



Bell Financial

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Dear Friends:

I'm excited to announce a big change at Bell Financial. This spring we will be moving our office to a new location in Marquette Township. The building will offer handicapped accessibility, improved parking, and a more centralized location for our clients across the UP. While we love our space in the Cohodas building, the stairs are increasingly a concern as they create a fall risk, and wintertime parking is often difficult. The new space will be set up to better suit our workflow and client processes. I can't wait to see you there!

Jesse

January 2019

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What Happened to Your Money?



If you don't know what happened to your money during the past year, it's time to find out. December and January are the perfect months to look back at what you earned, saved, and spent, as W-2s, account

statements, and other year-end financial summaries roll in.

How much have you saved?

If you resolved last year to save more or you set a specific financial goal (for example, saving 15% of your income for retirement), did you accomplish your objective? Start by taking a look at your account balances. How much did you save for college or retirement? Were you able to increase your emergency fund? If you were saving for a large purchase, did you save as much as you expected?

How did your investments perform?

Review any investment statements you've received. How have your investments performed in comparison to general market conditions, against industry benchmarks, and in relationship to your expectations and needs? Do you need to make any adjustments based on your own circumstances, your tolerance for risk, or because of market conditions?

Did you reduce debt?

Tracking your spending is just as important as tracking your savings, but it's hard to do when you're caught up in an endless cycle of paying down your debt and then borrowing more money. Fortunately, end-of-year mortgage statements, credit card statements, and vehicle financing statements will all spell out the amount of debt you still owe and how much you've really been able to pay off. You may even find that you're making more progress than you think. Keep these paper or online statements so you have an easy way to track your progress next year.

Where did your employment taxes go?

If you're covered by Social Security, the W-2 you receive from your employer by the end of January will show how much you paid into the Social Security system via payroll (FICA) taxes collected. If you're self-employed, you report and pay these taxes (called self-employment taxes) yourself. FICA taxes help fund future Social Security benefits, including retirement, disability, and survivor benefits, but many people have no idea what they can expect to receive from Social Security in the future.

This year, get in the habit of checking your Social Security Statement annually to find out how much you've been contributing to the Social Security system and what future benefits you might expect, based on current law. To access your Statement, sign up for a *my* Social Security account at the Social Security Administration website, socialsecurity.gov.

Did your finances improve?

Once you've reviewed your account balances and financial statements, your next step is to look at your whole financial picture. Taking into account your income, your savings and investments, and your debt load, did your finances improve over the course of the year? If not, why not?

Next, it's time to think about the changes you would like to make for next year. Start by considering the following questions:

- What are your greatest financial concerns?
- Do you need help or advice in certain areas?
- Are your financial goals the same as they were last year?
- Do you need to revise your budget now that you've reviewed what you've earned, saved, and spent?

Use what you've learned about your finances to set your course for the new year ahead. Challenge yourself to save more and spend less so that you can make steady financial progress.

Reviewing Your Estate Plan



An estate plan should be reviewed periodically, especially after a major life event. Here are some ideas about when to review your estate plan and some things to review when you do.

An estate plan is a map that explains how you want your personal and financial affairs to be handled in the event of your incapacity or death. Due to its importance and because circumstances change over time, you should periodically review your estate plan and update it as needed.

When should you review your estate plan?

Reviewing your estate plan will alert you to any changes that need to be addressed. For example, you may need to make changes to your plan to ensure it meets all of your goals, or when an executor, trustee, or guardian can no longer serve in that capacity. Although there's no hard-and-fast rule about when you should review your estate plan, you'll probably want to do a quick review each year, because changes in the economy and in the tax code often occur on a yearly basis. Every five years, do a more thorough review.

You should also review your estate plan immediately after a major life event or change in your circumstances. Events that should trigger a review include:

- There has been a change in your marital status (many states have laws that revoke part or all of your will if you marry or get divorced) or that of your children or grandchildren.
- There has been an addition to your family through birth, adoption, or marriage (stepchildren).
- Your spouse or a family member has died, has become ill, or is incapacitated.
- Your spouse, your parents, or another family member has become dependent on you.
- There has been a substantial change in the value of your assets or in your plans for their use.
- You have received a sizable inheritance or gift.
- Your income level or requirements have changed.
- You are retiring.
- You have made (or are considering making) a change to any part of your estate plan.

Some things to review

Here are some things to consider while doing a periodic review of your estate plan:

- Who are your family members and friends? What is your relationship with them? What are their circumstances in life? Do any have special needs?

- Do you have a valid will? Does it reflect your current goals and objectives about who receives what after you die? Is your choice of an executor or a guardian for your minor children still appropriate?
- In the event you become incapacitated, do you have a living will, durable power of attorney for health care, or Do Not Resuscitate order to manage medical decisions?
- In the event you become incapacitated, do you have a living trust or durable power of attorney to manage your property?
- What property do you own and how is it titled (e.g., outright or jointly with right of survivorship)? Property owned jointly with right of survivorship passes automatically to the surviving owner(s) at your death.
- Have you reviewed your beneficiary designations for your retirement plans and life insurance policies? These types of property pass automatically to the designated beneficiaries at your death.
- Do you have any trusts, living or testamentary? Property held in trust passes to beneficiaries according to the terms of the trust. There are up-front costs and often ongoing expenses associated with the creation and maintenance of trusts.
- Do you plan to make any lifetime gifts to family members or friends?
- Do you have any plans for charitable gifts or bequests?
- If you own or co-own a business, have provisions been made to transfer your business interest? Is there a buy-sell agreement with adequate funding? Would lifetime gifts be appropriate?
- Do you own sufficient life insurance to meet your needs at death? Have those needs been evaluated?
- Have you considered the impact of gift, estate, generation-skipping, and income taxes, both federal and state?

This is just a brief overview of some ideas for a periodic review of your estate plan. Each person's situation is unique. An estate planning attorney may be able to assist you with this process.



Infographic: Financial Lessons from Football



Review your game plan

You haven't saved enough for retirement...or for college. Your credit card debt is spiraling. You've been blindsided by unexpected expenses. When your finances hit a rough patch, call a time out and review your game plan. Rethink your strategy to account for changes in your personal life, the economy, or market conditions.



Focus on fundamentals

Big plays are important, but so is steady execution. Even seasoned players need to focus on game fundamentals. One important financial fundamental is your budget. Once you know exactly how much money is coming in and how much is going out, you can identify what plays to call to get your finances back in shape.



Make adjustments

Football teams make adjustments throughout the game. As you begin to make forward progress, keep the momentum going by regularly reviewing and fine-tuning your own game plan to balance competing priorities. Soon you'll be better prepared to tackle the challenges that stand between you and your financial goals.

**"It's not whether you get knocked down, it's whether you get up."
-Vince Lombardi**

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Are my student loans eligible for public service loan forgiveness?

If you are employed by a government or not-for-profit organization, you may be able to receive loan forgiveness under the Public Service Loan Forgiveness (PSLF) Program. The PSLF, which began in 2007, forgives the remaining balance on federal Direct Loans after you have made 120 monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

Qualifying employers for PSLF include: government organizations (e.g., federal, state, local), not-for-profit organizations that are tax-exempt under Section 501C(3) of the Internal Revenue Code, and other types of not-for-profit organizations that are not tax-exempt if their primary purpose is to provide certain types of qualifying public services.

If you plan on applying for PSLF in the future, you should complete and submit an Employment Certification form annually or when you change employers. The U.S. Department of Education will use the information on the form to let you know if you are making qualifying PSLF payments.

You can apply for PSLF once you have made 120 qualifying monthly payments towards your loan (e.g., 10 years). Keep in mind that you must be working for a qualifying employer both at the time you submit the application and at the time the remaining balance on your loan is forgiven.

Recently, PSLF made headlines due to the fact that many borrowers who thought they were working toward loan forgiveness under the program found out they were ineligible because they were in the wrong type of repayment plan. Many borrowers claimed they were told by their loan servicer that they qualified for PSLF, when in fact they did not. In 2018, Congress set aside \$350 million to help fix this problem. The Consolidated Appropriations Act provides limited, additional conditions under which borrowers may become eligible for loan forgiveness if some or all of the payments they made on their federal Direct Loans were under a nonqualifying repayment plan for the PSLF Program. For more information on PSLF, visit studentaid.ed.gov.



How can I protect my personal and financial information from credit fraud and identity theft?

In today's digital world, massive computer hacks and data breaches are common occurrences. And chances are, your personal or financial information is now susceptible to being used for credit fraud or identity theft. If you discover that you are the victim of either of these crimes, you should consider placing a credit freeze or fraud alert on your credit report to protect yourself.

A credit freeze prevents new credit and accounts from being opened in your name. Once you obtain a credit freeze, creditors won't be allowed to access your credit report and therefore cannot offer new credit. This helps prevent identity thieves from applying for credit or opening fraudulent accounts in your name.

To place a credit freeze on your credit report, you must contact each credit reporting agency separately either by phone or by filling out an online form. Keep in mind that a credit freeze is permanent and stays on your credit report until you unfreeze it. This is important, because if you want to apply for credit with a new financial institution in the future, open a new bank account, or even apply for a job or rent an

apartment, you will need to "unlock" or "thaw" the credit freeze with each credit reporting agency.

A less drastic option is to place a fraud alert on your credit report. A fraud alert requires creditors to take extra steps to verify your identity before extending any existing credit or issuing new credit in your name. To request a fraud alert, you only have to contact one of the three major reporting agencies, and the information will be passed along to the other two.

Recently, as part of the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018, Congress made several changes to credit rules that benefit consumers. Under the new law, consumers are now allowed to "freeze" and "unfreeze" their credit reports free of charge at all three of the major credit reporting bureaus, Equifax, Experian, and TransUnion. In addition, the law extends initial fraud alert protection to one full year. Previously, fraud alerts expired after 90 days unless they were renewed.



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