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# Cadence clips

FOCUSED ON WHAT MATTERS MOST.

## Planning Beyond the Mayan Calendar

Because you are reading this, does that mean the Mayans were wrong?

As many people know the "Long Count" Mayan calendar ended on December 21st, which some people had interpreted to mean the Mayans thought the world was going to end last Friday. Is that what the Mayans were really saying, or did they just run out of stone to carve on, and why would anyone believe the Mayans could predict the end of the world in the first place?

We at Cadence Wealth Management have no special knowledge allowing us to answer the first two points, but we can fashion an answer for the third. The Mayans were surprisingly good at astronomy, extremely so when considering the technology available. They calculated the exact duration of a year to a thousandth of a decimal point, and were able to predict every solar and lunar eclipse all the way up to today, or at least up until last Friday. Their accuracy in measuring has seemed mystical to many people over the years, blurring the line between measurement and prediction. Which (finally) brings us to the point: there is a profound difference between measurement (like we use in planning) and predicting (like many people do about future financial events).

A proper financial planning process uses measurable assumptions, like rates of return and inflation, to create a picture of what life would look like if specific sets of circumstances happened over time. Using multiple assumptions for multiple scenarios, we are able to give our clients an idea of what their lives would look like if they were able to earn, save, and spend certain amounts, and what their lives would look like if something went wrong along the way, like a premature death or disability. From these multiple possibilities, we are able to help our clients feel prepared for both the good and the bad, reducing the anxiety around the uncertainties in their future.

Unlike a prediction, which has a roll of the dice quality to it, a plan allows you to increase the likelihood that what you want to have happen in your future will actually happen. A Dominican University study conducted by Gail Matthews, Ph.D., demonstrates that not only does writing your goals down increase the likelihood you will achieve them, but that formulating action steps, committing to take those actions to someone else, and regularly communicating progress with that person further increase the effectiveness of the written goals.

We cannot predict your future, but we can plan for it. And in planning for it, taking the actions needed to create it, and regularly checking progress, you are far more likely to achieve your goals than by just trying to predict whether or not you will achieve them. Don't confuse the ability to measure something, like an investment's past performance, with the ability to predict what it may do in the future. Get comfortable with the uncertainties present in our daily lives, and take steps to make sure you and those you care about will be able to thrive and survive no matter what life brings.

So should you run across a Mayan one of these days, give him or her a hug. Their big prediction, if that's what it was, failed, and he or she may be a little down. But tell them there's certainly a bright side: now that they have a future, maybe it's time to start planning for the one they want.

# Estate Planning - Having the Talk

As we move into 2013 (and it doesn't seem like 2013 already, does it?) and start the new year, we will be bombarded with the usual list of New Year's resolutions. Number ONE on the list is to dust off that exercise equipment and make a newfound commitment to exercise more regularly, eat right, and finally lose those unwanted pounds! Number TWO on the list usually involves money and finances. Whether you are making that last push towards retirement or are determined that 2013 will be the year to get your financial house in order, January is a good time to reflect on what you have already done and what more you can do.

Being a wealth management firm, many people ask us - "What do we need to get together for our children for when we are no longer here?" Simply establishing an estate plan and other end of life instructions isn't enough if your heirs are unaware of them or don't know where to find them. As an example, at least 10 states are investigating whether some of the country's largest insurers are failing to pay out unclaimed life policies to beneficiaries. The insurers say that under policy contracts, they aren't required to take steps to determine if a policyholder is alive, but only to pay a claim when beneficiaries come forward. And according to the National Association of Unclaimed Property, there is $41.7 billion waiting to be returned by state unclaimed property programs.

In a study by US Trust, most affluent parents say little to their older children about money.

How little?

For baby boomers, 13% have said nothing, 55% a little, and only 32% everything.

So what can you do to save family members money and unnecessary stress and headaches?

We recommend creating a comprehensive folder of documents that family members can access in case of emergency. You can choose to provide account values, but at a minimum you should include a list of the following:

- All financial account numbers
- Where the assets are held (financial institution, bank, etc.)
- Type of account (IRA, Inherited IRA, 529, SEP, taxable account)
- Location of any safe deposit boxes
- Documentation of stock certificates and savings bonds
- A list of all insurance policies (Life Insurance, Annuity, Long Term Care, etc.)
- The Financial Advisor or Institution's contact information for each account

- Documentation of housing and land ownership, cemetery plots, and vehicles
- Any partnerships or corporate operating agreements
- Escrow Mortgage accounts
- If married, make sure your spouse knows where the marriage certificate is stored
- If divorced, a copy of the divorce judgment or decree

If you don't tell your family that you own some of these assets, there is a chance that they might never know. We suggest you keep this list with your attorney or at home in a fireproof safe that someone knows the combination to.

So now that you've made your list – what do you tell your children? Think about what you needed to know about your parents' money. Did they have resources to last throughout retirement and pay for care if they got sick? Your children probably want to know the same about you.

Need help with any of the above? We would be more than happy to sit down with you or any of your family members to assist in getting everything together. Need estate planning documents completed? We can refer you to some experts we have worked with.

So, welcome to 2013! Take a few moments to reflect on all that you have accomplished and feel good about what you have done to put your finances in place.  Doing this last bit of preparation is a great gift you can give your children now and save them time, money, and stress later. That's a legacy everyone wants to leave!

# Filing Your Taxes - It May Pay to Wait

A New Year's resolution that many people have on their lists each year is getting taxes filed early and out of the way. While this may bring a sense of accomplishment and help to reduce anxiety relating to pending business with the IRS, there are some downsides to being too early. The tax code has gotten increasingly complex over the years and it seems the companies we invest in (and with) are having a harder time getting their tax info to us in a timely fashion. Where we used to receive a 1099 that could be passed along to the accountant shortly after the first of the year, we now have to wait until mid to late February for most investment accounts. In addition, it isn't uncommon for companies to make revisions to the data they've passed along to your investment custodian (i.e. Schwab), resulting in a revised 1099 just after your accountant put the finishing touches on your return.

So who's to blame for this? We really can't point the finger anywhere else except our incredibly complex ever-changing tax code. If a mutual fund investing in hundreds of company's securities gets their gain and loss information to a custodian for reporting to you as the investor, there are three parties that all have to comply with the code in this very dynamic tax environment. If there's one error, omission, or change that needs to be made at any point in this chain, it can lead to a late revision on the 1099. Talk to your accountant - he or she may be willing to put everything together early, and simply hold off on filing the return until the mid-March timeframe. So, unless you really need that refund early, and don't mind paying your accountant twice, it may pay to wait.



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