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Frequently Used Investment Terms

401(k) Plan

A type of profit sharing plan that allows employees to contribute on a pre-tax basis. The company may also contribute a certain percentage match of the employee salary.

Accrued

Usually associated with income, as in “accrued income”. This refers to income which is owed but has not been paid.

Alpha

Often referred to as “excess return” or the additional rate of return on a security or portfolio in excess of what would be predicted by the market. Alpha measures the return which may not be attributed to the market.

Annualized

Commonly used to describe returns. Returns for periods exceeding one year are generally annualized. Returns for periods of less than a year are not annualized.

Annuity

A contractual financial product sold by an insurance company that is designed to accept and grow funds from an individual and then, upon annuitization, pay out a stream of payments to the individual at a later point in time.

Asset Allocation

The process of investing among different classes of securities. The process considers the return, risk and correlation of assets to suggest best risk/reward outcome.

Asset Class

A type or group of securities. Common classes include equities, fixed income, cash and equivalents, real estate.

Balanced

An account that contains both equity and fixed income securities.

Bear Market

A severe decline in stock prices, with the popular indexes usually losing 20% or more.

Benchmark

A standard against which the performance of a security, mutual fund or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose, i.e. S&P 500, Nasdaq, Barclays Aggregate.

Beta

A measure of risk. Beta measures the return which may be attributed to a portfolio's index.

Bonds

Debt securities of corporations or government entities. Generally, bonds offer a fixed semi-annual payment, called a coupon, and have a stated date upon which the principal is repaid, called the maturity.

Bull Market

A market in which the general trend of prices is upward.

Cash

Informally, the term often refers to cash and cash equivalents.

Certificate of Deposit

A short term investment issued by banks or savings and loans. A jumbo CD has a denomination of at least \$100,000.

Cost Basis

The value at which an asset was purchased as needed for tax reporting.

Deflation

When asset and consumer prices continue to fall. Can be caused by a decrease in government, personal or investment spending. The opposite of inflation, deflation has the side effect of increased unemployment since there is a lower level of demand in the economy, which can lead to an economic depression.

Dividend

The distribution of income paid by a corporation to its shareholders who own the stock.

Dollar Cost Averaging

An investment technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high.

Domestic

Used to describe securities issued by entities in the U.S.

Fiduciary

A person who exercises any discretionary authority or control over the management of the plan or its assets, or who is paid to give investment advice regarding plan assets. A fiduciary has a responsibility to work in the best interest of the client at all times.

Global

Used to describe all investments including domestic and international.

Income

A general term encompassing both dividends and interest.



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Frequently Used Investment Terms

Index

A set of returns or values used for comparative purposes. Examples would include the Dow Jones Industrial Average, the S&P 500, and the Lehman Bond indices.

Inflation

The rise in prices of goods and services when there is an over abundance of money and too few goods and services.

Interest

The income paid to bondholders.

Internal Expenses

Also referred to as expense ratio. Most commonly found in mutual funds and ETFs, this is the cost to operate the investment. Determined annually by dividing the operating expenses by the average dollar value of assets under management. Operating expenses are deducted directly from the investment's total assets and lower the return to investors.

International

Used to describe securities issued by entities outside of the U.S.

Investment Policy Statement

A document created by the fiduciary that clearly states the investment objectives of the client, the degree of risk willing to be assumed and the acceptable courses of action that can be implemented by investment professionals.

Liquidity

The ability to convert assets into cash without significant loss.

Market Value

The current value of an asset.

Market

Usually the term refers to the stock market but can refer to other markets, such as the bond market or currency market.

Mutual Fund

An investment that includes many of the same underlying types of securities. Examples include stock, bond, money market and international.

The objectives range from income to growth. The risk ranges from conservative to aggressive.

Non Qualified Investment

An investment that does not qualify for any level of tax-deferred or tax-exempt status. Investments of this sort are made with after-tax money. Returns from these investments are taxed on an annual basis as capital gains. These funds can be used before retirement without any penalty.

Qualified Investment

An investment purchased with pretax income. Money invested in a qualifying investment, annuity or plan is exempt from income taxes until it is withdrawn. These sorts of investments are tax-deferred, because the money invested in them is taxed at withdrawal only. Distributions are taxed as ordinary income.

R squared

A statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

Real Estate Investment Trust

A company which invests in real estate related assets and whose stocks trade on an exchange.

Recession

A period of temporary economic decline during which trade and industrial activity are reduced, generally identified as two consecutive quarters of negative economic growth as measured by a country's gross domestic product (GDP).

Required Minimum Distribution (RMD)

The minimum amount that must be withdrawn from a tax-deferred account each year. Generally, withdrawals from an IRA, SEP IRA, SIMPLE IRA, or retirement plan account need to begin within the year age 70½ is reached. Roth IRAs do not require withdrawals until after the death of the owner.

Retirement Plan

Any fund to provide for the retirement of an entity's employees. (profit sharing plan, 401(k) plan, 403(b) plan, money purchase plan, pension plan).

Return

The percentage change in value of the investment over a given period of time.

Risk Tolerance

Different investors have different attitudes toward risk and return. Risk tolerance measures this preference. Investors with a high risk tolerance will accept more risk for a certain amount of additional return.

Stock

A corporation issues stock to raise money. Stock is issued in shares (to shareholders). Common stock represents ownership in a corporation and is classified as equity.

Tax Exempt

An adjective used to describe a security, such as a bond, or an entity, such as a foundation, on which taxes are not levied. The opposite of taxable.

Taxable

An adjective used to describe a security, such as a bond, or an entity, such as a foundation, on which taxes are levied. The opposite of tax-exempt.

Yield

Used to measure or describe certain types of return. Current yield measures the return to an investor based on the current income (interest or dividend) and the current value of the asset. Yield to maturity is the return to a bondholder who holds a bond until it matures.

Charitable Giving

People give for a variety of reasons ranging from deeply personal to highly practical. Determining your personal reason for giving is the first step.

Determine Your Passion

There are several ways to ensure your charitable giving plan meets both your financial and personal goals. Follow your passion to give your gift meaning. This way, you give from your heart and you



“Your personal reason for giving is the first step.”

feel a sense of peace of mind, belonging and satisfaction.

Learn as much as you can about the cause you intend on supporting. Be sure to reach out to the organization and meet their key players.

Understanding Charitable Giving

When considering your own personal legacy, you may think of an individual or organization that touched your life or a family or friend's life. In fact, you may want to include this organization in your estate plan.

If you decide to make a charitable contribution or include a charity in your estate plan, seek out a tax professional as you may be eligible for a tax deduction.

Gifting Strategies

Outright Gift: The current annual gift exclusion varies slightly from year to year. This exclusion will allow you to gift the exclusion amount to any number of individuals without filing a gift tax return.

Life Insurance: You may identify a charity on a life insurance beneficiary form. Although qualified charities do not pay taxes on donations they receive regardless of the vehicle, life insurance is an easy way to make a large impact with a fairly modest annual payment. If you have a

charity you feel strongly about supporting but don't necessarily have large dollars to contribute today, life insurance can be a wonderful solution.

Planned Gift: You may decide to provide an organization with an outright gift. This gift may provide tax benefits equal to the value of your gift up to certain limits. Any amount over the limit can be carried forward for up to five years.

Charitable Lead Trust: You may decide to provide an organization with income. In this case, you would place assets into a trust, which pays an income to the charity. At the end of the trust period, the remaining assets are paid back to you or to your heirs.

Charitable Remainder Trust: Another way to touch an organization is to create a portfolio that would generate income for your life or your beneficiary's life with a remainder interest eventually go to a charity. This gift is irreversible in terms of non-charities, but you do have the ability to change the charity that will eventually receive your gift.

Charitable Gift Annuity

Through a simple contract between you and the charity, you agree to transfer cash, stocks

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Charitable Giving

or other assets to the charity of choice. In return, the charity will pay you (and someone else, if you choose) a lifetime stream of fixed annual income. In addition to providing a gift and receiving fixed payments for life, your initial gift is partially income tax-deductible, the payments are partially income tax-free throughout your estimated life expectancy and your payments are not affected by ups and downs in the economy.

IRA

If you die with retirement plan assets in your estate, those assets are subject to income taxes. Giving to a qualified charity can reduce the amount of tax due. If you donated to a nonprofit tax-exempt organization, that organization would be eligible to receive the assets tax free.

Highly Appreciated Securities

Instead of cashing out of a winning position and then writing a check, simply transfer ownership of the security (stocks, bonds, mutual funds and other assets) directly to the charity. This way, the charity books the investment at fair market value while you take an equivalent income tax deduction. Moreover, since the transaction avoids capital gains taxes, you can actually deduct more from your income than if you had given cash.

Donor-Advised Funds

Donor-advised funds (or DAFs) are charitable giving accounts offered by a sponsoring

organization that are designed as a simple and less expensive alternative to private foundations. Donors contribute tax-deductible assets to their accounts, advise the sponsoring charity on how it should invest the assets and recommend grants from their accounts to charitable organizations of their choice. When you donate money into a donor-advised fund, it is an irrevocable donation to the organization that holds the account.

Donation of Your Time

Volunteering does not cost you a dime, but it certainly has value. Today, more volunteers than ever are finding their way to charities that inspire them. Whether you have one hour a week or one day a year to give, consider the gift of your time. Decide what is important to you and look up organizations that have the same passion.

Whatever gifting strategy fits your goal, it is clear that planned giving can be very rewarding personally and from a tax standpoint.

EIG will work with you and your team of legal and tax professionals to craft a philanthropic plan that feeds your soul today and many years to come.

Divorce Planning

Divorce is a legal proceeding in which a court terminates a marriage and enters a judgment regarding children, income, assets, and debts. Divorce affects every aspect of a couple's family relationships and financial future. Because of the financial complexity of a divorce, it is important to start the process with a solid understanding of the joint financial picture.



“ Starting with a solid understanding of the process is important. ”

Attorney

Hiring the right attorney is an important initial step. Interview several attorneys before making the decision on who will help you choose the best process and make the best family and financial decisions through the divorce. Be certain you have one or more legal consultations to understand your options.

Certified Divorce Financial Analyst (CDFA)™

The primary role of a CDFA™ professional is to provide guidance to a client and his or her attorney during the process of divorce. The CDFA™ will provide a clear understanding on how the financial decisions made today will impact your financial future. The CDFA™ becomes part of your financial decision-making and provides education and advice as needed. It is important for a CDFA to review tax return, account statements and the total financial picture to explain tax effect, prevent errors in the final settlement, and help avoid future financial issues or a return to court. A CDFA™ has essential expertise and can save time and attorney fees. They will assist in creating a legal settlement that will be specific to your personal financial needs. A CDFA™ will guide you on the financial perspective of your divorce, and help create the best financial plan for your future.

Types of Divorce:

Pro Se Divorce

When a person, or couple, chooses not to use an attorney for the divorce process; do-it yourself for all decisions and legal documents. Proceeding without legal advice can result in costly mistakes or future conflict and litigation.

Traditional Divorce

Legally dissolving marriage traditionally with two lawyers and a trial as an option. This process can be unpredictable, contentious and very expensive, but may be necessary in some cases where one or both parties are unwilling to problem-solve or compromise.

Collaborative Divorce

An out-of-court team approach to divorce. Divorcing couples each have a lawyer and obtain professional child and financial help from specialists as needed. When couples commit to collaborative divorce, they agree not to have a judge decide issues. In a collaborative divorce, the parties are less adversaries and more teammates working toward a resolution to a common problem. If the collaborative process does not work and either party wants a court trial, the collaborative process terminates and both lawyers are disqualified from any further involvement in

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Divorce Planning

the case. This helps assure that both the parties and their lawyers are committed to a problem-solving approach that meets the needs of all family members.

Mediation

A cooperative process in which both parties are assisted in reaching their own final agreement by one neutral lawyer trained in divorce matters. The mediator is a legal educator and guide, but does not represent either party and cannot make or enforce decisions. A lawyer mediator can facilitate negotiations and draft and file all necessary legal documents on behalf of both parties. Lawyer mediators may work with financial and child specialists to assist the couple in creating a fully informed mutual agreement.

Other Considerations:

Financial Disclosure Statement

A legally required compilation of financial information which each party must sign and affirm under oath. This document outlines all assets and liabilities, both joint and individual. It also details living expenses, income and deductions. It is a key document used to collect all financial information as a foundation for financial negotiations and final agreements. It can be individual or joint depending on your process.

Cash Flow Management and Projections

A financial specialist tool to assist in determining current income and expenses as well as outlining future needs after the marriage is dissolved.

Child Support

The amount of money calculated based on parent's income and child placement; it is based on a state formula unless the parents agree otherwise. Child support is not taxed as income to the person receiving the support, nor is it deductible by the payer. With shared placement, variable expenses must also be allocated.

Spousal Support / Alimony / Maintenance

Periodic support payments paid to a former spouse. Payments are based on a list of legal factors, but there is no set formula. The paying spouse may deduct these payments, and the receiving spouse must declare this as income.

Property Division

Allocation of assets and debts. This requires accurate valuations, including tax effect, to assure informed decision-making. It starts with a presumption of 50-50, excluding gifts and inheritance, which can be varied based upon legal factors.

Conclusion

A divorce does not have to end with a winner or loser or the destruction of your family. By putting the right team in place, dissolving a marriage and reaching an agreement can mean restructuring your family and financial future in a positive way. Your advisor is ready to assist you in building the right team for the divorce process.

Disability Income Insurance

What is the first thing you think of when I say the word: insurance?

You may think of health, auto, home, life or personal property insurance. Most people do not think of insuring their income. However, if your income is disrupted, even for a short period of time, it can be devastating.

Disability Income Insurance can provide peace of mind knowing you could receive monthly benefits to help pay for daily living expenses in the event a qualifying disability occurs. In fact, it may even help pay for your increased medical expenses.



“ Disrupted
income can be
devastating.”

Disability Income Insurance creates a comprehensive insurance plan. Health insurance may cover hospital bills, doctor bills, medications, and medical treatments. Disability Income Insurance may cover food, clothing, housing, transportation, personal technology, insurance premiums, saving for retirement, college education, medical expenses not covered by health insurance and much more. Disability Income Insurance helps you plan for the unexpected.

If you are considering this insurance you will want to review the various riders:

Customize Disability

The basic policy covers a Total Disability. You can add riders to customize a policy specifically for you.

Elimination Period

The length of time before benefits begin. (i.e. 90 days, 180 days, etc.)

Benefit Period

The length of time benefits are paid after the elimination period is satisfied.

Occupation Period

The length of time the insured is protected in a specific occupation and is not required to work in another occupation.

Monthly Benefit Amount

Varies on a variety of factors, including income, occupation and existing coverage.

Taxability of Benefits

Depending on how the premiums are paid, disability income payments may be tax free. It is important to understand the taxability of the benefit.

Bridging the Gap

It is not always necessary to purchase a policy to replace 100% of income. It is important to analyze household cash flow and current company benefits to craft a plan for your specific needs.

A Disability Income Insurance policy can be customized to meet your needs and fit your budget. Contact your advisor to review various coverage levels: Comprehensive Coverage, Moderate Coverage or Basic Coverage.

You may even consider pairing a Disability Insurance Retirement Security policy with the traditional Disability Income Insurance discussed above. This insurance will provide ongoing protection throughout your working and retirement years in the event of a qualifying disability.

We help you create a vision and financial plan for your dreams – consider protecting those dreams by insuring your income with a Disability Income Insurance policy.



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Education Planning

Planning for education costs can be a daunting task. The sooner you plan, the more likely you are to meet your goals. There are many benefits to using education specific investment accounts to fund elementary, high school and college costs.



“Planning is a critical part of funding college.”

Types of Plans: Coverdell Education Savings Account (ESA)

This education savings account allows families to save for education expenses on a tax-free basis. Unlike a Section 529 plan, funds may be used for K-12 expenses, as well as higher education expense. Earnings grow tax-free and distributions are non-taxable as long as funds are used for education. Non-Qualified distributions are subject to income tax and a 10% federal tax penalty. The ability to contribute to a Coverdell ESA is based on income and limited per year, per beneficiary. The account owner maintains control over the account and may change investments or beneficiaries at any time.

Section 529 Plan

This plan, specifically designed for higher education expenses, can also provide the owner with a state income tax deduction, if contributions are made to the state sponsored plan. Earnings grow tax-free and distributions are non-taxable as long as funds are used for higher education expense. There are no income limits for contributions, and the plan allows for up to \$350,000 in contributions per beneficiary. Earnings on non-qualified distributions will be subject to income tax and a 10% federal

tax penalty. The owner of the account maintains control over investments, which can be changed once every 12 month period and may change the beneficiary of the plan at any time. If the beneficiary receives a scholarship, then dollars equal to the scholarship can be withdrawn tax and penalty free.

UTMA/UGMA

Established under the Uniform Transfer to Minors Act (UTMA) and Uniform Gifts to Minors Act (UGMA), these accounts let investors take advantage of the lower tax rate for children. Unlike Coverdell or 529 plans, funds are not limited to education expenses. The funds in a UTMA/UGMA account may be used for any purpose that benefit the child. Investments do not grow tax-free. For children under 19 and for full-time students under 24, the Kiddie Tax Rules apply. The owner maintains control of the account until the beneficiary reaches the age of majority and investments can be changed at any time. Investments cannot be transferred to another beneficiary. At the point of majority age (the age at which a minor is legally considered an adult, this age varies by state), the child assumes the decision making on these accounts.

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Education Planning

Terms to Know:

Kiddie Tax Rules

The Kiddie Tax Rules affect the tax on investment income of children who are under age 18, or full time students under the age of 24 whose earned income is not more than one-half of their support. Children can receive a portion of unearned income tax-free. The child does not have to pay taxes on any interest, dividends or capital gains up to their annual kiddie tax exemption amount. Once earnings surpass the exemption amount, earnings are taxed at the parents top marginal tax rate.

Dollar Cost Averaging

This investment strategy can help reduce the impact of volatility on investments. By investing equal sums into the market at regular intervals, the risk of incurring a substantial loss is reduced. Dollar cost averaging provides an attractive way to save for education expenses by contributing a set amount each month.

Things to consider:

There are many other things to consider outside of the financial planning aspect for college. Evaluating education planning is a critical part of funding college, teaching your children financial responsibility and preparing them to become financially savvy adults. Your advisor is ready to start the conversation with you today.

End of Life Planning

Inevitably death comes to all of us. Planning for end of life is an important gift to give your family and friends. Our commitment is to assist you in providing peace of mind to your loved ones.

Planning for Your Care

If you need care, who will provide it and how will you pay for it? There are many choices including: care in your home, community based residential facilities and full service medical facilities.

Healthcare Power of Attorney (POA)

The Healthcare POA appoints someone to make health care decisions for you if you are

unable to make those decisions for yourself.

Living Will

A Living Will is a legal document used to make your wishes known regarding life prolonging medical treatments. It can also be referred to as an advance directive, health care directive, or a physician's directive. This information is included as part of the POA for Health Care.

Planning Your Funeral

A death in the family is stressful, especially if the family has the added burden of planning the entire funeral at the time of death. Often, talking about funeral and memorial arrangements can be uncomfortable. If so, a funeral home is a safe place to pre-plan. A funeral home can explain options and record information properly.

Prearranging ensures that your family knows your wishes. Prepaying ensures the money will be available at the time of need. It offers you the advantage of paying for your funeral when you can afford it and relieving your family of a financial burden. You may choose to pre-pay to be sure your wishes are carried out as planned and emotional overspending does not take place.

Authorization for Final Disposition Instructions

This voluntary document allows you to designate someone to make decisions on the disposition of your final remains.

Organizing Your Documents

You may choose to keep your printed documents in a safe deposit box and/or a home file. Whatever you choose, be sure the appropriate person has access to these documents upon your incapacity or death. This also applies to electronic documents stored on your computer or websites.

Special Items

You can create a Memorandum of Personal Property. This is an itemized statement designating how to distribute your personal items. It can include jewelry, collectibles, things you have inherited or special items you want to go to specific people.

Planning for Your Legacy

How do you want to be remembered? In addition to your legal documents, you may choose to leave other documents or videos including ethical wills, memoirs or a letter of wishes for trustees. These can be a meaningful part of your legacy planning. Your values and vision behind your decisions can be expressed through these items.

Ellenbecker Investment Group recognizes the importance of adding legacy planning to the often formal and legal end of life documents. We encourage our clients to think outside of the legal plan. We are happy to assist in the creation and planning of your legacy.



“The most important gift you can give family & friends.”



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Estate Planning

Estate planning is the foundation of your overall financial plan. An estate plan is an individualized and personal description of how you want your estate handled after your death.

Last Will and Testament

This document describes how your assets will be disbursed at your death. A Last Will and Testament goes through probate and appoints guardians for your minor children.

Revocable Living Trust

A Revocable Living Trust works similar to a traditional Will in transferring your assets to your heirs at your death, but a Trust allows the transfer to avoid a court-administered probate process. Probate can significantly increase the amount of work, time and expense of distributing your property at your death. In addition, probate records are public, allowing creditors, banks and other family members to

view the property received by your beneficiaries. Additionally, a Trust can be established to minimize estate taxes for you and your beneficiaries. You may revoke or amend your Trust at any time, and you are in full and sole control over your property for the rest of your life.

Lifetime Asset Protection Trust

This is a Trust for your beneficiaries that is part of your Revocable Trust. It helps protect inheritances from divorce, creditors, lawsuits, bankruptcy and estate taxes for their lifetime.

Pour-Over Will

A Pour-Over Will is established by an individual who has already taken the necessary steps to set up a Trust, so that upon death, all assets are transferred or “poured over” to the Trust. By doing so, you ensure that your estate has an explicit direction to shift assets into the Trust.

Marital Property Agreement

A Marital Property Agreement classifies your property upon your death as individual or marital property and also helps transfer assets to your Trust, similar to your Pour-Over Will.

Wisconsin Transfer on Death (TOD) Deed

Wisconsin offers a TOD Deed on real estate. This deed would transfer the Wisconsin residence into the Trust upon the death of the owner in order to avoid probate.

Memorandum of Personal Property

This is an itemized statement designating who you wish your

personal items to be distributed to after your death.

Financial Power of Attorney (POA)

The Financial or Durable POA appoints someone to make financial decisions for you if you are unable to make those decisions for yourself during your life.

Healthcare Power of Attorney (POA)

The Healthcare POA appoints someone to make health care decisions for you if you are unable to make those decisions for yourself.

Authorization for Final Disposition Instructions

This voluntary document allows you to designate someone to make decisions on the disposition of your final remains.

IRA, Annuity, and Life Insurance Review of Beneficiaries

Many investments and insurance contracts allow a designated beneficiary to receive these assets without going through probate at the owner's death. It is important to evaluate the best manner (tax or otherwise) to designate beneficiaries so they are coordinated with your Estate Plan.

Going Forward

Ellenbecker Investment Group has a team of trusted advisors who have the same goals and service approach as ours. We do not provide legal advice, however, we do advocate and attend each of the estate planning meetings held in our office. Your advisor is ready to facilitate this process today.



“The foundation of your plan.”



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Family Office

Imagine being invited to a meeting at your attorney's office to find out, when you arrive, that you are attending the first family meeting after your death. Imagine watching your family discuss their memories and begin talking about finances. What would you see? Who would be the leader of this meeting? Would your family be celebrating a life well lived and organized or would they be in conflict and feeling vulnerable?



Family meetings serve many purposes. Below are the top ten benefits of having a meeting while you are healthy and able to bring your family together:

1. They provide clarity to the responsibilities of the Trustees and Power of Attorney obligations.
2. Conversations that are difficult to broach are carefully crafted to promote connection rather than disconnection.
3. Individual strengths are discussed for current and future involvement.
4. Family values are identified and agreed upon.
5. Many families develop their own code of ethics.
6. Philanthropic legacies are explained or launched.
7. Disparities between beneficiaries and old wounds are identified and addressed.
8. Planning can be done for the next generation.
9. Addressing how fear could impact the family and their decisions.
10. It is an opportunity to see into the future, to observe your family's dynamics.

Clients are often reluctant to have a family meeting that shares their personal details such as net worth and cash flow. A successful meeting is not dependent on disclosing your net worth but rather dependent on each person having a voice and an opportunity to express their concerns and feeling heard. The true gift comes at your death when your family will come together to celebrate your life opposed to not knowing who to trust.

We encourage all of our clients to take advantage of our Family Office Services. You can contact your advisor to arrange a convenient time for your family to meet and they will help you create an agenda for your meeting. Annual meetings are ideal to review any changes and answer any questions that have come up.



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Fiduciary Standards

A fiduciary is a person or company who is given the authority and responsibility to act on the behalf of another. A fiduciary is required to act in an ethical and trustworthy manner at all times and is required to hold the client's best interest in the forefront of each decision.

As an independent Registered Investment Advisor (RIA), Ellenbecker Investment Group acts as a fiduciary for its clients at all times and provides the highest standard of care, attention and service as it relates to your best interest. According to thinkadvisor.com, "The relationship between an RIA and the firm's clients is built on the premise that the investment

advisor will always do the right thing for the person or entity receiving advice. It is a special relationship that does not exist between most businesses providing services to their customers."

We are committed to a fiduciary standard of care and are committed to providing fee-based services to our clients.

There are Five Corner Principles established by the Committee for Fiduciary Standard:

1. Put the client's best interests first.
2. Act with prudence, that is, with the skill, care, diligence, and good judgment of a professional.
3. Do not mislead clients – provide conspicuous, full and fair disclosure of all important facts.
4. Avoid conflicts of interest.
5. Fully disclose and fairly manage, in the client's favor, unavoidable conflicts.

(More information about the Committee for the Fiduciary Standard can be found at <http://www.thefiduciarystandard.org>)

According to brightscope.com, "there are subtle, but important, differences between an Advisor's and a Broker's legal responsibility to clients. As a Registered

Investment Advisor under the Securities Act of 1940, RIAs are required to act as a fiduciary. We must put your interests above our own and declare any conflicts of interest that may arise. You can be assured the portfolios we construct are designed to meet your goals and put your interests above all else. Our only thought when selecting investment products for your portfolio is how these investments are going to help you get to your financial objectives. A Broker or Registered Representative, is required only to recommend investment that are "suitable" for you. In other words, a broker can legally put his own interest above yours when recommending investments "suitable" for the situation."

Ideally, all investment advisors would uphold a fiduciary standard and as regulations and penalties continue to increase, the benefit of working with a fiduciary increases. Ellenbecker Investment Group is proud of its fiduciary standard, core values, ethics and history of doing the right thing. We look forward to continuing to deliver the highest level of investment advice, service and transparency to our clients.



“We are committed to a fiduciary standard of care for our clients.”



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Final Expense Planning with Funeral Trusts

A Funeral Expense Trust is a designated, prefunded plan that combines the financial stability of insurance with the security of a trust. It allows you to protect assets from creditors and Medicaid qualification, and helps ensure that your family and loved ones will have the financial resources to meet your final wishes, without needing to fully pre-plan the details of your funeral or celebration of life today.



The life insurance plan is funded with a single premium of up to \$15,000. It is available up to age 99, on a guaranteed issue basis, meaning you do not need to medically qualify for the plan.

The policy earns interest and grows on a tax-free basis until needed. At your death, the policy proceeds are paid out to the funeral provider within 48 hours of notification of death. Excess funds in the policy are paid out to your estate.

A Funeral Expense Trust is irrevocable, meaning that once funds are gifted to the trust, they cannot be reclaimed. It is a legal agreement in which an individual sets aside a certain amount of money to cover the cost of a funeral or celebration of life. Examples of expenses that can be covered by the funds include:

- Caskets
- Hearse services
- Car and limousine services
- Funeral direction services
- Embalming
- Dressing and cosmetology
- Funeral home services
- Burial plot
- Cemetery services and fees
- Headstone
- Obituary Notices
- Flowers
- Death Certificates
- Memorial luncheon or celebration

You do not need to choose a funeral home or make specific plans until you and your family are ready to do so. However,

having the funds set aside to cover the costs can make a huge difference to your surviving loved ones during their time of loss.

One of the key benefits of the Funeral Expense Trust is that the applicant can reduce their countable assets to qualify for Medicaid. The funds used to purchase the life insurance policy within the Irrevocable Funeral Expense Trust do not violate the 60-month asset transfer rule. If an individual is not concerned with qualification for Medicaid, there may be other solutions that are a better fit for their needs.

To buy a Life Insurance Policy within an Irrevocable Funeral Trust it is important to:

- Begin the process before applying for Medicaid.
- Determine how much your resources are over the Medicaid asset limit.
- Determine approximately how much a funeral will cost; Proceeds remaining after the funeral costs are subject to recovery by the state Medicaid office.

Talk with your EIG wealth advisor regarding how Final Expense Planning with an Irrevocable Funeral Trust can benefit you and your financial plan.



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Financial Planning

At Ellenbecker Investment Group, we strive to deliver exceptional planning and extraordinary service. Every day, we engage clients by asking questions that help define what is important, now and in the future. We see ourselves as financial advocates who truly care about our clients, not just their investments. We invite you to get to know our process, from our

initial introduction all the way through your long-term financial planning.

Financial Planning

Financial Planning is the process of identifying a personal goal and developing a strategy to meet or attain that goal.

Information Gathering: Every time we start a financial planning conversation, we determine our client's starting point. During the initial consultation, we will discuss your current investments to determine your net worth. In addition to gathering information, we will take a moment to listen and learn about your history and relationship with money.

Setting Goals and Objectives: Whether you want to retire, or are already enjoying retirement; you likely have dreamt about retirement for many years. Putting your dream into reality is difficult without understanding your annual living expenses.

Develop Recommendations: Part of our consultation process is to generate specific recommendations in regard to saving strategies, asset allocation and investment recommendations. It is through the financial planning process that we will determine:

- **Risk Tolerance:** How well have you handled market volatility? What level of risk is appropriate for you? We will assess your risk tolerance and use this information to develop an appropriate strategy.

- **Time Horizon:** What is the time horizon for your goal? In addition, when we discuss retirement planning, we will want to discuss life expectancies.

Our process is to get to know you, not just your finances.

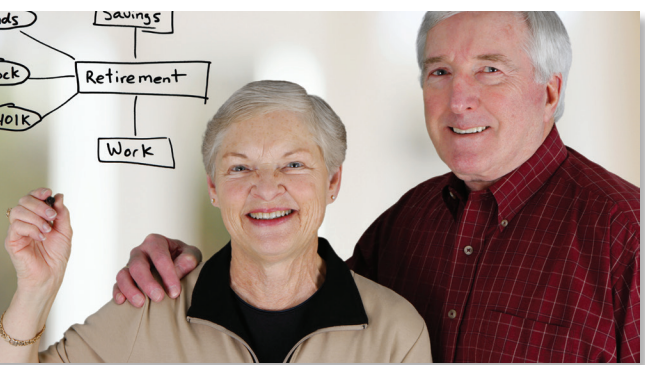
Our Partners

As your financial planner, we will establish and maintain a good working energy between all the professionals involved in your lifelong planning.

Our Code of Ethics

We are proud of our oath to provide you with financial plans that are based on competency, integrity, objectivity, confidentiality and diligence. As a Fiduciary, our responsibility is to put your best interests ahead of every decision and recommendation.

Through clear and open discussion, we can help establish a financial plan that fits your life – for the rest of your life.



“Establish a financial plan that fits your life.”



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Home Buying or Selling

Buying or selling a home is a very big decision and it is important to make sure you have the right information, tools and partners to smoothly move through the process.

Upsizing or Downsizing

Creating a list of your goals is a good place to start. Begin with a detailed list of all the things you need to have in your new home and another list of the items you

want to have. Whether you are downsizing to a condo or buying a larger house, it is important to decide on the non-negotiable aspects of your new place as well as the negotiable qualities.

Creating Your Team

There are many people you can partner with to make the home transition process easier. Be sure to create a team that works well together and helps you get to the point where you can adequately make a qualified decision for your personal needs.

Choose a Financial Advisor:

A financial advisor will help you prepare for the home transition. They will help you finalize cash flow details, emergency fund amounts and other important financial planning tools for success.

Choose a Realtor: Consider hiring a real estate agent, especially if it is your first time buying or selling a home. An agent will take the time to match you with available homes in the area. They also have the inside scoop on home inventory and skills to assist in negotiations. It is important to have a realtor to maintain your best interest during the home search and buying process.

Choose a Mortgage Company:

A mortgage broker or lender will help you prepare your credit report for an upcoming purchase. They will also assist you through the pre-qualification process. They will explain the different types of loan options and help you make a decision that best meets your personal needs.

Choose a Property and Casualty Agent:

Be sure to evaluate and understand the importance of proper insurance coverage for your home. A sound risk management plan, as it relates to homeowners insurance, is a critical part of the overall plan. An agent will provide details on proper coverage for insuring the new home as well as help you find a competitive price.

Understanding Cash Flow: It is important to fine tune your cash flow prior to making a home transition. Whether you are in the accumulation phase or distribution phase of your financial planning it is important to know what you can comfortably spend.

Sit Back and Enjoy

By putting the right team in place and by committing to the upfront leg work to avoid surprises, you will be able to comfortably sit back and relax in your new home.



“Make sure you have the right information, tools and partners.”



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Investment Management

Since every investor is different, their individual portfolios and asset allocations should be unique as well to truly fit their needs, goals and tolerance for risk. The importance of a well-diversified portfolio with a solid asset allocation plan is a key element in their overall financial plan.

Depending on the size of the portfolio, Ellenbecker Investment Group advisors use many investment vehicles to create



the best portfolio for each client. These vehicles may include mutual funds, exchange-traded funds (ETFs), individual stocks and/or individual bond positions.

While there are many factors that are incorporated into crafting a portfolio for clients, some of the more common terms and elements are further defined below.

Diversification

The most basic building block in a portfolio and the most important. It is the foundation around the phrase “Don’t put all of your eggs in one basket” and is the driving principle behind asset allocation. Diversification reduces risk. It can take many forms including investing in different security types, sectors, industries, geographic locations and asset classes. This is very important because it is impossible to know which investment will perform well or poorly at any given time.

Asset Allocation

This is the process of investing in different kinds of asset categories like stocks, bonds, mutual funds, ETFs, real estate and cash. The goal here is to optimize the risk/reward tradeoff based on the individual investor’s needs and long-term goals.

Beta

This is a measure of a mutual fund’s or portfolio’s sensitivity to market movements. The stock market, by definition, has a Beta

of 1.00. A fund or portfolio Beta of 0.65 indicates that it will perform 35% lower than the market’s excess return during up markets and 35% better during down markets. A low Beta is not an indicator of low volatility or poor performance. Low Beta signifies low market-related risk.

Alpha

Commonly defined as “excess return” or a measure of the difference between a fund or portfolio returns and their expected performance. A positive Alpha is an indicator that the performance was better than the Beta would predict.

Benchmark

Defined as a standard against which the performance of a security or portfolio can be measured. A benchmark will likely be different based on risk, diversification and asset allocation of a given client’s portfolio.

Expense Ratio

Mutual funds and ETFs have expenses that include management fees, administrative fees, operating costs and other asset-based costs. The total of these fees and expenses is deducted from the average net assets on a daily basis. In a diversified portfolio, the expense ratio is expressed in the aggregate based on the individual expenses for each mutual fund and/or ETF.

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Investment Management

Ellenbecker Investment and Research Partners

Ellenbecker works very closely with several partners to provide the best outcomes for our clients. At a minimum, we perform quarterly and/or annual due diligence on all of the firms and investment vehicles to insure that we have the best lineup of investment for our clients.

A brief description of our primary partners:

Capital Markets Consultants

Investment Research Partner founded in 2002 and located in Milwaukee, Wisconsin. Capital Market Consultants is an institutional investment consultant serving financial intermediaries. All our clients are financial institutions or wealth management firms that have engaged us to develop their high net worth investor money manager, mutual fund and ETF investment programs

Campbell Newman Asset Management

Campbell Newman is a Milwaukee-based independent investment advisor that provides separate account equity portfolio management to institutions and private clients. Founded in 1977, the firm is 100% employee owned. Campbell Newman specializes in Large Cap Dividend

Growth, Large Cap Growth and Small Cap Growth style investing models that target downside protection with upside participation.

Pavlic Investment Advisors

An independent advisor focused on building high-quality fixed income portfolios for clients. Founded by Terry Pavlic in 1997 and based in Delafield, Wisconsin, Terry has over 30 years of experience in the industry.

Dimensional Fund Advisors

A global mutual fund manager that manages over \$400 billion for investors. They follow an enduring investment philosophy based on rigorous academic and scientific research that are the foundations for their investment strategies.

Legacy Planning

Family wealth is often emotionally charged. It does not matter whether you have a modest nest egg or financial abundance. Wealth creates unique opportunities and challenges for parents and beneficiaries. We all understand the opportunities that wealth provides but as the level of wealth increases, decisions become more complex and sophisticated. The most difficult challenge for families is often the least discussed; defining where money, values and family intersect.



“ The most difficult challenge for families is often the least discussed.”

EIG Family Office

Everyone acknowledges the importance of effective communication. Yet, families rarely talk specifically about their finances with each other. At Ellenbecker Investment Group we are committed to helping our families enjoy their wealth during their lifetime and to help you and your family lead financially balanced lives for generations to come. Our goal is to bring family members together, not necessarily to discuss financial statements, but to help raise financial awareness of the next generation and to provide a solid foundation to maintain a healthy family connection.

EIG has a Family Office conference room that provides a safe place to discuss and explore the family legacy. We assist families in next generation financial preparedness, as well as defining shared values, purpose and expectations of the family. We help families get the message right and recognize the importance of determining family dynamics prior to an unexpected life event.

Partners

We work closely with estate planning attorneys and tax specialists to identify the best methods to address estate planning issues, taxation, preservation, control and philanthropy. Each family situation is unique and often requires experts to

address issues such as divorce, addictions, long term illnesses, elderly care, poor spending habits, a spendthrift child and new marriages. The good news is that even though these are often difficult and complex issues to address, professional advisors are successful at facilitating conversations to help minimize taxes, protect assets and grow personal wealth.

Succession Planning and the Family Owned Business

Some families proactively plan to transfer ownership of the family business to future generations and others need assistance in identifying and creating a succession plan. Decisions around investing further in a family business or selling for realized capital can be very difficult, especially when you have a child or family member in the business. There are many resources available to help individuals and families plan for the success of their family business or to help put a plan in place to transfer that risk and wealth during their lifetime.

Our Goal

Our goal is to help you define your legacy while you are healthy and capable of making those decisions. We want future generations to be aware of your financial goals. We will assist in developing a sense of financial stewardship that will carry on for generations.



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Life Insurance

Life insurance can be a valuable planning tool when properly designed as a component of your overall financial plan. Insurance proceeds can be a source of funds for your spouse, children, business partners or other beneficiaries during an extraordinary time of change.



“Policies evolve and continue to change.”

Some of the more common needs that life insurance can help with are:

- Income Replacement
- Final Expenses
- Debt Repayment
- Child Care
- College and Educational Expenses
- Charitable Contributions
- Business Continuation
- Wealth Transfer
- Tax Planning
- Long-Term Care

The products and types of policies available to consumers has evolved and continues to change.

There are two main types of life insurance available:

- **Term Life Insurance** – provides protection for a specific period of time
- **Permanent Life Insurance** – provides protection for a lifetime

Term Life Insurance

For a specified premium, you receive a contract to pay a death benefit to your beneficiary in the event of your death during a specified period. Most term policies have a conversion option, and offer level premiums for a specified period of time, generally from 1 to 30 years.

Permanent Life Insurance

Permanent Life Insurance provides a death benefit for up to your entire lifetime. Types of permanent life insurance include:

Whole Life Insurance

Whole Life Insurance is the original form of permanent life insurance. It provides a guaranteed death benefit, cash value and premium, with little to no flexibility. The contract may or may not offer dividends.

Universal Life Insurance

Those looking for more flexibility should consider universal life insurance. The insured can modify the death benefit and premium payments. The contracts may offer guarantees and / or the opportunity for cash accumulation. Interest is credited to policy cash values based upon declared interest rates or investment performance.

- **Current Assumption Universal Life** - Assumes current interest rates for cash accumulation within the contract.
- **Indexed Universal Life** - Is similar to current assumption universal life, except the cash accumulation is tied to the performance of an underlying stock index, such as the S&P 500.

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Insurance services are offered through Ellenbecker Investment Group Insurance Services, LLC, a subsidiary of Ellenbecker Investment Group.

Life Insurance

- **Variable Universal Life** - Is similar to current assumption universal life, except the cash accumulation is tied to the performance of investments that you choose.
- **No-Lapse Guarantee / Secondary Guarantee Life** - Guarantees the death benefit for up to a specified period of time, as long as the specified premium is paid.

Term and permanent policies are available on a single life or on a second-to-die basis. You can buy policies that accumulate cash value or you can buy policies that offer protection only.

A recent trend in the life insurance industry is to offer an accelerated benefit rider to allow an individual to access their death benefit while they are living, to cover the costs associated with long term care. There are a variety of plans available, from numerous carriers, to meet different budget and planning needs.

While choosing the policy that best fits your overall planning needs is important, we have found that regular reviews of existing insurance policies are equally important. Your needs may have changed since you originally purchased the policy. The pricing may have changed, the policy may not be performing as originally projected or you may find that you no longer need the coverage that you purchased previously. The cash value is an asset that can be used for other purposes.

We offer complimentary insurance reviews in an effort to make certain you have the best insurance plan in place to help you meet your financial goals.



Ellenbecker Investment Group
Insurance Services, LLC

Long-Term Care Insurance

The need for long-term care services is typically a large unknown during the financial planning process. We do not know who will need care, when they will need it, who will provide the care or what the cost will be.

We do know that working with your financial advisor to create a personalized “Senior Care Strategy” is an important component of planning for your financial future. Planning now may help provide you freedom, choice, control and resources for an event that may not happen for years, if at all.



“Planning now may help provide freedom, choice, control and resources.”

Long-term care insurance policies help pay for care when you can no longer care for yourself. It offers protection of your financial assets, investments, legacy and inheritance.

Long-term care insurance is a valuable planning tool to address the cost of care in your home, an assisted living facility, adult day care center or a nursing home.

There are two different insurance strategies to protect for a long-term care need:

Traditional Long-Term Care

Historically, many individuals have purchased traditional long-term care insurance. Traditional long-term care pays a benefit if you are unable to meet some or all of the basic activities of daily living. Long-term care does not always refer to a nursing home. It often covers other long-term care options such as in-home health care, family care providers, adult day care and assisted living.

The cost of these policies continues to increase, and many consumers do not like the “use it or lose it” nature of the traditional long-term care plans.

Life Insurance with a Long-Term Care Rider

Over the last few years, a number of highly rated life insurance companies have introduced policies that allow you to access some, or all, of your policy death benefit while you are living, to pay for the cost of care services.

In contrast to traditional long-term care policies, this new generation of life insurance ensures that someone will receive a benefit from the policy.

The key is that these policies offer more flexibility and are not a “one size fits all” solution. They offer many features and benefits that can be personalized to meet your budget and planning concerns.

Understanding your options as you develop your “Senior Care Strategy” can seem overwhelming. That is why it is important to discuss this aspect of your financial plan with your financial advisor and revisit your strategy as circumstances change.



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Medicare Planning

Once you turn age 65, you will be faced with decisions regarding Medicare and health insurance planning. You have invested in Medicare over the years and now it is time to reap the benefits of your savings.

Original Medicare

Original Medicare consists of parts A and B. You are automatically eligible for original Medicare if you have attained age 65 and are a legal U.S. citizen, or resident who has lived in the U.S. for at least five consecutive years. If you are under age 65, you may qualify on the basis of disability or other special situation.

Part A

Medicare Part A covers hospital costs and skilled nursing services after a hospital stay, plus hospital care, mental health care,

hospice care, and some blood transfusions during inpatient care. If you meet the minimum of 40 quarters of Medicare taxes paid, the premium is free. Associated costs include a deductible, copay, and in some cases, coinsurance. You may enroll any time after age 64 and 9 months even if you are not yet receiving Social Security. If you are receiving Social Security benefits, enrollment is automatic.

Part B

Medicare Part B covers doctor's office visits and other medical services that do not require a hospital stay, including physician services, outpatient hospital services, ambulance, lab services and durable Medicare equipment. Most people pay a monthly premium that will automatically be deducted from their Social Security, but you can also pay out of pocket. Additional costs include a deductible, copay, and in some cases, coinsurance. You have seven months to enroll for Part B, starting three months before your 65th birthday and ending three months after your birthday month. Premiums will be higher if you miss this enrollment window.

Part C

Medicare Part C is also known as Medicare Advantage. These plans are offered through private insurance companies that combine coverage for original Medicare (Part A and Part B) and may also include prescription

drug coverage (Part D). Costs vary by plan. Like Part B, Medicare Part C has a seven month enrollment window. If you miss the enrollment window, you must wait until the open enrollment period between October 15 and December 7, unless you qualify for an exemption.

Part D

Medicare Part D covers prescription drugs and coverage is offered through private insurance companies. Costs and specific drug coverage varies. You can enroll for Part D three months before your 65th birthday and up to three months after your birthday month. If you miss the enrollment window, you must wait until open enrollment.

Medicare Supplements

Medicare supplements are private health insurance plans, also known as Medigap plans, designed to supplement original Medicare. These supplements help pay for some or the health care costs not paid by Medicare. When you turn 65 and enroll in Part B, you have a guaranteed right to buy a Medigap policy for six months. You cannot be refused if you sign up during the open enrollment period. If you wait, you may be charged a higher rate or be rejected due to your health history.

There are many details to understand and scenarios to evaluate. Your advisor is prepared to guide you through the Medicare Planning process.



“It is time to
reap the benefits
of your savings.”



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Mortgage Planning

A home is typically the largest purchase a person makes during their life. In most cases, it is necessary to obtain a mortgage loan on a home. There are different types of mortgages designed to assist a buyer's personal needs.

Conventional Fixed Rate Mortgage

A fixed rate mortgage means the interest rate is fixed for the

term of the loan. This is the most widely used type of loan because it does not leave homeowners at risk for changes or increased payments. If rates increase, the loan is not affected. However, if rates decrease, refinancing may be an option. Fixed rate mortgages are usually for a term of 15 or 30 years, but also could include a 20 or 10 year fixed rate term.

Variable or Adjustable-Rate Mortgage

Adjustable-rate mortgages have fixed rates for an initial period of time and then adjust at some point during the loan. While these offer lower initial rates than fixed mortgages, if interest rates rise, the monthly payments on adjustable-rate mortgages can rise significantly. These loans come with caps that limit total payment, maximum rate of interest and interest rate fluctuation. The most common form of adjustable-rate mortgages are one-year, 3/1, 5/1, 7/1 and 10/1. The first number is the number of years the rate stays constant during the initial teaser period and the second number is how frequently the annual rate resets. Interest-only loans are also considered adjustable-rate mortgages.


Federal Housing Administration Loan (FHA)

A FHA loan is a mortgage that is backed by a Federal Housing Administration approved lender. FHA loans usually allow the lender to make a minimal down payment, sometimes as low as 3%. While this type of loan is designed to help those with low income or poor credit, the amount of the loan is usually limited. The FHA loan is a good choice for first-time home buyers.

Veterans Administration Loan (VA)

VA loans are only available for veterans of the United States military. These mortgages are guaranteed against default, which protects the lender if the borrower does not repay the loan. The VA loan is offered by private banks, so it is not necessarily a government backed mortgage. Often, these types of mortgages require a minimal down payment, if any, which makes it a great option for military personnel. Additionally, these loans do not require private mortgage insurance (PMI) so they can be more affordable. Overall, VA loans are an excellent choice for military and ex-military members.

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“Understanding your options helps you make the best decision.”



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Mortgage Planning

Interest-Only Mortgage

An interest-only mortgage offers benefits for individuals who require lower payments. Typically, the homeowner will pay only interest on the loan for the first few years of the loan, making it easier to pay monthly. After a set period, the payments then go to principal and interest and the payments increase. This type of loan can be beneficial for people who plan to sell before the interest only period expires. This also works well for someone who may be carrying two loans for a short amount of time. The downside of this type of loan is that monthly payments increase once the interest only period is over, and not everyone is able to sell or refinance before that time.

Balloon Mortgage

A balloon mortgage requires the homeowner to pay off the remaining balance of the loan in one lump sum, known as a “balloon payment” at the term of the loan. If the homeowner cannot pay it off, they must refinance the loan and will be subject to current interest rates and lending requirements. The interest rates on balloon mortgages are typically very low, resulting in lower monthly payments. One strategy is for homeowners to save additional dollars in an investment account until the final balloon payment is due. This allows for the

opportunity to pay the payment at that time, minimizing the overall interest paid. This type of loan can also be beneficial to a homeowner who plans on selling the home prior to the balloon payment being due.

Reverse Mortgage

A reverse mortgage is typically utilized by seniors who have no current mortgage on their home but have a desire to stay in their current residence. The reverse mortgage works like revolving credit, where the homeowner receives a monthly payment to cover their cash flow requirements. The amount of the reverse mortgage will increase over time, so it carries a lot of risk for lenders. Seniors should do substantial research regarding payback interest rates, loan limitations and fees associated with this type of loan.

Private Mortgage Insurance (PMI)

If a buyer does not have a 20% down payment when they initiate their mortgage, then they will be required to pay PMI.

Home Equity Loan / Second Mortgage

A second mortgage is a loan taken after the first mortgage. There can be various reasons to take out a second mortgage, such as consolidating debts, financing home improvements, or covering a portion of the down

payment on the first mortgage to avoid the PMI requirement. The second mortgage usually carries a higher rate of interest than the first mortgage. The amount that can be borrowed is based on the equity in the home. This option may make sense when rates are typically fixed and carry a term of between 1-20 years.

Home Equity Line of Credit (HELOC)

A HELOC is a type of revolving credit in which the home is used as collateral. Because the home is more likely to be a large asset, many homeowners use their HELOC for major items such as home improvements, education, or medical bills rather than day-to-day expenses. Having the equity in your home is often a way to increase distribution planning options in retirement. With a HELOC, the borrower is allowed a specific amount of credit. However, there is a credit limit that the lender sets by taking a certain percentage of the home’s appraised value and subtracting it from the existing mortgage’s balance.

Our dedicated advisors are happy to review how your current mortgage plan fits in with your overall financial plan.

Source: www.mortgagecalculator.org

Property and Casualty Insurance

Property and Casualty Insurance is important to protect the safety and security of your family and your assets. As with most financial planning solutions, there is no “one size fits all” policy.



Review Process

It is important to have your policies reviewed frequently. When we facilitate a review for our clients we focus primarily on coverage. We want to make sure that your coverage is adequate and that we have identified and mitigated your personal risks. We then review cost. Cost is important and varies significantly between companies. Service is also an important consideration. It is beneficial to have someone you can call when you are faced with a question, claim or amendment.

Auto Insurance

Liability: Coverage provided to pay damages (property/medical/loss of income/wrongful death statute) to others to protect your assets when at-fault for an accident.

Uninsured/underinsured

Motorist: Coverage provided to cover your medical and loss of income when injured via a driver without insurance or insufficient coverage. This coverage also extends coverage as a pedestrian and cyclist.

Medical Payments: Provides medical coverage for insured and passengers in vehicle when at-fault for an accident.

Comprehensive Coverage:

Covers vehicle for physical damage while idling (fire, theft, hail, vandalism, etc.) This also covers glass breakage and deer collisions.

Collision Coverage: Covers all other vehicle incidents while moving (colliding with object, other vehicle or running vehicle off the road).

Home Insurance

While home insurance provides coverage for replacement (not market value) of a home including contents, detached structures, loss of use, and liability, it is also important to consider endorsements such as:

Personal Property Replacement

Cost: Removes depreciation from contents when loss occurs.

Special Personal Property:

Insures contents against most perils unless specifically excluded, compared to named perils which only provides basic peril coverage.

Guaranteed Replacement on

Home: Provides additional coverage if total loss of home exceeds the replacement amount listed.

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Property and Casualty Insurance

Water Back-up and Sewer

Coverage: Only endorsement that will cover damage to dwelling, contents, and cleanup if water was to back-up through drains, sump, septic, or laterals in yard.

Personal Injury: Covers the insured personally for lawsuits brought against them via libel, slander, infringement, defamation of character, wrongful evictions, etc.

Identity Theft: Provides resolution services through specialty company and anywhere from \$15-\$30K of expense coverage depending on the company.

Umbrella Policy

An umbrella policy is designed to provide protection in excess to your underlying auto and home insurance policies in increments of \$1,000,000. An umbrella policy provides worldwide coverage that means you are covered wherever life may take you. An umbrella policy is an important and cost effective way to protect your assets from an excess liability claim.

With coverage and legislation constantly changing it is important to have your policies and coverage reviewed frequently by an insurance specialist who focuses on home and auto insurance coverage.

Retirement Planning for Businesses

Employers have many choices when selecting a retirement plan for the benefit of the company and its employees. Each retirement plan has unique benefits and characteristics.

The most common types of employer-sponsored retirement savings plans are 401(k), 403(b), 457 plans and Thrift Savings Plans, named for the Internal



“Every employee of a company deserves the same high level and quality service.”

Revenue Service tax codes that govern them.

- 401(k) plans are offered to employees of public or private for-profit companies.

- 403(b) plans are offered to employees of tax-exempt or non-profit organizations, such as public schools, colleges, hospitals, libraries, philanthropic organizations and churches.

- 457 plans are offered to employees of state and local municipal governments (and some local school and state university systems).

- Thrift Savings Plans are offered to federal civilian and uniformed services employees.

These plans have many features in common, although contribution limits, vesting schedules for employer-matching contributions, investment options and other details may differ. Be sure to read the plan documents for your particular plan carefully.

Qualified Plans

In order for a retirement plan to be “qualified”, it must adhere to a standard set of rules and requirements under the Internal Revenue Code Section 401(a). Offering a qualified plan comes with many benefits for both the employer and participants. Employers receive a current

income tax deduction for their contributions and savings on payroll taxes. Participants may receive an income tax deferral, payroll tax savings and federally provided creditor asset protection. There are two main types of qualified plans: Defined Benefit and Defined Contribution.

Defined Benefit Plans

Defined Benefit plans are qualified pension plans. These offer employees a benefit at retirement. This benefit is usually determined by a formula and payable monthly to the participant for life, starting in retirement. Defined Benefit plans have a mandatory funding requirement to ensure that the future benefits promised are sufficiently funded. Pension plans place the responsibility on the employer and for that reason, are not widely used with small businesses. Cash balance pension plans are the most popular form of defined benefit plans.

Defined Contribution Plans

Defined Contribution plans are a type of qualified plan that provide a deferral of compensation and taxation to the participant. Under Defined Contribution plans, participants maintain the responsibility of

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Retirement Planning for Businesses

investment management, giving control to the participant and elevating this burden from the company. Popular defined contribution plans include profit sharing plans, 401(k) plans and thrift savings plans.

Other Tax-Advantaged Plans

There are other tax advantaged retirement plans (IRAs, SEP IRAs and SIMPLE IRAs) that can offer attractive savings to small business owners.

Choosing the Right Retirement Plan

There is a great deal of flexibility when it comes to retirement plan design. By understanding your objectives as a business owner, we can help match you with the plan that will best suit your needs, and those of your employees.

The following is a list of things to consider when looking to establish a retirement plan:

- Establish the objectives of the plan. Having clearly defined objectives will help ensure you are matched with the appropriate plan.
- Prepare an employee census to identify the possible participants in each plan.
- Consider the cash flow of the business. The decision made should always consider the company's financial stability and the predictability of its cash flow prior to plan selection.
- Evaluate administration costs. When a company implements a retirement plan, there can be costs associated with adoption and administering the plan.

Corporate Education

Every employee of a company deserves the same high level of quality and service. Education through employee workshops will provide key knowledge to help make informed decisions.

As the regulations surrounding retirement plans are continually changing, the principles for evaluating fiduciary responsibilities should be viewed as a work in progress.

Ellenbecker Investment Group was founded in 1996 to provide financial advice and planning to individuals as well as corporations. In the corporate arena, we focus on retirement planning and help business owners design benefits that create retention for employees as well as services that keep the employees engaged in their financial planning.

Our dedicated staff, along with our business partners, provide specialization in plan design and review, fiduciary responsibilities, employee communication and education, administrative solutions, and investment due diligence.

We look forward to helping you design and implement a plan that fits your goals.

Social Security

Social Security is a government sponsored retirement benefit to replace some of your income in retirement. One of the most important decisions you will have to make as a retiree is when to start taking Social Security benefits.



“The earliest age at which you can claim a Social Security benefit is 62.”

Retirement Benefits

In order to qualify for Social Security as a retired worker, you must have worked at least 40 quarters and earned reportable income. The size of your benefit in retirement depends on how much you earned during your working life. The Social Security Administration (SSA) keeps a record of your annual earnings up to a ceiling that is adjusted annually. Any amount you made over that ceiling does not get taxed by Social Security and does not figure into the formula. When it is time to apply for benefits, the SSA will look at your highest 35 years of earnings or substitute zeros if you did not work for a full 35 years. They will then apply a formula to arrive at your basic benefit, which is the sum that you will be eligible to collect at your full retirement age.

Statements

Several years ago, in an attempt to minimize paper and costs, the SSA discontinued sending annual statements unless a contributor was at retirement age. In order to estimate benefits and confirm contributions, you are now required to establish an online account at www.ssa.gov. It is a good practice to have the online account established and periodically checked.

Early Retirement

The earliest age at which you can claim a Social Security benefit is 62, however, you will not be eligible for your full benefit at that age. Instead, the SSA reduces those benefits by 25 percent if your full retirement age is 66 or 30 percent if it is 67. The reduction of benefits is permanent.

Full Retirement

If you can afford to wait until your full retirement age, you will be eligible for 100 percent of your Social Security benefit. If you were born between 1943–1954, your full retirement age is 66. There is a two month delay for each year between 1955 and 1960. For any retiree born after 1960, full retirement age is 67.

Delayed Retirement

If you can afford to wait even longer, your benefit will increase by up to 8 percent every year until age 70, permanently.

Spousal Benefits

If you are a spouse of a retired worker, you may qualify for spousal benefits now or in the future.

Divorce Planning

If you are divorced, you may also qualify for benefits if the marriage lasted at least 10 years and certain other conditions are met.

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Social Security

Working while collecting Social Security

You can work and collect Social Security at the same time. One of the benefits of continuing to work is that you will be able to increase the benefit you earn later in life. While you are working however, the SSA will reduce your benefit depending on your amount of earned income until you reach your full retirement age. Once you reach your full retirement age, the SSA will recalculate your benefit and give you credit for any benefits that were withheld.

Taxation of Social Security benefits

Some people have to pay federal taxes on their Social Security benefits if they have substantial income from other sources like wages, investment income, rental

income or any other source of income that is reported on their tax return. The tax rate you will pay depends entirely on your overall income bracket since Social Security is treated like ordinary income. However, according to IRS rules, you will not pay taxes on more than 85 percent of your Social Security benefits.

Social Security Planning

In many cases, Social Security will become the best investment you ever made. It is important to work with an advisor to ensure that you have uncovered all the possible scenarios relating to your own personal situation. Evaluating the payments, tax and timing is very important and your advisor is ready to assist with those details.

Tax Planning

With financial planning, what you earn is not as important as what you keep. The Ellenbecker Investment Group (EIG) Tax Division provides tax preparation services, but most importantly we plan with you during the year to ensure the best tax strategies integrate with your financial plan. As part of a tax planning analysis, we will review your prior tax returns to help identify future opportunities. These may include items related to income and deductions.



“What you earn is not as important as what you keep.”

Some situations that may involve tax planning include the following:

- Distribution planning
- Buying or selling real estate
- Buying or selling a business
- Gifting
- Choosing beneficiaries on insurance policies or investment accounts
- Selling inherited or gifted assets

As investment advisors, we consider the tax impact of different types of accounts and different investments within the accounts. These include taxable, tax-free and tax-deferred.

401(k)s

Contributions to traditional 401(k)s are made from your pre-tax earned income. Any investment earnings grow tax-deferred and distributions after age 59½ are taxed as ordinary income.

Roth 401(k)s

Contributions to Roth 401(k)s are made from your after-tax earned income. Any investment earnings grow tax-free and when you take distributions after age 59½, the money is not taxed.

Traditional IRAs

Depending on your Modified Adjusted Gross Income (MAGI), some or all contributions to traditional IRAs may be deductible. Any investment earnings grow tax-deferred and

when you take distributions after age 59½, all or a portion of your distribution is taxed as ordinary income.

Roth IRAs

If your Adjusted Gross Income qualifies you to contribute to a Roth IRA, the contributions are made with after-tax dollars. Any investment earnings grow tax-free and when you take distributions after age 59½, the money is not taxed.

Required Minimum Distributions (RMDs)

A required minimum distribution is the minimum amount that you must withdraw from an IRA annually once you reach age 70½. Roth IRAs do not require withdrawals until after the death of the owner. You can withdraw more than the minimum required amount. All withdrawals will be included in your taxable income except for any part that was taxed before (your cost basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).

Social Security

Social Security income is taxed based on your MAGI. The maximum percentage of your Social Security income that may be taxed is 85%.

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Tax and accounting services are offered through Ellenbecker Investment Group Tax and Accounting Services, LLC, a subsidiary of Ellenbecker Investment Group.

Tax Planning

Qualified Tuition Programs – Section 529 Plans

Contributions to 529 Plans are made from after-tax dollars. The earnings grow tax-deferred and any distributions for qualified higher education expenses are income tax free. Contributions are deductible in some states, including Wisconsin.

Taxable Accounts

Examples of taxable accounts include those in your name, joint name or in the name of a Trust. Any investment earnings are taxable in the year they are earned. Sale of investments in these types of accounts may result in a capital gain or loss, which is reported in the year the investment is sold.

Charitable Giving

While the charitable deduction remains unchanged, your ability to claim the charitable contribution deduction may depend on whether you have enough other itemized deductions to exceed the standard deduction. If you are unable to itemize your deductions, there are several attractive charitable giving techniques to consider, such as bundling deductions or using a donor-advised fund.

Medicare Surtax

A surtax of 3.8 percent is imposed on certain types of unearned income of individuals, trusts, and estates with income above specific thresholds. For individuals, the 3.8 percent surtax can be imposed when modified adjusted gross income (MAGI) exceeds the threshold amount in that year. Deferring income or retirement

account distribution planning can reduce MAGI and avoid the Medicare surtax on your investment income.

Capital Gains and Dividends

Long-term capital gains are defined as gains made on assets held for over a year, while short-term capital gains come from assets held for a year or less. Long-term gains are taxed at rates of 0%, 15%, or 20%, depending on your tax bracket, while short-term gains are taxed as ordinary income. Qualified dividends are taxed at long-term capital gains rates. Taking advantage of these lower rates can significantly increase the long-term value of your portfolio.

Alternative Minimum Tax (AMT)

AMT is a supplemental income tax for certain individuals that may have excessive deductions allowing for low regular income tax. The AMT is calculated by starting with your adjusted gross income (AGI) and adding back in deductions that aren't allowed for AMT purposes. Taxpayers calculate their federal income tax using the standard method and the AMT method; they are required to pay the higher of the two amounts.

Ellenbecker Investment Group recognizes the value of tax planning. Our EIG Tax Division can actively design tax-efficient strategies during the year to minimize your tax liabilities. We are happy to offer tax reviews to determine the best plan to meet your financial goals.

Women & Investing

Ellenbecker Investment Group creates an environment suited to women clients and the people who love them. We have specialists on staff who can address any issue as it relates to women specifically (divorce, same-gender relationships, widowhood, single and generational planning). We are a women-owned financial firm dedicated to helping women feel empowered and educated to make the best decisions for their personal financial plan.

Research

Women now make up a majority of college graduates, are nearly half of the labor force and are increasingly becoming the primary income source for their households. Yet, today's working women still seem to be under-educated on matters of investing

and personal finance. According to a recent study conducted by Prudential, only 23 percent of women surveyed feel prepared to make financial decisions and only 12 percent are actively seeking to educate themselves about investing¹.

Discussions

Talking about money can be difficult for a variety of reasons. Men and women approach money differently. Historically, women have been discouraged to make financial decisions in a world typically dominated by men. Discussions had focused on PE ratios and comparing the performance of different investments. Most women want information about reaching their goals and future planning. Women tend to be more concerned with maintaining their current lifestyle, helping their children and grandchildren, having enough money for long-term care and making sure they do not outlive their money. We focus on the holistic approach to identifying risk and developing a plan that meets all the objectives of financial planning.

Investment Style

Studies have shown that women are less aggressive in terms of investing and more focused on managing risk. In many cases, a protective instinct is what drives investment decisions for women. However, because of increased life expectancy and a desire to care for children and grandchildren during life or after death, we recognize that women

need to assume some risk in order to meet their financial goals. Typically women tend to be more risk averse and recognize the importance of developing a plan with downside protection and upside potential.

At Ellenbecker Investment Group we want to educate women who find themselves in a financial decision making role, to gain confidence and feel empowered to make important financial decisions that will affect their future.

Team approach

Many of our female clients are savvy women who have recently become responsible for managing money on their own. Even though they are very astute, they realize that they do not have enough experience and confidence to make good financial decisions. Ninety-five percent of women will be their family's primary financial decision maker at some point in their lives. Most decisions are made best with a team approach. Our goal is to assist and advocate for women as they make their financial decisions. Women have sharp intuition when it comes to money; and by 2020, they are expected to control \$22 trillion in assets. We encourage you to assert your vision and values about money and investing.

Life is full of unexpected events that create stress and uncertainty. When this happens, we want to be there for you and your family.

Source: (1) www.huffingtonpost.com



“We are dedicated to helping women feel empowered.”



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