

A Checklist of Topics and Issues for Enhancing Your Quality of Life



*Promoting Conversations
Among Spouses, Family and Trusted Advisors*



NORTHWEST CAPITAL MANAGEMENT, INC.

Portland, Oregon • Seattle, Washington • www.NWCM.com

At 66, we enter Our Fourth Age. And new adventures await.

We will travel, learn new life skills, become active within our community, volunteer at our place of worship, visit with family and friends, fish, golf, bicycle, garden, paint, read. The opportunities are endless.

In our earlier Ages, there were road signs that helped guide us, that indicated the progress we were making as we went through school, started careers, entered into relationships, bought houses.....

Where is our roadmap now?

NWCM has compiled *Our Fourth Age Checklist* to promote conversations about topics that will impact the quality of life during Our Fourth Age—conversations among spouses, family and trusted advisors.

In Our Fourth Age, our health can be increasingly unpredictable. Our mental capacities may decline. *Will our spouse or partner get ill? Will we be living alone? Have we saved enough? How much time do we have?*

Let's address the uncertainties of Our Fourth Age before they materialize and we are in crisis, our wishes perhaps not known, or our options limited.

We can chart a course for a journey that defines a unique, satisfying Fourth Age. The Fourth Age certainly has a large financial component, but the satisfaction it can bring us has many non-financial factors affecting our quality of life: relationships, community, health, intellectual stimulation, physical activity, to name a few. Happily, quality of life is personal and value-based.

How do we positively impact our quality of life during Our Fourth Age (and plan for life's curveballs)? By first talking with family, friends and experts about the issues that directly affect our lives.

Anticipating life's changes, planning for these changes, knowing about resources which will help us age better, are all essential to enhancing our quality of life. And insuring legacy.

Our Fourth Age Checklist

(For current updates to the Checklist and for access to resources,
please browse to OurFourthAge.com.)

1: ITEMS REQUIRING YOUR IMMEDIATE ATTENTION!

Hopefully, you have already done all of these Action Items. If not, think of these To Do's as a "finger in the dike", or as a head start on larger tasks you need to undertake as listed under other topics.

ACTION ITEMS:

- Execute an Advanced Health Care Directive and let your family know of your wishes
- Initiate conversations about the topics within this Checklist—even if you are not the Fourth Ager
- Identify a Trusted Contact
- Review Beneficiary Designations and titles to property
- Implement a password manager (a software utility) for Internet access
- Create a list of assets/accounts
- Organize important papers
- Schedule appointments with your doctor and professional advisors

2: EMBRACE A HEALTHY LIFESTYLE

The greatest wealth is health.
Virgil

Wealth is nothing if your health won't allow you to enjoy it. Our bodies wear down as we age, but with exercise and good eating, we can forestall, and in some cases, reverse the effects of aging.

We hear as a frequent concern the fear of diminishing capacity. A good diet and remaining intellectually curious is your best course of action!

ACTION ITEMS:

- Physical
 - Eat healthy & get plenty of sleep
 - Exercise regularly
 - Get help developing an exercise routine
 - Use a trainer
 - See your doctor regularly
- Mental
 - Be engaged with family and friends
 - Have outside pursuits
 - Become involved in some sort of community
 - Remain intellectually curious
 - Read!
- Spiritual
 - Embrace your faith
 - Regardless of religious belief, contemplate the great miracle that is life
- Personal Relationships
 - Hold tighter the ones you love
 - Don't let anything go unsaid
 - Mend broken relationships

3: REVIEW/EXECUTE HEALTH CARE LEGAL FORMS

These Action Items are not just for ensuring your wishes are carried out when you can't speak for yourself medically. Advanced directives help your family attend to their pain, heal hurt or broken relationships, care for your spiritual needs and ultimately say goodbye.

ACTION ITEMS:

- Advanced Health Care Directive
 - Who will be your Health Care Representative?
 - Have you completed the Health Care Instructions AKA Living Will?
- Are health care instructions readily accessible in the time of crisis?
- Is a Portable Order for Life-Sustaining Treatment (POLST) appropriate?
 - File your POLST with the State
 - Make it visible for times of emergency in a red envelope
- Talk to personal healthcare representative (and your family) about your health care choices
- Consider executing an Organ Donation Form

4: PLAN YOUR LEGACY

This may be harder than you think: *Who is to receive your estate?* The answer can be compounded by gifts you give while still alive. *Are all your children being treated equally? Should they be?*

You need to be sure that lifetime gifting doesn't result in you outliving your resources! Often the answers to your gifting requires the calculations and projections you'll undertake in Topic 6

ACTION ITEMS:

- Family
 - Children
 - Evaluate continuing financial support, if any
 - Special need trusts
 - Spendthrift trusts
 - Identify non-financial assets which have special meaning or value not easily recognized
 - Testamentary bequests
- Lifetime gifting to family
- Charitable gifting
 - While living and/or testamentary
 - Tax-efficient methods to affect gifting
 - Income opportunities with Charitable Remainder or Lead Trusts
- Project your federal and state estate tax liability
 - Estate tax vs. "income with respect to decedent" tax

5: ATTEND TO THE MECHANICS OF ESTATE ADMINISTRATION

ACTION ITEMS:

- Document the important stuff
 - List of assets
 - Location of assets/accounts
 - Passwords
 - Make accessible important papers
- Establish/update your will
 - Is a revocable trust a better option for your circumstances?
 - Is a specialized irrevocable trust needed, e.g., Income Cap, Disability, Special Needs or Legacy?
- Evaluate the need for a durable power of attorney
 - Access during emergencies
- Review existing “will substitutes” that transfer assets and property outside a will or trust
 - Beneficiary designations
 - Wording associated with title to real property, e.g., joint tenant with right of survivorship, Transfer on Death, Pay on Death, etc.
- Choose successors to act in your best interests and consistent with your decisions
 - Trustee or Personal Representative
 - Individual vs. corporate
 - Personal health care representative
 - Trusted contact
 - Conservator? Guardian?
 - “Representative payee” for Social Security purposes
- Power of Attorney
 - Scope and duration
 - Preapproval by custodians
 - Ready access during crisis
- Implement lifetime gifting, if any

Come prepared to a meeting with an estate planning attorney: know what you own; and have an idea as to whom you would like to give your estate to.

Good legal advice can save you and your estate in taxes many multiples of the cost of planning.

Tax laws change, and so too may a well-designed estate plan. Periodically review estate documents with your legal advisor.

Your bequests are not necessarily limited to provisions in a will or trust; “will substitutes” must be evaluated.

6: UNDERTAKE A RETIREMENT INCOME FEASIBILITY STUDY

This is often where “the rubber meets the road”: *Can you afford the lifestyle you seek without the risk of outliving your resources?*

The issues are too numerous and calculations too complex to project your lifetime income using a “back of a napkin”. Sophisticated software is a must!

Your analysis will help determine the investment of your portfolio—and as its benchmark of success in future years.

ACTION ITEMS:

- Project anticipated, after-tax expenses based on a review of your recent expenses
 - Annually recurring (food, utilities, insurance) vs. periodic (travel, auto purchases, major expenditures)
 - Essential vs. discretionary
 - Healthcare costs
 - Maintenance of residence
 - Contingency expenditures
 - Adjust for the loss of purchasing power due to inflation
- Evaluate “worst case” scenarios involving prolonged illnesses, home medical care
- Review Social Security projections
 - Claiming strategies
 - Options to minimize taxation
- Project an achievable income stream which you cannot outlive
 - Include income from all sources, e.g., pensions, real estate, etc.
 - Project state and federal income taxes as an additional expense
 - Match income with future expenditures
- If necessary, evaluate your debt for:
 - Accelerated reduction
 - Elimination

7: INVESTING AND DAY-TO-DAY MANAGEMENT

Topic #6 had you determining an inflation-adjusted, after-tax income you cannot outlive. The tricky part is now to invest your portfolio so as to ensure that income.

Good portfolio management requires day-to-day attention to billpaying, budget review, tax reporting—a myriad of activities that can get more challenging as you age.

ACTION ITEMS:

- Portfolio management
 - Utilize software tools to track your investments regardless of type or custodian
 - “Guarantee” income by identifying specific accounts and/or assets which will generate your income in each of the next 10 years
 - Income needed in years 11 and on might need the inflation hedge of stocks
 - What is portfolio’s asset allocation?
 - Are return assumptions realistic and conservative?
 - Can you accept the projected investment risk?
 - Can you articulate to others the investment strategy being pursued?
 - Assess your capacity to self-manage your account vs. using an advisor
 - Will a surviving spouse or partner have the same capacity?
- Financial administration
 - Regular portfolio review
 - Is performance consistent with long-term budgets?
 - Utilize tools to track future expenses versus a budget
 - Billpaying
 - Tax matters
- Routinely gauge your capacity to undertake financial matters & seek help if it gets challenging
 - Know the senior-specific policies of your financial advisor and custodians of your accounts
- Do your investments reflect your philosophical beliefs regarding the environment and social governance?

8: MINIMIZE TAXATION

Minimizing taxes is on everyone's list: before, during and after retirement! Tax-smart strategies encompass the kind of income you receive, when it's received, gifting (both lifetime and testamentary), and "income with respect to a decedent".

And don't forget, tax laws change in Congress' never-ending pursuit to raise revenue.

ACTION ITEMS:

- Current income strategies
 - Tax-free municipal bonds
 - Capital gains
 - Charitable giving from appreciated assets
 - Charitable giving from IRAs as an offset to Required Minimum Distributions
 - Charitable Income and remainder trusts
 - Annuities
 - 1031 tax-free exchanges
- Estate taxation
 - Lifetime giving to reduce taxable estate
 - Leverage federal and state exemptions
 - Stretch IRAs
 - Charitable bequests to come from IRAs first vs assets receiving a stepped-up basis
 - Generation skipping trusts

9: REDUCE YOUR RISK

There are many different types of risk you face: economic, market, inflation, taxation, longevity, health—many well beyond your control. There are other risks we can insure against.

You can positively impact your continued financial security by following "best practices".

ACTION ITEMS:

- Review of insurance coverage for necessity and adequacy of coverage
 - Medicare (and the need for timely sign up)
 - Medicare supplemental plans
 - Life
 - Property & Casualty
 - Umbrella liability
 - Long-term care
 - Disaster coverage
- Cybersecurity
 - Password manager software
 - Multi-factor authentication
 - Recognize email scams (phishing and smishing)
 - Best practices for avoiding malware
- Ignore telephone and email scams
- Recognize situations that facilitate financial abuse

10: EVALUATE YOUR HOUSING AS A PLACE TO AGE

Under certain circumstances, a retirement community is necessary or highly desirable.

Aging in your home can also be a viable and preferable option under other circumstances. If so, your home must accommodate the probability that you will have some level of physical impairment, if only for the daily chores of bathing, dressing, cooking, eating and getting around.

ACTION ITEMS:

- Organize and declutter no matter what long-term housing options you pursue
- Is your current house suitable for life-long living—or could be with remodeling?
 - Should you consider a move to another house better suited for aging?
- In-home care option
 - Family caregivers
 - Respite Care and Adult Day Care
 - Housekeepers
 - Nursing care: custodial vs. skilled
 - Home and yard maintenance
 - Compliance with Employment law and adequacy of liability insurance
- “Retirement” Communities: Independent Living, Continuing Care, Residential Care and Assisted Living
 - Scope of care provided
 - Costs
 - The timing vs. necessity for a move
- Contingency Planning
 - Housing
 - Meals
 - Transportation

11: BE A GOOD COMMUNICATOR

On certain topics, particularly your wishes about health care when you are in crisis, advance communication with family and trusted advisors is crucial. There’s also so much we all carry around in our heads that it’s the mundane which often needs to be talked about. At some point, it becomes too late.

ACTION ITEMS:

- Ready access to important papers & passwords by trustees, executors, family and trusted contacts
- Put your successor trustee/executor/Trusted Contact on your safety deposit box.
- Family meetings (and with Trusted Contact) regarding
 - Your current situation
 - Your preferences

12: GET SMARTER ABOUT FINANCIAL BASICS

Topic 12 has you acquiring the tools you'll need for solo living and being a survivor. Become smarter about the basics—particularly if your spouse or partner currently has the primary responsibility for household finances. The death of a life-long companion is crisis enough without compounding it if ill-prepared to take control of the day-to-day management of your financial life.

ACTION ITEMS:

- Become familiar with basic financial concepts, sufficiently so that you can understand and evaluate the advice you are getting from your trusted advisors.
- Understand where the money is—and where it goes
- Spouse/partner to be engaged in financial management and decision-making
- Promote financial education and responsibility in your children
 - introduce your children to *www. Do12Things.com*

13: SOLO LIVING & BEING A SURVIVOR

Either by choice or circumstances, odds can be high that you'll be living alone—particularly if you are a woman. Make sure you have mastered the tasks listed in Topic 12.

Avail yourself of grief counseling.

ACTION ITEMS:

- How quickly will there be access to liquid funds?
 - Custodians typically “freeze” accounts upon notice of an owner's death and await confirmation of successor's investment authority
- Pre-determined funeral arrangements
- Memorial service
- Estate administration and probate
- Taking on obligations for financial management
- Grief counseling
- Home and yard maintenance

14: LOOK OUT FOR FOURTH AGERS

Aging is a very personal experience, but it's a journey we share with a larger community. Be attentive to what's happening to parents, siblings and friends. Be proactive in addressing concerns. Pay forward with action the benefits you may someday need yourself.

ACTION ITEMS:

- Protect family, friends and yourself from financial abuse
- Know the warning signs of diminishing capacity
- Be on the alert for elder abuse
- Stage an intervention, if necessary
- Should someone be looking over your shoulder?
- Is a conservator or guardian appropriate—or might be?

15: REGULARLY REVIEW THIS CHECKLIST!

Life happens. Circumstances and laws change. Ensuring high quality of life in Our Fourth Age is not a “one and done” exercise. It's a process. Regularly review the decisions you've previously made with your trusted advisors. Be proactive in initiating, or responding to, concerns about this miraculous journey we are all on.

Help Us Help Others!

Please let us know how we might improve the Checklist. Browse to www.OurFourthAge.com and give us feedback so we can make this *Checklist* a better resource for all Fourth Agers. **You can also find an updated Checklist** reflecting input we receive.

Did any topic get you thinking you might need to look deeper into it? Or possibly wondering if an item you thought you had checked off may need to be looked at again within a keener eye?

We have started a blog at OurFourthAge.com that can give your more detail and insight into topics on the *Checklist*.

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