Financial Estate & Tax Planning Guide

Financing a Family
How finances change when starting a family

Living Through a Layoff
Avoid financial peril after a job loss

Types of Retirement Accounts
Think ahead and be prepared for the future

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Many people associate “estate planning” with complex trusts written for the ultra-wealthy to avoid taxes when passing their wealth to the next generation. While this characterization is not without merit, a review of your beneficiary designations is a good idea no matter your net worth. With the vast amount of financial and legal advice clamoring for your attention these days, this simple estate planning tool can save you and your heirs a lot of headaches. It is exceptionally easy to use while you are alive, but exceptionally difficult and potentially costly to undue or change once you have passed.

According to Investopedia, “a beneficiary typically refers to someone eligible to receive distributions from a trust, will, or life insurance policy.” A beneficiary becomes the legal owner of an account or asset upon the owner’s death, but does not have any control or other rights to that account or asset while the original owner lives. For most accounts with a direct beneficiary named, this means the account passes to directly to the beneficiary outside the probate process. Property passed to a beneficiary through a will generally becomes part of the probate process.

The American Bar Association defines probate as “the formal legal process that gives recognition to a will and appoints the executor or personal representative who will administer the estate and distribute assets to the intended beneficiaries.”

Types of accounts which allow you to name a primary and contingent beneficiary include retirement accounts like 401(k)s and individual retirement accounts (IRAs), 529 plans, health savings accounts (HSAs), life insurance policies, and many types of annuities. Certain kinds of nonretirement bank and investment accounts also allow a primary beneficiary to be named through a transfer-on-death (TOD) or payable-on-death (POD) designation. In certain circumstances, some states may allow vehicles and possibly real property to transfer to beneficiaries outside the probate process.

Certain legal structures allow naming of tertiary (third-in-line) beneficiaries in addition to contingent, or secondary, beneficiaries. A tertiary beneficiary becomes owner of the specified asset if all the primary and all the contingent beneficiaries should die first. Trusts often will specify tertiary beneficiaries to avoid probate and expensive legal battles.

At regular intervals, usually annually, it is considered a sound practice to conduct an inventory of beneficiary designations on all financial accounts and legal documents. Other irregular situations requiring a review usually involve a major life change. Such causative circumstances include, but are not limited to 1) birth, death, or marriage status change of a family member, 2) change in your own marital status, 3) change in state or country of residence, 4) notable change in financial condition, or 5) sale of a major asset or business.

Other events prompting reassessment of beneficiaries which are less quantitative in nature include institutionalization or incarceration of a family member. Persistent substance abuse by or medical incapacitation of a named beneficiary can also be a reason for considering other options.

In such situations, the asset owner may consider setting up a trust to administer the asset in the event of his or her death.

While on this topic, it is important to note that not all types of accounts, assets, or legal structures allow a trust to be an owner or to be named as a beneficiary. Further, some types of financial instruments, like retirement accounts, can have adverse tax consequences when a trust is named as beneficiary, even posthumously via your will. This is why speaking with an attorney and a financial advisor well versed in estate planning is vitally important whenever titling assets, reviewing beneficiaries, or creating or reworking a trust document.

An experienced estate planning professional can assist with weeding through the various types of beneficiary distribution methods—per stirpes and per capita—where applicable. These professionals can discuss how naming beneficiaries helps to avoid the probate process and ensure your property will go to the people and entities you have chosen upon your death. Further, an estate planning professional can see that family members are appropriately cared for, charities and causes you support receive appropriate gifts, and that your vision and values for your money and your legacy are carried forward appropriately when you are no longer able to speak for yourself.

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It’s Time to Check Your Beneficiary Designations

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Getting the “Ugly” Out Of Your Estate Plan Tax Deferred Retirement Assets

I once heard an accountant refer to retirement assets as the “ugliest thing in an estate plan.” Why? Unlike most other assets in your estate, tax deferred retirement assets — like an IRA, 401(k), 403(b), or other tax-deferred plan — are subject to taxes before passing to heirs. Depending on your circumstances, the retirement asset could be taxed to oblivion! Have you ever dumped raw spinach in a pan for a family meal, and thought, “Wow, that’s a lot of spinach.” But once it’s cooked, it’s hardly enough for a small serving? It is sort of like that.

Like most people, you probably will not use all of your deferred tax retirement assets during your lifetime. If your estate planning strategy is in part to reduce taxes and benefit favorite charities, look first to these “ugly” assets for gifting to charity, assets that would otherwise be subject to taxation that can be passed to charity at their full value. Leave your heirs those assets that receive a step up in basis (meaning they are not typically subject to capital gains), such as real estate and stock.

In just a few minutes, you can easily complete a beneficiary designation form provided by your retirement plan custodian to gift a portion or all of your tax deferred assets to charity. The charity designated as beneficiary will receive the full value of your gift because your IRA assets will not be taxed on death. You can identify multiple charities as beneficiaries. And your estate may benefit from an estate tax charitable deduction for the gift.

Donating part or all of your unused retirement assets, such as your IRA, 401(k), 403(b), pension, or other tax-deferred plan, is an excellent way to reduce or eliminate taxes on your estate while making a gift to your favorite charities. The “ugly” in your estate plan is transformed into something beautiful, benefitting in perpetuity the work that is meaningful to you!

Gift results may vary. Consult your personal financial advisor for information specific to your situation.
How finances change when starting a family

Financial changes are a fact of life. Changes occur at every turn, including when students leave home for the first time, people get married and when families purchase their first home. One of the biggest financial changes occurs when starting a family.

Starting a family can come with a measure of sticker shock, particularly for young couples without much financial history. Since the 1960s, the costs associated with raising a family have risen exponentially, says the financial resource MarketWatch. Between 2000 and 2010, costs rose by 40 percent. Data from Money.com indicates that, as of 2015, American parents spent, on average, more than $230,000 on child costs from birth until the age of 17. The U.S. Department of Agriculture says that today that number is closer to $245,000 per child, which does not include the cost of college. BabyCenter.com offers a cost comparison tool to help prospective parents get started on creating family budgets.

When mulling the cost of starting a family, prospective parents can ask themselves the following questions to get a handle on their finances.

■ Can I afford big-ticket baby items related to safety and comfort? Items may include a new vehicle with high crash-test ratings, or renovations to a home to provide a safe nursery. If renovations are unlikely, then would-be parents may need to consider the costs of moving.

■ Have I considered daily child expenses? Diapers, formula, laundry detergent, clothing for each stage of growth, and various other items are necessary when raising a child. Make a list of such items and their potential costs.

■ Do I have adequate health insurance? Pew Research states that expenses for a delivery can range from $3,000 to upward of $37,000 per child for a normal vaginal delivery, and from $8,000 to $70,000 if a C-section or special care is needed. Consider how much your health insurance will cover and how much adding a child to a policy will increase your rates.

■ Will I need daycare? In order to afford added expenses, both parents may have to work. BabyCenter.com states that a family’s average childcare costs are roughly $755 per month.

■ Can I afford life insurance? Once you begin a family it is important for both parents to have a life insurance policy in place to provide for surviving family members in the event of an untimely death.

Couples who want to start a family can make the transition go smoothly by figuring out their finances before welcoming a baby into the family.
The ability to retire with financial security is a goal for millions of people across the globe. Though people may stop working in retirement, many of their existing bills, and even some new ones, will still need to be paid. Retirement is often imagined as a time of unbridled financial freedom, but that’s only possible when individuals, including young professionals, prioritize planning for the day when they call it quits.

Retirement accounts and plans are a popular way to save for life after working. Individuals have various retirement plan options at their disposal, and each is unique in its own way.

**Individual Retirement Account (IRA)**

An IRA is a tax-advantaged way to save for retirement. Anyone with earned income can open an IRA. Money deposited into an IRA cannot be withdrawn prior to account holders reaching 59.5 years of age without incurring a steep tax penalty of 10 percent. There are limits to how much individuals can deposit into an IRA. The Internal Revenue Service notes that the deposit limit for all IRA accounts in 2021 was $6,000 ($7,000 for account holders age 50 and over). In addition, there are different types of IRAs, including traditional IRAs, Roth IRAs, Payroll Deduction IRAs, and SIMPLE IRAs. Each has its rules regarding taxes, eligibility and withdrawals, and individuals are urged to discuss which type of IRA is best for them with a financial professional.

**401(k)**

A 401(k) is another tax-advantaged retirement account typically offered through an employer, though self-employed individuals can enroll in a Solo 401(k) plan. When enrolled in a 401(k) plan, employees will have a portion of each paycheck direct deposited into a long-term investment account. Contributions to a 401(k) are made pre-tax, which saves account holders a considerable sum of money so long as they continue to make contributions. One significant advantage to 401(k) plans is that many employers will match contributions up to a certain percentage. For example, some may match up to 2 percent, so employees who contribute 2 percent or more will actually be depositing no less than 4 percent of their income each week into their 401(k) accounts. Perhaps most beneficial is that employer matches do not count toward the annual 401(k) contribution limits, which the IRS notes were $19,500 in 2021.

**Simplified Employee Pension (SEP) Plan**

An SEP plan is typically established by a small business owner or self-employed individual. However, small business owners can set them up for their employees as well. Contributions to an SEP will reduce taxable income, and the money will grow tax-deferred. Individuals enrolled in an SEP will only pay taxes on the money upon withdrawal. One of the advantages to an SEP is it has significantly higher contribution limits, which the IRS notes were $58,000 or 25 percent of the employee’s compensation, whichever was lower, in 2021. However, SEPs are employer contribution only, so they rely a lot on employers’ available cash.

No retirement accounts are the same. Individuals are urged to conduct their own research and choose the plan that best suits their needs. Individuals have various retirement plan options at their disposal, and each is unique in its own way.

Have you planned for your legacy?

Developing a financial road map designed to complement your unique financial goals is an important first step in creating your legacy. At D.A. Davidson, we help you take the right steps, in the right direction, working beside you and delivering the advice that can help you not only reach your financial goals but create a legacy for future generations. **The Strength of Advice** – it’s what makes us different.

Call for an appointment and a copy of our workbook, “What My Family Should Know.” It allows you to record important information in one place, saving your family time and worry later.
When Do I Need a Trust?

DARANNE DUNNING
Drake Law Firm, P.C.

A trust is a legal, fiduciary arrangement where one person (the trustor) appoints another person (the trustee) with the right to hold property or assets for the benefit of a third party (the beneficiary). There are many kinds of trusts designed to meet asset protection or tax-reduction purposes. A trust can be part of a last will and testament (a testamentary trust), or a trust can be funded while the trustor is still alive (often a revocable living trust). This article addresses some of the more common situations in which trusts may make sense for your estate planning.

Minor Children or Grandchildren

Minors cannot own property in their own names until they are 18. In addition, many parents and grandparents prefer children to be older than 18 before they receive an inheritance. With a trust, the trustor can pick the age of inheritance, the trustee to manage assets while in trust, and any particular limitations on how the trust money should be used.

Beneficiary with Disability

If a beneficiary is receiving a type of Social Security disability referred to as SSI, which is usually coupled with Medicaid for health care, that beneficiary may have resource and income limitations in order to continue to qualify for benefits. Inheriting a lump sum of money (even a relatively small amount), can disqualify the person from receiving those benefits. However, if the inheritance is structured through a special needs trust, the trustee can use the money for the disabled beneficiary’s benefit (subject to rules and restrictions), but the beneficiary can still qualify for his/her government benefits.

Trustor Incapacity

If a client has received a dementia diagnosis and is facing a future in which the client knows he/she will likely not be able to manage his/her financial affairs, setting up a revocable living trust can be a good idea. This plan would enable a successor trustee to take over management of assets to provide for the trustor’s care during his/her lifetime, which can be a more seamless process than relying on power of attorney documents.

Complex Estates or Avoiding Probate

With a revocable living trust, assets are transferred to the trustee in trust while the trustor is still alive. Often, the trustor serves as the trustee of his/her own trust until death or incapacity, and then the trust names a successor trustee that takes over management of the trust. So long as all assets are titled in the trust while the trustor is alive, the trustee has the legal authority to settle final affairs, sell property as necessary, and distribute assets as the trust specifies. If assets remain in an individual’s name, then a probate needs to be opened with a court and a personal representative named so that someone has legal authority to settle affairs, sell assets, and distribute the estate. While probate is not terribly onerous in Montana, it can be an expensive and time-consuming process for particularly complex estates or if you own real property in multiple states (because you have to open an ancillary probate in every state where you own property). While there are pros and cons to probate, for some clients, avoiding probate is a major goal or can result in considerable financial savings for heirs.

Estate Tax Reduction

Estate tax exemption amounts are currently over $12 million per person (though this exemption amount could lower), so avoiding estate tax is no longer the primary planning goal for most estate planning clients. Creating trusts to preserve the maximum amount from estate tax for both individuals in a marriage was a very common estate planning strategy. We now also have other tools to minimize estate tax, such as portability. If you are concerned that your estate is near estate tax limits, you should contact an estate planning attorney to discuss the best way to handle your estate and limit taxes.

Conclusion

Everyone’s situation is unique. While these are common scenarios in which trusts may make sense, a conversation with your attorney is the first step toward putting the appropriate estate plan in place.
Philanthropy is a deeply personal issue. Why and how you choose to give to charitable organizations reflects your hobbies, your values, what you believe is important to your community now, and what you wish to see in the future.

When considering charitable giving vehicles like planned gifts, deferred gift annuities, bequests, endowment support, and similar, your giving history naturally guides your choices. The nonprofits that are closest to your heart should certainly be included in your giving priorities. But how are these gifts transforming the communities you call home?

I challenge you to consider the following questions:

1. Are the organizations I support working within the communities I call home? If you support a national organization, you should consider seeking out local nonprofits addressing the same issues, and/or supporting community foundations whose missions are tied to the wellbeing of a certain place.

2. Will my gifts maintain or promote the community I love? When you think about what makes your community special, or the things you’re passionate about, are they tied to a specific nonprofit, or a larger cause? Investing in the nonprofits you care about now is important, but so is investing in endowments that support your communities at large or the causes you care about. The nonprofit you love now may look different in 50 years, or the larger needs of the community may have changed. Will your legacy still be accomplishing your goals?

3. Have I considered the consequences of the transfer of wealth out of state? Our friends at the Montana Community Foundation predict that if just 5% of the wealth transferred in Montana was captured into permanent endowments, Montana would have a collective endowment worth $6.1 billion. In Lewis and Clark County, capturing 5% of the transferred wealth over a 10 year period would result in $40 million in permanent endowments. If just 5% of that amount was granted annually, it would amount to over $2 million working in your locally community every year. Forever. As the executive director of the Helena Area Community Foundation, I can tell you that annual giving in that amount would be transformational the greater Helena area.

With a little thought, you can ensure that your legacy is working locally, forever.

Emily Frazier, Executive Director Helena Area Community Foundation

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Learn more about planned and endowment giving through your local community foundation

helenaareacommunityfoundation.org
Forms and documents you may need for your 2021 tax return

Tax season is upon us. The deadline to file tax returns in 2022 is Monday, April 18. The Internal Revenue Service began accepting individual tax returns on January 24, 2022, and people can file their returns in various ways.

Before men and women can begin preparing their returns, they first must gather all of the necessary forms and documents. If any forms are not included, taxpayers may have to prepare tax amendments, which leads to more work and may delay the time it takes to receive a refund. Taxpayers who have questions about their returns can access 24-hour tax help via the IRS website at www.irs.gov.

According to eFile.com, an authorized IRS efile provider, the following forms and documents may be needed in order for taxpayers to file their returns promptly and correctly.

- Taxable income forms, documents
- W-2 Form(s) for wages, salaries and tips
- Interest income statements: Form 1099-INT, 1099-OID
- Dividend income statements: Form 1099-DIV
- Sales of stock, land, etc. for capital gains: Form 1099-B
- Sales of real estate: Form 1099-S
- State tax refunds: Form 1099-G
- Alimony received or paid
- Unemployment compensation received
- Miscellaneous income: Form 1099-MISC
- Retirement income: Form 1099-R
- Social security income and railroad retirement income: Form SSA-1099
- Business income and expenses
- Rental income and expenses
- Farm income and expenses
- Form K1 income from partnerships, trusts, and S-corporations
- Tax deductible miles traveled for business purposes
- Tax credits
- Child tax credit
- Child care provider address, I.D. number and amounts paid for the child and dependent care credit
- Earned income tax credit (EITC)
- Adoption expense information for the adoption credit
- Foreign taxes paid
- First-time home buyer tax credit
- Tax deductions and expenses
- Medical expenses for the family
- Medical insurance paid
- Prescription medicines and drugs
- Doctor and dentist payments
- Hospital and nurse payments
- Tax deductible miles traveled for medical purposes
- Home mortgage interest from Form 1098
- Home second mortgage interest paid
- Real estate taxes paid
- State taxes paid with last year’s return (if claiming itemized deductions)
- Personal property taxes paid
- Charitable cash contributions
- Fair market value of non-cash contributions to charities
- Unreimbursed expenses related to volunteer work
- Tax deductible mileage for volunteer purposes
- Casualty and theft losses
- Amount paid to professional preparer last year
- Unreimbursed expenses related to your job
- Miles traveled related to your job
- Union and professional dues
- Investment expenses
- Job-hunting expenses
- IRA contributions
- Student loan interest paid
- Moving expenses
- Last year’s tax return preparation fee
- Tax estimate payments
- Estimated tax payments made with ES vouchers
- Last year’s tax return overpayment applied to this year
- Off-highway fuel taxes paid
- General information
- Copy of last year’s tax return
- Social security numbers for you and your spouse
- Educational expenses for you and your spouse
- Dependents’ names, years of birth, and social security numbers
- Dependents’ post high school educational expenses
- Child care expenses for each dependent
- Prior year adjusted gross income (AGI)
- Routing transmit number (RTN), for direct deposit/debit purposes
- Bank account number (BAN), for direct deposit/debit purposes

More information about filing 2021 tax returns can be found at www.irs.gov.
The deadline for paying your 2021 taxes is quickly approaching, and almost 20 million Americans will need to send money to the Internal Revenue Service (IRS). With many taxpayers already in debt, it’s no surprise that many Americans will have trouble paying their annual taxes. Here are some tips to help you handle your tax debt and avoid fines and penalties.

**File your taxes even if you can’t pay**
Failing to file your taxes on time can result in financial or criminal penalties, which will only make your situation worse. The IRS can tack on an extra five percent per month, up to a total of 25 percent of your total bill.

You can file for an extension to get more time, but remember the interest and penalties will still accumulate on what you owe. It’s therefore best to pay as much as you can afford before the April 15 deadline.

**Apply for a payment plan, delay or settlement**
If you’re having trouble paying your taxes, the IRS offers several options:

- **Payment plan.** You can request to pay your bill in installments. However, you’ll still incur interest and penalties. Installment plans are available for those who owe less than $50,000.

- **Delay payment.** If you can prove paying your taxes will prevent you from affording basic living expenses, you can apply for a payment delay. A delay also incurs penalties and interest but buys you time to gather the necessary funds.

- **Settlement.** The IRS might agree to lessen your bill if you successfully prove that paying the original total would cause you financial hardship.

**Get help from a tax professional**
Filing for an extension, requesting a payment plan or seeking a discount can be complex. A tax professional, however, can help you prepare your tax forms so you file on time and get the help you need.
Avoid financial peril after a job loss

Losing a job can be devastating. Even in a strong market, companies can go out of business or reduce payroll. Being let go can initially tug at one’s pride, and after a layoff sets in, it may cause individuals to start worrying for their financial futures. While many people can survive and may even enjoy a few weeks of rest and relaxation after a job loss, financial concerns may surface soon thereafter. A 2017 GOBankingRates survey found that more than half of American adults have less than $1,000 in their savings accounts. Financial planners typically advise people to have at least three month’s worth of earnings socked away for emergency situations, like a medical issue or a job loss. Even though the survey also found more than a quarter (27 percent) of respondents have $10,000 or more saved, that might not be enough to survive a job loss for six months or more.

These strategies can help professionals who recently found themselves out of work avoid financial difficulties.

Get references. Leave on amicable terms and ask your former employer for a reference. You should not burn any bridges, as a good reference can be invaluable as you look for your next opportunity.

Live off of cash reserves first. Before cashing in investments or retirement accounts, tap your emergency fund first. If you have any tangible assets, like an unused car or a boat sitting idle, sell these items for cash to tide you over.

Contact your credit card company. Many companies have programs designed to help customers facing financial hardships. Reach out promptly to let them know you may be anticipating missed payments. It is better if you initiate contact rather than going into default. The same tactic can be used for mortgage or rent payments.

Assess your budget carefully. You naturally will have to make concessions that impact finances, particularly as it pertains to spending. Cut back on non-essentials like dining out, gym memberships, streaming subscriptions, and other luxuries. Avoid adding other new debt.

Apply for aid benefits. There may be government benefits, such as low-cost healthcare or food subsidies, that can help you get through financial difficulties until you get back on your feet.

Involve the entire family. It can be embarrassing to lose a job, but look to family for support. Children may not need to know every detail, but they can have a cursory awareness of family finances and understand they may have to cut back until Mom or Dad is working again.

Prioritize saving. Lightning may not strike twice, but plan ahead for another job loss by prioritizing savings in the future.

A job loss can come as a shock. However, with level-headedness and smart planning, many people can avoid dire financial situations in the wake of a layoff.
Hardworking adults spend years striving to achieve their professional goals. Along the way, planning for retirement is a way to ensure all that hard work pays off when the time comes to call it a career.

In the United States, men and women nearing retirement age may be thinking about when they should begin collecting their Social Security retirement benefits. Social Security is a social insurance program instituted by President Franklin Delano Roosevelt in 1935. The program consists of retirement, disability and survivor benefits, and workers in the United States contribute to Social Security each week.

The decision about when to claim Social Security retirement benefits is one all those who have contributed to the program must eventually make. In recognition of the difficulty of that decision, the Consumer Financial Protection Bureau offers the following tips to people wondering when they should begin collecting their Social Security benefits.

Confirm your full retirement age. Full retirement age refers to the age at which people can begin collecting their full benefits. Depending on the year you were born, you can begin collecting your full benefit at age 66 or 67. Claiming your benefit before you reach full retirement age will lead to a permanent decrease in your monthly benefits. Conversely, claiming after you reach full retirement age will lead to a permanent increase in your monthly benefits. Since the stakes are so considerable, it's vital for adults to confirm their full retirement age before they claim their benefits.

Delay claiming if you can. The CFPB notes that you can expect to get an additional 5 to 8 percent in monthly benefits for every year you wait to claim your Social Security benefits after age 62, maxing out at age 70. If you can afford to do so, wait to claim your full benefit until age 70, as doing so can translate to a benefit that's 32 percent higher than it would have been had you claimed your benefit at age 62.

Budget for retirement. Short- and long-term budgeting for retirement can help you assess how much money you will need to cover your expenses when you stop working. This step can help you understand how much a reduced or increased Social Security benefit will affect your bottom line in retirement.

Continue working. Remaining in the workforce full-time or even part-time can have a considerable impact on the size of your Social Security benefit. The CFPB notes that continuing to work for one or two additional years can replace low- or no-income earnings from your earnings record, thereby increasing your benefit.

Consider the long-term needs of your spouse. Surviving spouses receive the higher of the two spouses’ benefits. So it makes sense for the higher earning spouse to wait to collect his or her benefit until he or she reaches full retirement age.

The decision about when to collect your Social Security benefit is complex. Discussing your options with your spouse and financial advisor can help you make the most informed decision.

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501 N. Sanders, Suite 102
406-558-2473
erin.bradshaw@edwardjones.com
ESTATE PLANNING IN MONTANA: GETTING STARTED

BY MARSHA GOETTING, PH.D., CFP®
CFCS Extension Family Economics Specialist and Professor, Montana State University-Bozeman

Estate planning is a topic that is often avoided by individuals because it deals with attitudes and feelings about death, property ownership, business arrangements, marriage and family relationships that they or other family members may not be ready to contemplate. Some individuals have been overheard to say, “Estate planning is only for the old and rich.” Nothing could be further from the truth. In today’s complicated society all families regardless of their resources and ages can benefit from overall financial planning – one aspect of which is estate planning.

Why should I have an Estate Plan?

People who have experienced the death of a family member agree that it is worth investing some time and money to avoid the confusion, delay, expense and quarreling that sometimes occurs in families when an individual dies without an estate plan. Most people, when they stop and think about it, would like to have a say about what happens to property that they have worked hard to accumulate. An estate plan is a tool that provides some aspect of control. If you don’t make a plan, state law will mandate what happens to your real and personal property upon your death.

First, accept the fact that you are going to die someday. Ask yourself: If I should die today:

- What would happen to the property I’ve worked to accumulate?
- Who would care for my minor children or aging parents?
- Would my spouse and children be provided for in a fair and equitable manner?
- Would the family business continue?
- Would the estate settlement be conducted by someone with my family’s interests and needs in mind?
- Would probate fees and other administrative and legal costs be held to a minimum?
- If you have not considered these and other related questions, now is the time to get started on your estate plan.

How can I get started with an Estate Plan?

MSU Extension offers current information in a concise format called “MontGuides” on many topics – including estate planning. More information about Estate Planning for Montanans and the MontGuides available from MSU Extension can be found online at: www.montana.edu/estateplanning

For those who do not have computer access, hard copies of online documents are available from county Extension or reservation offices. The Estate Planning MontGuides will walk you through all of the steps required to put together a solid estate plan.

What Can a Good Plan Do For You?

A good estate plan can help provide financial security for you and your family members – now and in the future. A properly designed plan may save thousands of dollars in income taxes, and other estate settlement costs. A well thought-out estate plan may help protect your family from bitter quarrels by providing for contingencies, and prevent the forced sale or disposition of a farm, ranch or family business. A plan can also provide for skillful property management for younger family members, as well as for older family members who can no longer manage their own financial affairs.

How can I receive free live training on Estate Planning?

Montana State University Extension is collaborating with AARP Montana for a three-part webinar estate planning series titled Wednesday Wisdom starting in April and running through June. The free series is presented by Dr. Marsha Goetting, MSU Extension family economics specialist and professor at MSU.

Dates and topics for the free Wednesday Wisdom Estate Planning webinars:

- April 6 @ 10 a.m. Episode 1 – Is Your Will Worth the Paper it’s written on? In this webinar you will learn when a written will has control over the distribution of your property after you die and when the will isn’t worth the paper it’s written on. Learn about a special program for Montanans that can be used by those 60 and over to write a will at no cost.
- May 11 @ 10 a.m. Episode 2 – Avoiding Probate... are you sure you want to do that? Past Montana legislatures has passed laws that allow us to avoid a costly probate procedure on our assets after we pass away. Learn about tools that can be effective ways to save more money for your heirs.
- June 8 @ 10 a.m. Episode 3 – What’s New in ‘22? What changes did the Montana Legislature make that have an effect on estate planning? What changes have occurred at the Federal level that you should know about?

For those unable to attend the live webinars, a recording will be available after the event. Register for the free events at: https://states.aarp.org/missouriestateplanning
Your Trusted Montana Legal Team

Estate planning is about more than signing a will. It’s about protecting your assets, loved ones, and healthcare wishes during your life, and ensuring a smooth transition of your assets after death. We can help you develop an estate plan that will meet your needs and objectives at a reasonable price.

We can also support and guide you and your family through probate, guardianships, and property transfers to accomplish your goals legally and ethically.

**Estate Planning**
- Wills & Trusts
- Living Will
- Advance Directives
- Financial and Health Care Powers of Attorney
- Guardianship & Conservatorship

**Probate, Litigation & Land Transfers**
- Will and Property Disputes
- Recovery of Estate Property
- Claims Against Estates
- Undue Influence
- Ownership Agreements
- Transfer of Real Property

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Dan Auerbach  
Steve Fitzpatrick  
Judd Jensen  
Mike Rausch  
Brian Thompson

Browning Kaleczyc Berry & Hoven  
800 N. Last Chance Gulch  
Suite 101  
Helena, MT 59601

(406) 443-6820  |  bkbh@bkbh.com  |  www.bkbh.com

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THE MONTANA ENDOWMENT TAX CREDIT

A Way to Make the Most of Your Money for You and Montana

Imagine what $8.2 million could do in Lewis and Clark County. That is the amount that transferred from one generation to the next in Lewis and Clark County over the last ten years. Much of this wealth left Lewis and Clark County and Montana. If 5% of those funds were endowed, organizations in Lewis and Clark County would receive more than $2 million annually forever.

The Montana Endowment Tax Credit (METC) is one way we can ensure local communities benefit from generosity forever.

Plus, it can save you money on your Montana income tax.

Many Montana taxpayers, both individuals and businesses, are still unaware of the METC. Since 1997, the METC has encouraged individuals, businesses, and organizations to make lasting investments in their communities through endowed philanthropy. The METC offers donors, both individuals and businesses, an above-the-line credit on their Montana tax liability when making this type of gift.

Every dollar of METC you qualify for is $1 less you will owe the state of Montana in income tax. As an individual, you can claim up to $10,000 in METC annually or $20,000 as a couple filing jointly. Businesses can take credit of 20 percent of a gift’s federal charitable deduction, up to a maximum of $10,000 per year.

You can take advantage of the METC by making a planned gift of $2,500 or more to an existing qualified charitable endowment or we can help you create a new endowment. As the endowed fund grows, returns are used to support the organizations and causes you care about forever.

Planned gifts are typically made in the form of charitable gift annuities, charitable trusts, and some estate gifts. They can be made using gifts of cash, publicly traded stock, real estate, or other property. Planned gifts can be a way to receive income during your lifetime. Planned gifts are also helpful estate and tax planning tools.

Another popular type of charitable fund is a Donor Advised Fund (DAF). A DAF is a flexible charitable tool created by an individual, family, group, business, or private foundation to help them reach their giving goals. They can be created with direct contributions or through planned gifts, both of which would provide you with tax benefits. Since endowed DAFs are qualified charitable endowments, you can make a planned gift to benefit a DAF which then be used for regular grantmaking to support your favorite organizations.

Through the METC and endowed philanthropy, you can leave a legacy in the place you love for the causes you care about.

We are here to help you meet your dreams for Montana. Our team is committed to working with you to meet your philanthropic and financial goals for your charitable giving.

As Montana’s statewide community foundation, we are committed to cultivating a culture of giving so Montana communities can flourish. We want to inspire giving for the good of Montana forever.

Our work with donors and charitable organizations is a demonstration of our commitment to Montana and ensuring its future. Since 1988, MCF has worked tirelessly to create permanent philanthropy and build stronger communities. We have also reinvested more than $100 million in charitable grants across Montana.

MCF currently holds over 1,400 philanthropic funds and planned gifts and more than 750 qualified endowments. We are working with donors and charitable organizations across the state to grow these endowments and create new endowments for the benefit of Montana.

Our Philanthropy Team is ready to talk with you about your charitable giving options. We can provide gift illustrations to show you how you might incorporate the METC into your charitable giving and make a lasting impact in Montana.

Learn more at mtcf.org or contact us at (406) 443-8313 or info@mtcf.org to get started.

Provided by the Montana Community Foundation
An advance directive is a helpful document that can provide guidance to your health care providers and loved ones in the worst situations. Recording your advance directive ensures that the work you put into creating an advance directive is not wasted because a copy of the documents cannot be found.

Montana offers a special service to its citizens and health care providers by providing the End-Of-Life Registry which is managed by the Office of Consumer Protection and the Attorney General’s Office. The registry provides a database in which health care providers and concerned individuals can access your recorded wishes regarding medical treatment at the end of your life. To have your end of life wishes recorded in the registry you must submit two items: an advance directive and the Montana End of Life Consumer Registration Agreement.

There are several types of advance directives that you can use to state your wishes. You can utilize a living will (called a declaration in Montana), a durable medical power of attorney, a health care directive, or a POLST (provider order for life sustaining treatment). The advance directive must be completed by an individual over the age of 18, signed by that individual, and the individual’s signature must be witnessed by two others. Examples of these forms can be found at the website for the Montana End of Life Registry website, or you can consult an attorney to prepare these documents for you.

An advance directive allows you to specify medical decisions which can be made when you are unable to make them yourself. Your treating physician must determine that you are incapacitated before your advance directive can be used. Examples of decisions that you can specify in your advance directive include the use of a feeding tube, the use of a respirator, and whether extraordinary measures should be used to preserve your life.

Once you submit originals of your advance directive and registration agreement, it takes approximately three weeks to receive confirmation that your directive has been recorded in the registry. Once recorded, health care providers will be able to access your directive 24 hours a day. In addition, individuals who have access to your birthdate, Social Security number, and your mother’s maiden name can access a copy of your directive online. If you wish, you can request higher privacy settings that only allow those you name specifically to access your advance directive.
At Ashton Thomas, we believe coordinating your family’s financial interests—from planning and investment needs, to trust* services, to income tax and banking* solutions—creates a framework for long-term financial success from one generation to the next. Our dedicated team works with you to ensure your values remain in focus and your vision is implemented through the varying opportunities and challenges life brings.

Ashton Thomas Private Wealth
825 Great Northern Boulevard
Suite 201
Helena, MT 59601
406-389-8500
www.ashtonthomaspw.com/helena

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