

# MOLDENHAUER ASSOCIATES

## AUGUST NEWSLETTER

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The wet summer of 2021 is half over. Several exciting things have happened thus far in the year. I will start by complementing Jennifer Williams on her hard work on the upkeep of the grounds at the office. Jennifer is one of our office administrative people, but she tells me that taking care of the shrubs and flowers is her favorite part of her job. The outside looks very nice.

We are holding our educational dinner seminars again. June's attendance was great. People are glad to get out of quarantine, and we were glad to host the events. We will be doing regular events beginning in August.

During July, we held the first of two Golf outings. The second one will be in late August. The July event was well attended as will be the August one. Everyone seemed to have a terrific time.

Preliminary steps are being taken in anticipation of the remodeling and updating of a significant part of our 2nd floor. This should be underway soon.

For people coming to the office for meetings, please be careful on Carrow Street. The road is being resurfaced and there are a couple minor bumps that were not there before and will, hopefully, be gone soon.

I am writing this in mid-July. As expected, market volatility is still with us, and it appears to be part of our long-term foreseeable future. While no one has a crystal ball, I think the trend will continue. As of the day I am writing this, the Dow is up, year to date, over 11%, with other indexes up similarly. During times like these, maintaining adequate diversity for your risk profile is important.

Let me conclude this brief article with a few thoughts on life. I was out fishing with one of my grandsons. We had been fishing for 2 hours and all he was catching were smaller fish. He was getting discouraged and my old back was getting very sore from rowing. About the time I could see his disappointment change to discouragement, he hooked one of the nicest largemouth bass I have seen in years. Here is a picture.



It just goes to show that quitters never catch big fish, so stick with your financial plan. You will be happier with the end results. Have a great "rest of the summer".

*Richard Moldenhauer*

Richard Moldenhauer

## INSURANCE WHEN YOU MARRY AFTER 40

*With people marrying later in life these days, coverage has become even more important.*

### When you marry, you buy life insurance.

Right? You buy it out of consideration for your spouse, and also realize that in the event of either your untimely death or your spouse's untimely death, your household could be left with one income to shoulder expenses that may not lessen.

### These days, people are marrying later in life.

Take first marriages, for example. A recent study by the Pew Research Center says the median age for marriage in America is now 30 for men and 28 for women, compared to respective median ages of 23 and 21 in 1968. Today, 16% of us are waiting until at least our late forties to marry.<sup>1,2</sup>

### Maybe you are marrying after age forty, or thinking about it.

That might call for other insurance considerations besides having life insurance policy. Whether you are marrying for the first time or the second, third, or fourth time, your earnings and net worth may be much greater than they were ten, twenty, or thirty years ago, and you also may have some age-linked or business-linked insurance priorities.

These are worth discussing on your way to marrying. Are you and your spouse set to run a business or professional practice? Is there a significant occurrence of dementia in your family history, or your spouse's family history? How about a particular, severe illness? These questions may seem tough to mull over as you approach the big day, but being pragmatic now might be wise for the years ahead.

### Some of us will live very long lives, and possibly need assisted living someday.

Marrying at mid-life or later means giving serious thought not just to life insurance, but also to ways to insure extended care. The Social Security Administration projects that today, the average 65-year-old man will probably live to age 83; the average 65-year-old woman will probably live to age 85. Advances in health care may mean even longer lifespans for those who turn 65 ten or twenty years from now. A percentage of us may be so "above average" that we live past 100, and that percentage may grow with scientific breakthroughs.<sup>3</sup>

Extended care coverage, or coverage that offers the potential to keep a household can be important in the marriage. It may be smart to have a life insurance trust created for the benefit of one spouse, or have one spouse own a particular policy.

Using a life insurance trust involves a complex set of tax rules and regulations. Before moving forward with a life insurance trust, consider working with a professional who is familiar with the rules and regulations.

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

### Now is not too soon to think about these matters.

Looking into these different insurance coverages could be a very kind thing to do for your future spouse, yourself, and your marriage.

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

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#### Citations.

1. Pew Research Center, May 27, 2020
2. Good Morning America, May 24, 2021
3. NerdWallet, November 6, 2020



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## WHAT IS “MONEY MANAGEMENT?”

*Why do some Financial Professionals suggest third-party asset managers?*

Some investors are puzzled when a financial professional recommends third-party asset managers to supervise their portfolios. Why would they recommend turning over the active management of the portfolio to someone else?

Why? Because it may be in the best interest of the investor. The portfolio management capability and resources of a single financial professional or small financial consulting group can pale in comparison to what an outside money manager might provide.

*It can be a value-added service.*

Most financial advisors devote their time to helping their clients address retirement and legacy planning issues. A third-party money manager allows them to spend more time focusing on these issues instead of which fund family and/or funds to be buying or selling.

Before a suggestion like this is made, the financial professional should evaluate the risks and goals associated with the investor prior to committing client capital, to ensure that the proposed move is appropriate for a client. They should also look at the third-party manager’s approach – its performance, how it hedges and why, what kinds of investments are being added and subtracted, how timely any changes in strategy have been deployed, and how often it communicates.

This is simply part of fiduciary responsibility. Before a financial professional can suggest a third-party asset manager to a client, they must study the makeup of the organization, its fund managers and its team, and product offerings.

*A potential “step up” for the investor.*

Bringing in a third-party portfolio manager may help an individual investor access more sophisticated institutional investment strategies. Many of these management firms favor “open architecture” – an investor’s portfolio can include a wider variety of mutual funds, ETFs and separately managed accounts. Some allow the client and the financial professional the opportunity to monitor the portfolio in “real time” (or something approximating it). So “hiring out” the management of a portfolio could prove to be a wise choice.

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## A 6.1% BUMP IN SOCIAL SECURITY?

*COLA and Social Security.*

The news keeps getting better for Social Security recipients.

It’s now projected that benefits will increase 6.1% in 2022, up from the 4.7% forecast just two months ago. That would be the most significant increase since 1983.<sup>1,2</sup>

It’s all about inflation. Social Security cost of living adjustments (COLA) are based on the consumer price index, which rose 5.4% in June — its largest 12-month increase since 2008. The official announcement is expected in October and, once it’s confirmed, the revised payment will go into effect in January 2022.<sup>3</sup>

More than 65 million Americans receive Social Security, and the annual cost of living adjustments are designed to help recipients manage higher costs. At the start of 2021, recipients saw a 1.3% increase.<sup>4</sup>

The average monthly benefit is \$1,544 for retired workers. So a 6.1% increase amounts to \$94 more a month. That might not be quite enough for a car payment, but it’s double the 3% raise being given to U.S. workers in 2021.<sup>4,5</sup>

Social Security can be confusing. One survey found only 6% of Americans know all the factors that determine the maximum benefits someone can receive. If you have any questions, please reach out. We have a number of resources at our fingertips that you may find helpful.<sup>6</sup>

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The forecasts for Social Security benefits are based on assumptions, subject to revision without notice, and may not materialize.

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Citations.

1. *Fortune.com*, July 15, 2021

2. *SeniorsLeague.org*, May 12, 2021

3. *InvestmentNews.com*, July 13, 2021

4. *SSA.gov*, June 2021

5. *SHRM.org*, June 2021

6. *FinancialAdvisorIQ.com*, July 19, 2021

## UPCOMING EVENTS:

Our upcoming seminars are at:

### Bravo Café & Catering

Tuesday, August 10, 2021 at 6 p.m.  
5781 Seneca Street  
Elma, NY 14059

### JP's Pub

Thursday, August 12, 2021 at 6 p.m.  
1986 Lakeview Road  
Lake View, NY 14085

### Turkey Run Golf Course

Tuesday, September 14, 2021 at 6 p.m.  
11836 Bixby Hill Road  
Arcade, NY 14009

### The Roycroft Inn

Thursday, September 16, 2021 at 6 p.m.  
40 S Grove Street  
East Aurora, NY 14052

### Steelbound Brewery

Tuesday, September 21, 2021 at 6 p.m.  
243 West Main Street  
Springville, NY 14141

We encourage clients who live in the area to consider attending with a friend or two. We find that the best way to introduce new potential clients to our firm is when an existing client brings a friend to one of our seminars. As you know, these are informational/educational events. We are not there to convince people that we are the only firm to consider working with. Rather, we do believe that our firm offers a quality opportunity for those people looking for a new advisor relationship. Please consider attending an upcoming seminar in your neighborhood with a friend. You may register for a seminar by calling 716-662-4361 or through our website at [www.moldenhauerassociates.com](http://www.moldenhauerassociates.com).

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