FINANCIAL SERVICES ADVISORY
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Leave A Legacy To Future Generations—On Video

Iris Wagner is not a therapist, though she asks lots of questions, and the parents, grandparents, and children with whom she works almost always gain insight about themselves and each other. And while she helps families plan and ensure their legacies, she's not a financial advisor. Wagner's job—or, she'll assure you, her passion—is making films about her clients' lives to preserve forever the stories that made them who they are.

Wagner's company, Memoirs Productions (www.memoirs.ca), based in Montreal, produces personal and corporate video biographies. Some are lavish, 90-minute videos, entailing months of research and filmed by a large crew on multiple locations over several days—at a cost that begins in the six figures and may go much higher. One client thought it might be nice to have Barbara Walters interview family members, and Wagner said, sure, we can probably get her—"she's retired now, and she must have a day rate."

But other Memoirs Productions videos, which can be commissioned for $10,000 or so, are less involved, though no less meaningful to the families for whom they're produced. These are what have become known as ethical wills—"a record for posterity," Wagner says. The subjects of these films talk about their lives, their mentors, the lessons they've learned, their hopes for the future. "It says, 'This is me,'" says Wagner.

The idea behind creating an ethical will isn't new, of course. Families have always looked to older members for wisdom and guidance, and family values—often enshrined in old photographs, letters, home movies, newspaper clippings, awards—get passed from generation to generation. In today's hectic world, though, it's easy to lose track of all that. You remember hearing a wonderful story from your grandmother about the day she met your grandfather, but you can't quite recall where they were at the time or what she told you he promised her that very afternoon when he proposed. Or maybe you had a great time recently with your mom, going through a shirt box full of photos from the 1940s; a picture of your dad got her started on a story you'd never heard about his first job after the war when he was desperate to get on with his life and put in 80-hour weeks on a construction crew to save the seed money for the family business you run today. But how much of that will you remember when she too is gone? Will you be able to tell the story to your children and grandchildren?

Wagner's goal in crafting family biographies is to make sure the past isn't lost. "This is not an exercise in ego," she says, "but rather an act of preservation—the most unselfish thing you can do." Often, a client will make a gift of Wagner's "Legacy of Values" service to an elderly parent or grandparent, inviting the family matriarch, for

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Meet the Team: Joel Cundick, CFP® Director of Operations

Allow me to introduce myself: my name is Joel Cundick, and I have been the Director of Operations at FSA a little over three years now. I am responsible for designing and managing all the reports that regularly go out to you. I also work with selecting software that will best help us meet your various needs, then training our team on how to use that software.

In addition to managing FSA's operations, I obtained the Certified Financial Planner™ designation a few months ago. In that capacity, I work with Jim and Dave to research and arrive at solutions for your diverse planning needs. I have spoken with many of you and look forward to meeting many more of you in the years to come!

My wife of 9 years, Kristin, and I have three children – Miranda (7), Russel (5), and Clara (2). Whenever time permits, I enjoy hiking, playing sports, and reading. I worked as a Director of Finance in hotels for several years before joining FSA, and I love to talk about the hospitality industry: watch out if you get me started!

The articles this month mostly focus on navigating potential unknowns: from retirement issues (like potential part-time work opportunities and future estate tax rates) to issues that appear at life transitions (like paying for title insurance and financing wedding expenses). On a separate note, the cover story features an individual who helps us record our life story and lessons learned for future generations. Enjoy!

Joel Cundick, CFP®
Director of Operations

Part-Time Job Hunting Tips for Retirees

Retirement isn't what it used to be. Longer life expectancies and the ever-rising cost of living—to say nothing of prime-of-life retirees' skyrocketing expectations—have made life after work a much more expensive proposition. Yet many who are approaching their golden years don't have sufficient savings to pay for three decades of total leisure. In a 2007 Gallup Poll survey, "This Is Not Your Father's Retirement," 75% of not-yet-retired adults indicated they planned to rely on income from a part-time job during retirement, and 21% said that part-time work will be a major source of income. That's far different from the situation today, in which just 3% of retirees depend on income from a job.

But where will older workers find gainful employment? In many cases, it may be with the same employer they've known for years. According to a recent report by Deloitte & Touche—It's 2008: Do You Know Where Your Talent Is?—there's a labor crunch on the horizon, particularly in the executive suite, as baby boomers prepare to depart en masse. Often enough, however, those who are leaving wouldn't mind a little part-time work to finance retirement lifestyles, and some are returning to their old positions, though with more flexibility, fewer hours, and proportionately higher compensation.

A survey by Dartmouth's Tuck School of Business found that 85% of corporations plan to expand recruiting strategies to include temporary professionals (for project-based work) and those who have left the work force. That will represent quite a change from the current situation, in which only one in three employers is open to hiring older employees who want flexible hours or the option to telecommute, among other perks. Yet big companies won't hire just any retiree. In the Tuck survey, six in 10 employers listed updated, fresh skills as a make-or-break attribute for job hunters.

Already, opportunities for seniors are becoming easier to find. Major job boards such as Monster, CareerBuilder, and HotJobs have launched special contract employment sections featuring the kinds of part-time positions many retirees will want. Other sites—Seniors4Hire, Retirementjobs, and AARP—target retirees specifically with full-time, part-time, and contract opportunities covering a broad range of professional skills. Guru.com and Elance.com offer freelance, contract, and temporary opportunities through online marketplaces that not only help place workers but handle invoicing and payment as well. These services even offer consolidated tax reporting to simplify the administration that comes with working part-time during retirement.

Of course, as useful as such online services may be, they'll never be as effective as personal networking. If you're approaching or already in retirement and would like to work part-time, the best place to start is with people you know. It's not at all unusual for would-be retirees, right after saying their good-byes, to get a call asking them to consider a six-month assignment, say, to get a new department up and running. So ask around the company, and contact former colleagues who've moved on to other ventures. Chances are, even if they don't immediately need someone with your skills and experience, they'll know someone who does. ●

A Job With Your Name On It

These sites have postings for part-time, freelance, and contract work as well as full-time employment.

www.monster.com
www.careerbuilder.com
www.hotjobs.yahoo.com
www.seniors4hire.org
www.retirementjobs.com
www.aarp.org
www.retirement-jobs-online.com
www.guru.com
www.elance.com
www.myparttimepro.com
www.dice.com

A Way To Make Life Easier For Your Child In Years To Come:

One of the best ways a parent or grandparent can help a child get off to a good start financially is by setting up a Roth IRA in the child's name. Scraping together the $4,000 annual contribution for just a few years will provide your child with a significant cushion for retirement.

If your child mows lawns or works as a babysitter, the income qualifies for contribution to a Roth IRA. You can also hire your child if you are a business owner. If your child spent the earnings, you can make a gift to the child to fund the contribution. You will need to report your child's earnings, and keeping a diary of how much your child earned and for whom he or she worked would be wise.

This very straightforward planning strategy is so effective because it takes advantage of investment compounding, which Albert Einstein called "the eighth wonder of the world." When you invest $1 at 10%* annually, it grows to $1.10 after a year. In the second year, the 10% is earned on your entire $1.10. You receive a 10% return on your $1.00 principal as well as on the previously earned returns. The longer this goes on, the more impressive the results. You don't have to be an Einstein to see the benefit of that.

Let's say your 16-year-old daughter has a summer job and babysits regularly, earning $4,000 per year. If you were to invest $4,000 on her behalf in a Roth IRA each year until she turns 21 (for a total contribution of $24,000), your daughter would have just over $2 million when she turns 65, assuming an average 10% return. She can then begin making tax-free withdrawals. (Prior to age 59½, there's a 10% early withdrawal penalty.)

Now, let's take this a step further. Say your daughter doesn't need the Roth IRA money to live on. Maybe she

Planning To Pay For A Child's Wedding

You're not losing your daughter, the saying goes, you're gaining a son. But when it comes to footing the bill for your little girl's big day, the sobering fact is, you could lose your shirt. Proper planning can help you survive the happy madness with your finances intact.

Weddings are big business. Over two million couples will be married in the United States this year, and only 14% of them will elope. According to Condé Nast Bridal Media, publishers of several brides' magazines, the average cost of a U.S. wedding is now close to $28,000, and in urban areas it tends to be much higher. Most of that is spent on the reception, with an average of 149 guests.

If you are going to be father or mother of the bride in the fullest financial sense, and your daughter is set on a wedding with all the trimmings, be careful about how you pay for it. Financing is seldom a good idea and could affect you for the rest of your life. What are your options?

It is much better to think ahead and save for your children's weddings. Setting aside $2,148 annually in an account that earns 6% over 15 years could leave you with $100,000 after taxes—enough for two reasonably lavish weddings, or three better-than-average affairs (not taking into account inflation).

Remember, too, that the tradition of the bride's family paying for everything other than the rehearsal dinner and honeymoon is no longer a given. Condé Nast reports that last year only 30% of brides' parents bankrolled their daughters' entire weddings. More than a third were co-financed by the two families along with the couple themselves.

Close to a third of couples handled the whole cost themselves, which is good news for the parents, but potentially bad news for the new marriage. According to Kiplinger's, 17% of couples who pay for their own wedding amass more than $15,000 in debt. With money troubles at the root of so much marital strife, it's a hard obligation for the couple shoulder so early. It's important to approach wedding spending with a level head.

Parents can go a long way toward educating their children on a financially responsible way to approach weddings. Of course, there are some parents who would never deny their pride and joy any extravagance on her big day. But for those families whose sense of romance and parental devotion is tempered with some practicality, here are a few suggestions.

- Whenever possible, start planning financially for your children's weddings as early as possible. More time means more choices.
- Begin with the premise that the wedding should fit the budget, and not the other way around.
- Think in terms of what things will last versus what is transitory. The rings and the photographs will be looked at frequently and enjoyed for a lifetime. If you have a limited budget, pay more attention to these things, and less to the napkins and matchbooks.
- Being unique can save you money. A weekend-evening wedding in June with dinner and dancing afterwards is the most common—and expensive—way to go. Selecting a less popular day, time, or month can be more economical and easier to arrange.
- Instead of spending more money to make your child's wedding special and meaningful, spend time helping them research wedding traditions from your family heritage. Invite friends and family members to provide decorations, music, and some traditional food items.
- Offer your children a choice. You might negotiate a more modest wedding and pass along the money you save to your child as investments or a down payment on a house.

Weddings are happy memories that bind families together. And with careful planning, you'll make sure that you can enjoy your own retirement years richer, not poorer. ●

Roth IRA Offers Planning Tool

works until age 65 or 70. Remember, with the rapid pace of medical advances likely to occur over the next few decades, it may not be uncommon for people to live into their 80s, 90s, or beyond. If left untouched until, for example, your child is 81, the Roth will have grown to more than $10 million. Also consider that in 2008, the contribution limit goes up to $5,000, adding opportunity for an even greater accumulation.

What's nice about a Roth IRA is that you're never required to withdraw money. That's different from a regular IRA, which requires that you begin annual withdrawals when you turn 70½. That leaves less in your regular IRA to compound on a tax-deferred basis.

Using the Roth IRA as a savings account of last resort is also attractive because the Roth IRA receives favorable tax treatment after you're gone. If you die and leave money untouched in your Roth IRA, your beneficiaries can withdraw it tax-free. While the Roth IRA is part of your estate and subject to estate taxes, once those are paid, your beneficiaries will be able to receive tax-free the required annual distributions from what's left for years to come. ●

*** For illustration only; does not represent any specific investment.**

Coping With Estate Tax Uncertainties

It has been said that the two things you can count on are death and taxes. But what about the tax that may come due upon your death? Under current law, the federal estate tax is being whittled down until it expires in 2010. But unless Congress acts, the tax will return with a vengeance just one year later. And although this political football has been kicked around in our nation's capital for most of this decade, there is no clear-cut outcome in sight. That leaves those whose assets might be subject to the tax in estate planning limbo.

The most practical approach for now is to know the existing law and prepare for pending changes as if they will definitely occur. The massive Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) completely revamped federal estate tax law, and under EGTRRA, these changes are being implemented:

- The individual estate tax exemption, which shelters an estate from tax liability through a special tax credit, is gradually increasing from $675,000 for those who died in 2001 to $3.5 million for anyone who dies in 2009. In 2008, the exemption is $2 million.
- The top federal estate tax rate of 55% has been gradually decreasing during the same time period. It is 45% in 2008 and will remain there until the estate tax is repealed.
- The individual exemption from gift taxes stopped rising in 2004 and will remain at $1 million. So the estate and gift tax credits, once identical—and sometimes referred to as the "unified" credit—are unified no more. But the gift tax rate has continued to fall with the estate tax rate and is currently also at 45%. After 2009, the gift tax rate will be pegged to the top individual income tax rate (currently 35%).
- The generation-skipping transfer tax (GSTT), which generally applies to transfers of property to grandchildren, will also be repealed after 2009 and revived in 2011. The GST exemption is $2 million in 2008 and $3.5 million in 2009.
- After 2009, heirs will no longer benefit from a "step-up" in cost basis on inherited assets. Suppose you own 10,000 shares of stock that you purchased years ago for $10 a share but that is worth $100 a share at the time of your death. Under current rules, your heirs could "step up" the per-share basis to $100, potentially avoiding capital gains tax on $900,000. Under the new rules, heirs will inherit the deceased owner's basis, though non-spouse inheritors will be able to increase the basis by $1.3 million, and spouses can take advantage of an additional $3 million bump, for a total of $4.3 million.

Most provisions of EGTRRA will "sunset" after 2010, with exemption amounts and tax rates essentially reverting to pre-EGTRRA levels. So an estate plan that assumes there will be a $3.5 million exemption, for example, may be of little use if the exemption is actually only $1 million when you die. While Congress doesn't favor lowering exemptions, this could change with a new president. We can work with you and your estate attorney to develop a plan that is flexible enough to adapt to the law as it changes. ●

Estate Tax Ups And Downs

Tax Year	Individual Exemption	Maximum Tax Rate
2001	$675,000	55%
2002	$1 million	50%
2003	$1 million	49%
2004	$1.5 million	48%
2005	$1.5 million	47%
2006	$2 million	46%
2007-2008	$2 million	45%
2009	$3.5 million	45%
2010	-----	-----
2011	$1 million	55%

Leaving A Legacy

(Continued from page 1)

example, to go through the process of remembering, recording, and transmitting her life story. To begin, Wagner asks the film subject to fill out a long questionnaire, and then she interviews the person off-camera. "It tends to be a very emotional experience," she says. Next there's a one-day shoot at a place the client chooses. It might be a living room or study, the back yard or a porch at the family summer place overlooking the sea. Usually Wagner herself questions the client during three to four hours of filming. Finally, the digital footage is edited down to 30 to 45 minutes of the subject looking directly into the camera and telling her story. The final version, as well as the longer filmed interview,is transferred to a gold-plated archival DVD.

What families choose to preserve, of course, varies widely. In some videos, people simply discuss where they've been and what they've done, describing friendships, accomplishments, and values. Others may be more directly instructive, such as the client who talked about her time-management skills, explaining that "if you take a project and do a little bit of this and a little bit of that, every single day, after five days of doing a little bit of project A, you've done a lot on project A by Friday."

With the high-ticket productions, Wagner does a private screening, complete with champagne and popcorn, at a venue of the client's choosing. For the ethical wills, the showing is up to you, though with virtually every video Wagner has produced, clients have immediately shared the finished product with their families. While the ultimate goal is to preserve family history, it's inevitably illuminating to listen to an 80-year-old grandparent talk about all he has seen and done in eight decades on the planet. "These screenings are highly charged, extremely loving occasions," Wagner says.

Recently, Wagner lost her first client; she had been 99 during the filming, and 101 when she died. Wagner worried that the family would find it too painful to watch the video, but in fact within a few hours of the death, everyone was gathered around a television, watching, laughing, crying—and remembering. That, Wagner says, is exactly the point. ●