# MoneyLink

*Your Link to Meaningful Wealth Accumulation*


# The Secret which Can Carry You from Wealthy to Mega-Wealthy

First Quarter, 2015

## Vital Issues for You to Consider:



Ever heard someone say, "Oh yeah! He's rich! He's livin' the life of Riley!"

Dictionary.com defines "life of Riley" as "a common expression for a carefree, comfortable and thoroughly enjoyable way of living" as in this sentence: "Since winning the lottery, he's led the life of Riley."

For most people who struggle financially, real wealth means being able to sleep in, live where they want, travel when they want, kick back or celebrate whenever they want, and not sweat about financial decisions. Being rich, indeed, means living the life of Riley -- carefree, comfortable and thoroughly enjoyable.

But if being rich was that simple, people who come into lots of money in a short period of time would remain wealthy throughout their lives. And most don't.

Take professional athletes, for example. Sports Illustrated says more than three out of every four NFL athletes face bankruptcy or serious financial stress within just TWO YEARS of departing the gridiron. The same grim reality is true for 60% of NBA players as well. The internet, as well, is full of fascinating tales of lottery winners who "blew through" prizes of $1 million, $5 million, $10 million and ended up a few years later back at work, living from paycheck to paycheck, and very often buried under debt.

So what separates the winners from the losers? What secret is it that some people know, a secret that carries them from rich to mega-rich, while others choke and die financially almost right out of the starting gate?

Here it is.

Consistently wealthy people know that passive money isn't passive.

What's passive money?

Money they didn't sweat to earn. Money that makes new money. Portfolio

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# How to Prepare for the Cost of An Aging Parent

Getting old is not for sissies.

And this is equally true: serving as the caregiver for your mom and dad may take all that courage and more.

Make no bones about it. You may very well need the wisdom of Solomon, the flexibility of a circus gymnast, and an army of counselors and advisors to successfully navigate the obstacle course reserved for those committed to caring for aging parents. Especially if your parents don't want to cooperate, you can anticipate what may resemble a long hike through the outer limits of Purgatory trying to serve them.

No matter how young or old, how healthy or infirm your parents may be now, you should take note of these guiding principles. Time and attention invested now will pay off in spades if a season of real crisis appears.

## #1 Time Is Not on Your Side.

The time to talk about "elder care issues" is NOW! Putting off the big discussion about your parents' wishes, asset management, their insurance, care-planning and estate issues can very well leave you trying to navigate a House of Horrors with your hands legally tied and your eyes blindfolded. Shared silence endangers the quality of their own last days and, perhaps, your own financial security as well.

At the very minimum, these five legal documents need to be in place:

**A.** A medical directive or "living will"

**B.** A medical power of attorney and HIPAA release

**C.** A durable power of attorney for finances

**D.** A revocable living trust

**E.** A legal will

Understand that these documents must be completed while each parent is mentally capable of making his or her own decisions. If one slips into an advanced

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# The Secret which Can Carry You From Wealthy to Mega-Wealthy

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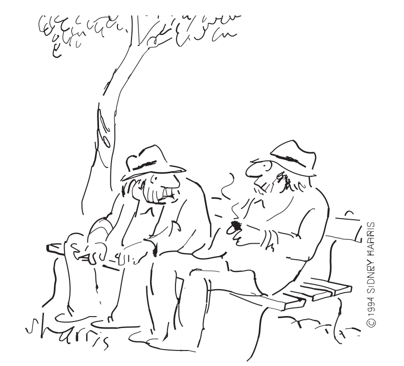
income (dividends and interest) is a good example, as is rental property, a limited partnership, affiliate marketing, or an enterprise in which you invest but need not play an active role.

Passive wealth can lift you from wealthy to mega-wealthy if you grasp just two words: "asset management."

Wealthy people who want to see passive wealth multiply and expand manage their assets very carefully. These people are not simply "passive."

How do they do it? They look for professional help, people with proven track records and specialized education, to monitor their assets, to minimize the cost of inflation and taxes, to point out and avoid unnecessary expenses, and to invest new income wisely. And they work with those professionals in an open, trusting alliance.




*"I decided years ago I was so rich that I could just let my money work for me!"*

That's what we do for upwardly mobile families, many of whom are wealthy and many more who are serious about becoming wealthy. We manage assets to build real wealth. If that sounds like the path for you, call us.

*Sources: (1) Schmalbruch, Sarah. "There's One Thing People Do Wrong When Pursuing Passive Money" Business Insider: Your Money. businessinsider.com. Dec. 11, 2014. (2) Pagliarini, Robert. "Why Athletes go Broke: The Myth of the Dumb Jock" CBS MoneyWatch. cbsnews.com. July 1, 2013.*

# How to Prepare for the Cost of An Aging Parent

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state of dementia or suffers a stroke or head injury, then the difficulty of your journey is compounded unnecessarily.

Secondly, a list of their financial assets needs to be available, preferably including account numbers, recent statements and contact information for any responsible financial agents. Ask as well where their most recent tax records are held as the information there may be helpful.

## #2 Know that Every Move You Make Carries Legal and Financial Implications.

Consider this scenario.

Because of a serious debilitating condition, your parents face a decision involving long-term nursing care. Medicare or Medicaid can offer what amounts to a financial life preserver. But Medicare can deny payments for lots of reasons, can demand answers about your parents' spending decisions, and can seize your parents' home for repayment of long-term care expenses even if a will already exists to pass their home on to you! Regulations vary from state to state, so doing your homework is critical!

## #3 Understand Your Parents' Assets and Debts.

Getting involved in your parents' finances may seem intrusive to them, but it's really important for both their sakes and yours as well!

Debts may pass through to your parents' estate and will affect you. Those obligations will vary according to your parents' state of residence, the companies to which they owe money, and their insurance coverage.

It's a clear fact that, as parents age, they become more prone to making costly mistakes AND stand a much greater chance of being targeted by those who would take advantage of them.

If your parents own their home or have debt obligations against it, make sure they are current on payments. Credit card statements can also give you a snapshot of their finances.

No one knows for certain what you or any other member of your family may face in coming years. Your true security comes with understanding and carefully managing the assets you gain during your productive years, assets sufficient to face life's sudden jolts and challenges fearlessly.

We help people build that security. We work with you to grow real wealth which can provide for a rewarding lifestyle and stand sentry against scary financial seasons. Let us help you manage the transitions of your parents' lives and yours as well!

*Sources: (1) Pulawski, Shirley. "Eight Essential Things to Know When Estate Planning for Aging Parents." My Bank Tracker. mybanktracker.com. Nov. 20. 2014. (2) Costal, Karen. "5 Legal Documents you Need for Your Loved Ones" caring.com/checklists. Dec. 12, 2014.*

# Is a Reverse Mortgage A Good Idea?

You don't want to rush out and get a reverse mortgage without seriously studying the financial repercussions with an outside advisor. Consider:

**A.** Closing costs may run five times that of traditional home loans.

**B.** Even though the bank will be effectively buying your home from you, you are still held responsible for all property taxes and home insurance.

**C.** Social Security and Medicare are not affected by a reverse mortgage, but other programs which are based upon need (such as Medicaid) may be heavily impacted.

**D.** A reverse mortgage may carry very stringent repayment rules. Your heirs can very quickly find themselves facing foreclosure proceedings even in a time of grief and loss!

## There Are Other Options!

You can probably downsize, do a cash-out refinance, or relocate and enjoy the rest of your life with more money and a larger estate to pass on to your loved ones!

**Before calling a reverse mortgage company, consider calling us!**

*Source: (1) Bennett, Peter. "Ten Reasons Not to Take Out a Reverse Mortgage." My Bank Tracker. mybanktracker.com. Dec. 12, 2014.*

# Which Fund You Draw Down Makes a Difference

*"Here, Roberts. Just chip away anything that doesn't look like a retirement plan."*

For the WWII generation, the idea of investing your whole life into one company was not too unusual. As your foreman handed you a gold watch and you stepped off into retirement, you basically had two retirement funds: the company pension plan and Social Security.

Does anyone live that kind of life anymore?

Most people now retire with nest eggs of varied value and description scattered around in several different nests. So drawing down the dollars you've invested comes with a lot of choices and -- surprise! -- a lot of variables.

Consider Social Security. How you choose to draw down tax-favored retirement accounts such as an IRA or 401(k) will impact how much of your Social Security benefits will be subject to taxation.

In the same way, your plan to draw down your Social Security savings may look great to you -- until someone with real expertise points out how your plan affects the savings of your spouse.

Once again, careful management with the help of qualified advisors will allow you to stretch your retirement dollars further and achieve a better quality of life for a longer period of time.

It's clearly in your interest to call us about your retirement plan. Why not make that a priority this week?

*Source: Caplinger, Dan. "3 Social Security Myths Debunked." The Motley Fool. USAToday.com. Oct. 26, 2014.*



Western States Financial
A Financial Management Consulting Group
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**John Weyhgandt**
President

Questions or Comments?
(951) 371-7608

Visit us online:
www.westernstatesfinancial.net

Western States Financial
P.O. Box 1404
Corona, CA 92878