cubes

Directions:

1 Preheat the oven to 375 degrees. Grease a 9 x 13-inch baking dish.

2 Prepare buckle batter: Beat together sugar and butter in a large bowl using an electric mixer, until creamy and smooth. Add eggs one at a time, mixing well after each addition. Whisk flour, baking powder, and salt in a separate bowl, then stir into creamed butter mixture, alternating with milk, until combined. Fold in berries. Pour batter into prepared dish.

3 Prepare topping: Combine sugar, flour, and cinnamon in a medium bowl. Cut in cold butter using a pastry cutter, or two knives, until crumbly. Sprinkle topping over batter.

4 Bake in the preheated oven for 40 to 45 minutes, until a toothpick in the center comes out clean. Cool on a wire rack.

Photos by Evan-Amos (carton), Paul VanDerWerf (blueberry plant); Wikimedia Commons

Legacy Planner
Retirement • Income • Medicare

Summer 2024

Lake Tomahawk, Minocqua; photo by Ray Loth

Go Ahead — Look in the Mirror!

By Raymond Loth

"From the start, we saved first, spent later and little. Some colleagues were eating out, buying upscale clothes and new cars on credit. We weren't happy unless our bank balance was growing, so we stuck with our '71 VW and Friday nights at the movies."— "What We Got Right for Our Retirement," by Stephen and Karen Kreider Yoder, Wall Street Journal, 5/7/24

While everyone's story of retirement and pre-retirement years is unique, one important component is living within (or below) one's means. **Regardless of one's assets, income, or financial status, this requires a level of consciousness.** We've all heard of the uber-wealthy celebrity who (somehow?) ends up broke. Likely, we also personally know others of somewhat little means who always seem to have what they need. And maybe even more significantly, they also seem to find genuine satisfaction while living on less.

This article* is for persons of all financial circumstances and is intended, not to scare or restrict, but rather to inspire and liberate. An ancient proverb says: **"The plans of the diligent surely lead to success, but all who are hasty surely head for poverty."** Good planning is beneficial and liberating. Our recent experience with inflation has only demonstrated the concerns that demographers, governments, and the retirement industry has voiced for years regarding retirees' financial preparedness. Wise individuals themselves also recognize the need for well-planned forethought given lifestyle and bucket list desires, increased longevity, other family needs, etc.

So what is the key to address these many and complex issues? *FINANCIAL AWARENESS.^* ***FINANCIAL AWARENESS is like a mirror—it doesn't determine what's there, rather it helps us see reality more clearly.*** Budgets and financial tracking methods are good, however they are only tools. Financial awareness is a more fundamental (internal) driver for successfully navigating our current and future financial lives.

FINANCIAL AWARENESS involves . . .

1 • Budgeting. Budgets can be simple or complex, but are best in a visible format (See page 1 of insert). They only help if they are accurate, comprehensive, and monitored. Most of us spend more than we think. If our budget shows income minus expenses leaves "$___/mo.", then a good question is: "Where is that 'extra' money?" If the budget is accurate,

"Go Ahead— Look in the Mirror!" continues on the next page.

savings should be building up somewhere. This is not a lifestyle judgement, it's math… and financial awareness.

2 • Avoiding Unnecessary Debt. Unnecessary debt is lethal to good financial health. An ancient proverb says **"the borrower is slave to the lender"**. This is the opposite of freedom. While home and auto financing may be necessary, it is wise to be cautious and informed about such decisions. Does such financing really fit into my budget? If payments will make things tight, what other options are there? Do I really need this one?

Consumer debt is another story and is best avoided unless absolutely necessary. If unpaid credit card debt is rolled into a mortgage refinance, we effectively take 30 years to pay for purchases of clothing, upgraded furniture, and restaurant bills — and retirement will be (adversely) affected. If things have gone a bit too far, put a game-plan down on paper. We recently did this with a referred client who is already seeing benefits.

3 • Monitoring Your Finances. The purpose is to reveal patterns and developments in savings over the months and years. Financial monitoring is a truth test of our budget. It is good to make a written record of this (See insert, page 2). Math can be a little deceiving sometimes, but it doesn't lie. True, there are many "one-time" expenses: home improvements, medical, special vacation/anniversary trip, new furnace, etc. However, over time, it's good to know the impact of these. Our "real life budget" should allow for such periodic real life expenses, especially when positioning for and living in retirement. **We all treat ourselves… but how does the math show we are treating our future selves?** Longer term monitoring will tell the story.

4 • An Understanding of Time Horizons. This builds on the above retrospective tracking, but adds forward-looking planning. It involves projecting both our expenses, as well as realistic returns for investments. Experience tells us that the future keeps coming, and it's said that **the future belongs to those who prepare for it**.

So, ask yourself… What is my timeframe and plan for vehicle replacement? What other large expenses might be on the horizon? Is replacement really necessary and affordable?

Am I comfortable with the level of risk in my portfolio? Would I be better off choosing the longer term, and higher guaranteed rate, annuity? (See ELCO ad on this page). Is my rate of annual retirement savings withdrawals sustainable over the long-term?

5 • Good Tax Management. We are all enticed by advertising that promotes items on sale. Unfortunately, the IRS doesn't seem to do much to "advertise" income tax deductions we might benefit from. However, they are there. Often, they can be quite beneficial—even if we don't see the benefit, or cash, immediately. **See six questions in Ask the Professionals on page 3** that you might want to ask your CPA/tax advisor.

These components of "Financial Awareness" can yield significant benefits for years to come. Hopefully there are some helpful points that you can benefit from in this newsletter.

I'm delighted to discuss these subjects with clients every day, the vast majority of which are great examples of financial success! May that be the case with you and those you love.

I invite and encourage you to share this article with your children, grandchildren, etc.—it can also be found on our website www.clpwi.com. ***All the best as you check yourself out in the mirror!*** *—Raymond Loth*

**This is not intended to offer specific advice or details on any particular asset type. While we do work with certain financial institutions, this is not intended to represent any specific company or account terms which are available only in company specific & approved materials. We also do not represent or claim to offer advice on securities.*
Annuities are long term financial products designed for retirement income and may not be suitable for everyone. They involve fees, expenses, and limitations, including surrender charges for early withdrawals. Some include optional riders and benefits that may come at additional cost. Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company. Annuity product and feature availability may vary by state.
I am a licensed insurance professional. I am not affiliated with the Social Security Administration or any government agency. The information provided should not be considered as an offer of any product. You can use a variety of funding vehicles to plan for your retirement. You should consult with your financial professional to help you determine what is most suitable for your needs.

^ This brief article cannot cover all important aspects of individual financial responsibility but seeks to highlight be initial need for awareness along with some basic practical measures for follow through.

Photo : Ray Loth

"Planning is important, but the most important part of every plan is to plan on the plan not going according to plan... A plan is only useful if it can survive reality. And a future filled with unknowns is everyone's reality."
The Psychology of Money by Morgen Housel

Case Study

*A Case for Growth**

It has been suggested that we are in a bit of a "Golden Age" for annuities, and evidence supports this. The industry has recently offered the highest rates in both fixed interest guarantees and indexed growth potential ("caps"), that I've seen in 15 years. Additionally, there is **widespread expectation that interest rates will start to go back down to "normal" in the future.**

A longtime client recently responded to our invitation to review and re-position some of the family assets to higher growth annuities given the recent historic rise in interest rates. We renewed, and they added more funds, to a few of their fixed Guaranteed and Indexed annuities. **Here are some highlights of how the client has done after the first year with two of them.**

• Fixed annuity(s), Multi-Year Guarantee (MYG): Accounts totaling $150,000 were set up with a Guaranteed rate for 10 years at 6%. After the first year the total (principal protected) value is $159,000. **They are GUARANTEED to continue receiving 6%/yr. growth for 9 more years**, with penalty-free access to portions of it. They are delighted to have this account!

• Fixed Indexed annuity(s): Four of these accounts were set up or renewed, we'll overview one with $103,635 in it. After the first year, the **annual growth credits for this account averaged 12.26%.** When the growth on this type of account is added to the account value (usually annually), it is then (like the principal) protected from future loss due to market volatility. This client benefited from market linked growth, while retaining peace of mind from avoiding exposure to market volatility.

This family has **placed or renewed around $500,000 over the past year or so due to higher growth potential accounts that are available.** After just the first year, this has resulted in considerable increase in growth BOTH for the fixed as well as indexed accounts. They also have other assets to place in the event that interest rates actually go up in the future. This client is very well positioned for attractive principal protected growth whatever the future may hold. *—Raymond Loth*

** The examples shown are hypothetical only. Information and estimates are only intended to demonstrate concepts available and are incomplete and subject to company specific information. Some figures, while retaining accuracy, have been adjusted for purposes of confidentiality.*

NOTE: Please see disclosure footnotes (and ^) on opposite page.*

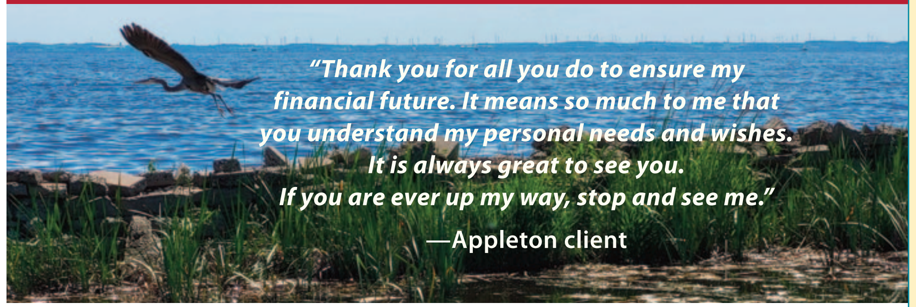

Photo: Lake Winnebago; Ray Loth

Ask the Professional…

"What questions might I want to ask my accountant / tax advisor?"*

We all work hard for what we earn. If you would like to pick up $100 on the sidewalk, would you also like to save $100, or even $1,000 on your taxes? What if provisions in the tax code allowed for deductions that you may not be aware of?

Here are some questions to consider asking your accountant:

1 • If my spouse (or other decedent for whom I am an heir) has **died, how do I establish a "step up in basis" to potentially reduce (current or future) capital gains tax** if I sell real estate, or other assets?

2 • Since I am nearing retirement, should I be directing savings to an IRA for potential income tax savings? Is it true that my non-working spouse can also contribute to an IRA? How about a ROTH conversion?

3 • I am self-employed. If a SEP-IRA allows me to: (1) exceed traditional IRA contributions and tax deductions, (2) defer federal and state income tax, ***and*** (3) avoid any FUTA and FICA "self-employment" tax of 15.3%, would this be a good idea? How much income can I put in a SEP-IRA?

4a • Starting in my 70s, can I make my philanthropic donations tax-deductible as a **QCD (Qualified Charitable Distribution) from my IRA**?

4b • If I have done this, **are they being appropriately filed** so I actually don't pay the income tax on it?

5a • Is my (non-Medicare) health plan HSA eligible? Can I do a **1-time rollover from my IRA to my HSA** and thereby possibly avoid any future income tax on these funds?

5b • Can I gift an HSA contribution to my child, grandchild, etc. and also possibly provide them a tax deduction and tax-free medical withdrawals?

6a • Since I/we didn't use up all of the standard deduction on last years income tax filing, **can I/we potentially take a tax-free withdrawal from an IRA this year?**

6b • Should I/we also consider using up the 10%, or even 12% tax bracket?

6c • At what age do I have to start taking RMDs (Required Minimum Distributions) from my IRA, 401k, etc.?

I hope some of these suggested questions benefit you! They have been taken from real-life conversations that we've recently had with clients…and encouraged pursuing with their tax advisors.*—Ray Loth*

** The subjects raised should not be construed as advice, and are not designed to meet the needs of an individual situation. Please seek the guidance of a tax professional regarding your specific financial circumstances. Be sure to consult with your tax advisor or attorney regarding specific tax or legal advice.*

NOTE: Please see disclosure footnotes (and ^) on opposite page.*