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MOLDENHAUER & ASSOCIATES

AUGUSTNEWSLETTER

Editor: Richard C. Moldenhauer, CLU, CEP, RFC *Chartered Financial Consultant*

With the 4th of July in the rearview mirror, summer is well underway. I've been in town for over a month and will be here most of the summer and early fall.

Our firm is keeping busy and doing well. We are hoping to add one new staff member over the next couple of months. As in my previous article, the best sources of staff members come from client references.

I was passing through the lobby the other day when I stopped to read an article that was written for a local paper about when Brett became the company President. The article talked about how I had considered a transition plan with several key staff people before the year 2000. It had not worked because the people were not committed to the firm and its long-term success. They were good people, just not committed.

Brett had returned to Western New York after working several years out of the area. He liked Western New York and wanted to live here. He joined the business and was working hard when I had my medical issues. Given the fact that he was here, wanted to be here and had the talent and interest in the business, the transition to new leadership worked exceptionally well.

During most of my professional life I have worked with business owners. Many of them wanted to develop a transition / succession plan. Some were successful, some were not. In each case where it was successful, it was difficult. Putting plans into action is never easy. Like any successful financial plan, one must sacrifice today to reap a future benefit.

Today, in better health, I participate in the business' growth and work with business owners who are serious and have the same goals that I had.

While I have given up control, having the ability to watch the business grow under the direction of Brett and his staff is more of a reward than I deserve.

The Financial Industry, like all professions and businesses, is always in a state of evolution. Those that evolve successfully often survive and thrive. Those that do not often become part of history.

On another topic, we, at Moldenhauer & Associates, make every effort to provide excellent care for all clients. We know that you worked hard to save and create your assets and we take it seriously when it comes to being the best advisors we can be.

We want all clients to have access to periodic, in person (or video if out of the area), reviews. All of our advisors and service staff know that our firm was founded on the premise that all clients deserve and will receive the best service we can provide.

From time to time, a review meeting is postponed or canceled and a client falls off their routine service schedule. We try to contact and encourage those clients to get back on a regular schedule, or at least have a meeting to update records.

Unfortunately, the client must be proactive so we can do our job properly. Please, if for any reason you are one of the people this applies to, please call our office and set up a meeting as soon as you are able to.

As I close this lengthy article, I hope all clients and family members have a glorious and safe summer. I hope to see you around the office.

Richard Moldenhauer

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FINANCIAL ELDER ABUSE: PERCEPTION VS. REALITY

Someday, you or your parents could be at risk.

You may know victims of financial elder abuse.

According to a new Wells Fargo Elder Needs Survey, almost half of Americans do.[1]

As you read or hear stories about seniors being financially exploited, you may think: not me, I would never fall prey to that in my old age. Your parents? Same thing. They are too smart and too vigilant to be taken for a ride by a con artist or an unprincipled relative or caretaker.

This perception is only natural. When we are young, we never picture ourselves, or our parents, in decline. We are told 60 is the new 40, and 80 is the new 50. Perhaps so, but as some of the Wells Fargo survey data bears out, we may be overconfident in our ability to evade financial scams as we age.

Nearly 800 Americans aged 60 and older were asked if they believed senior citizens were vulnerable to financial abuse. Ninety-eight percent of the respondents said yes, but 81% were confident that it would never happen to them. Just 10% thought they were susceptible to such exploitation, and only 24% even worried about the possibility.[1]

The surveyors also contacted nearly 800 Americans aged 45-59 with elderly parents, and 75% of these Gen Xers and baby boomers felt their moms and dads would never succumb to such fraud.[1]

In short: financial elder abuse might happen to other people someday, but not to us.

This assumption may be flawed – after all, half the people Wells Fargo contacted said that they knew elders who had been financially exploited. Any perception that strangers are committing most of these crimes may be equally unfounded. The Jewish Council for the Aging states that 66% of financial elder abuse is carried out by family members, friends, or trusted third parties.[1]

What actions can be taken to try and shield your parents from such abuse?

As a first step, you and your parents can meet with an estate planning attorney to put a signed financial power of attorney in place (if one is absent). Should your mom or dad lose the capacity to make financial decisions on their own, this document can authorize you (or another family member) to make worthy decisions on their behalf.[1]

There are also software programs, such as EverSafe, that are designed to pinpoint odd financial transactions for a household or business. Such activity is flagged, and a financial advocate for the person or business is then signaled.[1]

You can also meet the bank or investment professional who works with your parent(s) and request that you become a trusted contact on their account. You can do this by filling out a form.[2]

You may already be named as a trusted contact. Since February, the Financial Industry Regulatory Authority (FINRA) has required investment firms to ask their clients to provide the name and information of such persons, though clients do not have to comply with the request.[2]

The financial services industry is taking further steps in this regard. In May, President Trump signed the Senior Safe Act into law. This legislation, introduced by Sen. Susan Collins of Maine, guides banks and investment firms to train their financial professionals to spot and report what appears to be shady financial activity. To encourage such reporting, it gives them a degree of immunity from liability and breaches of privacy laws.[3]

The bottom line: act now to guard against the risk of elder financial abuse. It happens too often, and though it may seem improbable today, that may not be the case tomorrow – for your parents or you.

Richard Moldenhauer may be reached at 716-662-4361.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

Citations.

1 - marketwatch.com/story/youre-in-denial-if-you-think-you-or-your-elderly-parents-wont-be-scammed-2018-06-25 [6/25/18]

2 - cnbc.com/2018/05/15/advisors-are-asking-their-clients-for-a-trusted-contact-choose-wisely.html [5/15/18]

3 - wealthmanagement.com/high-net-worth/new-senior-safe-act-encourages-reporting-financial-abuse [5/29/18]

BEFORE YOU CLAIM SOCIAL SECURITY

A few things you may want to think about before filing for benefits.

Whether you want to leave work at 62, 67, or 70, claiming the retirement benefits you are entitled to by federal law is no casual decision. You will want to consider a few key factors first.

How long do you think you will live?

If you have a feeling you will live into your nineties, for example, it may be better to claim later. If you start receiving Social Security benefits at or after Full Retirement Age (which varies from age 66-67 for those born in 1943 or later), your monthly benefit will be larger than if you had claimed at 62. If you file for benefits at FRA or later, chances are you probably a) worked into your mid-sixties, b) are in fairly good health, c) have sizable retirement savings.[1]

If you sense you might not live into your eighties or you really need retirement income, then claiming at or close to 62 might make more sense. If you have an average lifespan, you will, theoretically, receive the average amount of lifetime benefits regardless of when you claim them; the choice comes down to more lifetime payments that are smaller or fewer lifetime payments that are larger. For the record, Social Security's actuaries project the average 65-year-old man living 84.3 years and the average 65-year-old woman living 86.7 years.[2]

Will you keep working?

You might not want to work too much, for earning too much income can result in your Social Security being withheld or taxed.

Prior to Full Retirement Age, your benefits may be lessened if your income tops certain limits. In 2018, if you are 62-65 and receive Social Security, $1 of your benefits will be withheld for every $2 that you earn above $17,040. If you receive Social Security and turn 66 later this year, then $1 of your benefits will be withheld for every $3 that you earn above $45,360.[3]

Social Security income may also be taxed above the program's "combined income" threshold. ***("Combined income" = adjusted gross income + non-taxable interest + 50% of Social Security benefits.)*** Single filers who have combined incomes from $25,000-34,000 may have to pay federal income tax on up to 50% of their Social Security benefits, and that also applies to joint filers with combined incomes of $32,000-44,000. Single filers with combined incomes above $34,000 and joint filers whose combined incomes surpass $44,000 may have to pay federal income tax on up to 85% of their Social Security benefits.[3]

When does your spouse want to file?

Timing does matter, especially for two-income couples. If the lower-earning spouse collects Social Security benefits first, and then the higher-earning spouse collects them later, that may result in greater lifetime benefits for the household.[4]

Finally, how much in benefits might be coming your way?

Visit ssa.gov to find out, and keep in mind that Social Security calculates your monthly benefit using a formula based on your 35 highest-earning years. If you have worked for less than 35 years, Social Security fills in the "blank years" with zeros. If you have, say, just 33 years of work experience, working another couple of years might translate to slightly higher Social Security income.[1]

Your claiming decision may be one of the major financial decisions of your life.

Your choices should be evaluated years in advance, with insight from the financial professional who has helped you plan for retirement.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

Citations.

1 - fool.com/investing/2018/07/07/4-frequently-asked-social-security-questions.aspx [7/7/18]

2 - ssa.gov/planners/lifeexpectancy.html [7/9/18]

3 - blackrock.com/investing/literature/investor-education/social-security-retirement-benefits-quick-reference-one-pager-va-us.pdf [7/9/18]

4 - thebalance.com/social-security-for-married-couples-2389042 [7/4/18]

UPCOMING EVENTS:

Our September seminars are at:

We will be taking a break from doing our monthly seminars during the months of July and August and resume our seminars in September. Have a safe and enjoyable summer!

Orchard Park Country Club
Tuesday, September 11, 2018 at 6 p.m.
4777 S. Buffalo Street
Orchard Park, NY 14127

Bravo's Café
Thursday, September 13, 2018 at 6 p.m.
5781 Seneca Street
Elma, NY 14059

We encourage clients who live in the area to introduce potential clients to our firm by bringing a friend to one of our seminars. These are informational and educational events. We are not there to convince people that we are the only firm to consider. Rather, we believe our firm offers a quality opportunity for people looking for a new advisor. Please attend a seminar in your neighborhood with a friend.

Richard Moldenhauer is a representative with Commonwealth Financial Network. Call him at 716-662-4361.

Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Advisor, Fixed Insurance products and services offered through Moldenhauer and Associates.