



Wealth Matters Newsletter

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What To Do When Your Wealth Reaches 7 Figures

Did you recently add a second comma to your bank balance? Has a recent financial event raised your net worth to the next level? It's an exciting time, whether it's the result of your long-term goals such as diligent saving and investing, the sale of a business, a windfall transfer of wealth, or a key promotion.

You're probably already considering how to protect and manage your wealth.

Estate Strategy on a New Playing Field - You may already have an estate strategy in place. However, reaching a new level of wealth may be an excellent time to revisit your approach. More wealth can mean a larger estate and more complex estate issues. For example, it may be time to consider a living trust. You create a living trust while alive and fund it with the assets you choose to transfer therein. The trustee (typically you) has full power to manage these assets. But using a trust involves a complex set of tax rules and regulations. So before moving forward with a trust, consider working with a professional familiar with the relevant rules and regulations.

If you need an introduction to an estate planning attorney from our network, please let us know.

Pace Yourself - Many newly wealthy individuals feel like they are in a rush once they have their money. Although you may not be ready for a spending frenzy like you see with some lottery winners, the excitement and mentality shift could push you to some rash decisions, large or small. Now that the world is your oyster, you may be better off waiting for the pearl. This means getting accustomed to your new bank balance before putting the money to any practical effect. A few conversations with a financial professional regarding your ambitions may help put things into perspective.

Another idea here would be to write your goals down, including any items on which you're planning to spend. By writing it out, you may better evaluate the planned purchases, make sure they align with your goals or budget, and make informed choices.

What You Need Today - Your new wealth will create as many questions as it will opportunities. For example, if you've sold your business or are considering leaving your job, you will need to consider health insurance choices for yourself and your household. Other household demands

may also warrant consideration, from travel costs to big one-time purchases. You will almost certainly face some unplanned expenses along the way, so be sure that your short-term budget makes an allowance for that.

You don't want to fall victim to lifestyle creep (you have more so you spend more) which essentially puts you in the same financial position of when you had less but spent less. Planning today can help ensure your additional funds continue to work for you in the future. If you are on track for reaching your goals in your financial plan, you don't have to feel guilty about raising your standard of living. A planned shift is different than an unexpected shift and making intentional choices is important.

Risk Tolerance and Time Horizon - Your risk tolerance will be affected in part by your ongoing day-to-day needs. For example, if you're considering buying a new home, money may need to be earmarked for all expenses related to that purchase. The risk takes into account not only the home itself but also your overall strategy. The time horizon determines the lengths of time considered for your various expenditures. Some unexpected expenses may happen within a few months, while addressing some others may be able to be put off for a while.

Congratulations on that second comma becoming a part of your everyday life. It will mean many exciting things for you and your household, some of which you've prepared for and others you might not have anticipated. We would be happy to help you understand what this milestone means for you and your family.

When Your Plan Doesn't Go as Planned

By Marc C. Shaffer

Life does not go as planned. It's a wonder I survive as a financial planner who lives by a calendar and a process, because this statement rings true for everyone, even me. I have seen it in both my personal life and in the lives of the people we help every day. It's probably the biggest reason I get asked, "So, what happens if...?"

You could have a plan for retirement that includes contributing to your employer-sponsored 401(k) account, only to decide to start your own business. You and your spouse may plan to have one child, only to find out twins are on the way, or you may plan to have several children, only to find out the costly process of IVF is your only option for natural childbearing. You could plan to use a vehicle you purchased for several years before passing it down to your teen only for it to be totaled the very next day. You could create a financial plan that sounds good on paper but does not fit with your lifestyle or financial behaviors.

Your plans might be short-term or long-term and the bumps that derail them could be big or small, but the impact could be significant.

Let's talk a look what DOES happen when things don't go according to plan.

First, we know that having NO plan can be the start of a messy journey. Even if we go off course, having a plan in place to look back and see where we said we want to be or should be, can be a

relief when things get crazy. Taking time to consider your goals, hopes, milestones and strategy could help center you in times that might feel overwhelming.

When developing a plan, two pieces that should be incorporated are monitoring the plan and making strategic updates. This helps us realize from the beginning that plans are not constant entities and relieves the pressure of having to know everything up front.

If a financial plan is derailed, look at what is in place to help manage the unexpected. Have you created an emergency fund to cover unexpected costs? Have you pre-saved for expenses that are inevitable even if the timing isn't known? Do you have an estate plan in place to carry out the wishes after the loss of a spouse? Do you have insurance coverage for fires, floods and more? If you have already planned for the unexpected, these strategies could help you navigate the process more smoothly.

If you do not yet have tactics prepared, you would want to take a look at your big picture to see what steps/pieces of your plan could be moved or shifted to cover the current situation without derailing other goals. For example, using funds from a retirement account to help an adult child that lost their job might impact your future, but using funds from a vacation savings account might be a decision that feels right for you.

After you have overcome or incorporated the issue into your new plan, you'll want to review what went right and what went wrong. This can give you an idea of things you can start doing NOW to help avoid or lessen the impact of other unexpected issues down the road.

If you would like a team to help you develop a plan, look for potential roadblocks or start preparing now for unexpected life moments, we would be happy to help.

Are You Prepared for an Estate Tax Sunset?

The federal estate tax threshold rose to \$24.12 million in 2022 for married couples and \$12.06 million for individuals, as part of the Tax Cuts and Jobs Act (TCJA). Like several TCJA provisions, the higher estate tax limit is due to sunset in 2025. Barring congressional action, the exemption amount will return to about \$6.2 million, adjusted for inflation, in 2026. Similarly, the current 40% maximum gift and estate tax rate will increase to 45%.

For high-net worth individuals, this could influence wealth transfer strategies. Although this sunset is coming, the good news is that it's still a few years away.

And there's more good news: as financial professionals, we can help you with your estate strategy, regardless of whether Congress decides to maintain the current threshold. Estate planning is an essential piece of your financial plan and integrating the strategies and plans from your estate planning documents with your financial plan can help give a clear picture of your goals and desires. We would be happy to work with your current estate planning attorney or introduce you to one from our network if you are in need.

Now may be an excellent time to get together and start thinking about your post-2025 strategy.

TEAM NEWS



Community Involvement - We were happy to sponsor the Growing Futures annual fundraiser. Their Harvesting Hope fundraiser is a festive, fall-themed gathering that benefits the 223 vulnerable children and families they serve. They were able to raise over \$110,000 with more than 270 in attendance.

Growing Futures Early Education Center, a Head Start for children and families, is a non-profit organization, providing quality early education opportunities and family support services for children in Johnson County, Kansas. <https://www.growingfutureseec.org/> Thank you to everyone who donated to Marc Shaffer's fundraiser to benefit the organization. Together, you raised just over \$2,000! Reach out to Marc via email at marc@searcyfinancial.com to learn about volunteering opportunities.



Habitat for Humanity and Naples, Florida Office Update - Mike is pictured here with members of his Rotary Club of Naples working with Habitat for Humanity to build houses in Florida. Habitat for Humanity is a nonprofit organization that helps families build and improve places to call home. They believe affordable housing plays a critical role in strong and stable communities.

Several Habitat for Humanity affiliates across the state of Florida are assessing damage in communities across the state and will be engaged in long-term recovery efforts to help Florida communities build back from the devastating effects of Hurricane Ian. Mike Searcy, his family, and our Naples office location were very fortunate to avoid any major damage from Hurricane Ian. Many of our friends in the area closer to the shore were not as lucky. To learn more about Habitat's efforts in the area, visit <https://www.habitat.org/page/Hurricane-Ian>.



Back-to-School Pizza Party - We had a great time co-hosting a back-to-school pizza party with Ann B. Walter. Buffalo State Pizza Co. provided the perfect atmosphere and delicious food. Thank you to Micah Marie Photography for capturing photos at our event.

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