



Retirement Estate Assets Protection Planning

Top Financial Planning Trends for 2019

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WASHINGTON — It's time to make predictions for the new year. So, what are the hot financial planning trends for 2019? Here are my top five.

1. Increased longevity requires more planning

The Social Security Administration says the current average life expectancy for a man reaching age 65 is 84.3 and for a woman turning 65 is 86.7. According to a World Economic Forum white paper "We'll Live to 100 — How Can We Afford It?", the global life expectancy for people born in 2007 is age 103! I'm finding that, more than ever before, my discussions with clients often turn to how best to manage their costs and needs should they live into their nineties.

The planning implications for living longer extend beyond merely making sure you don't outlive your portfolio (which is challenging enough). More complicated matters such as handling diminishing mental capacity, coordinating required minimum distributions (RMDs) from multiple IRA accounts, funding potential long-term care needs, administering bill payments and responding if a caregiver is suddenly incapacitated all may have significant financial implications.

Responding to the challenges of managing through old age often requires immediate responses or decision-making in the midst of stressful circumstances. That's why we continue to recommend having honest conversations with your spouse and loved ones when you can. It's much easier to put advance planning in place well before the time that you actually need it.

2. Responsive estate planning tools for second marriages

The financial implications of what's called "gray divorce" (refers to divorce during a couple's older years after long-term marriages) can be significant. Even so, we're also seeing that more couples want to engage in honest conversations about their financial future with a new spouse. Balancing the legacy you leave for your children, while at the same time building a life with a new spouse, brings planning challenges never before faced. As women's economic power and wealth increase, the job of protecting their assets becomes even more complicated.

Many legal and estate planning techniques are designed to solidify your intentions around planning for your legacy. Life insurance and other financial products can be used to help secure future wealth for a range of potential beneficiaries. The related trend I've seen recently is that both spouses are equally engaged in financial planning conversations. Men and women are taking responsibility for securing not just their wealth, but their future financial security regardless of their role in the financial arrangement of the family. I think it's a positive trend that an increasing number of financial planning techniques and investment tools are being developed to respond to changes in, and diversity of, our family structures.

3. Financial technology makes managing our finances easier

Technology continues to play an increasing role in managing both mundane and complex financial tasks. From tracking spending to providing real-time investment data during volatile markets, investors of all ages are embracing the expanding availability of technology. These tools are a necessity for families that are more geographically dispersed especially when they are managing finances for aging parents.

Electronic vaults can assist in collecting and storing important documents and online wealth portals provide equal access to financial accounts for the entire household. As our financial lives become more complicated, technology has an important role in managing complexity and reducing the time we have to spend on the daily requirements of managing our wealth.

4. Increased workforce diversity

Another impact of living longer is that more people are working longer than prior generations and sometimes longer than they expected. Couples are also having to navigate decisions about when they will retire and how to juggle the trade-offs of retiring together versus staggering their retirements over a number of years. We've written before about the increasing number of **female breadwinners** and many are choosing to remain single for a portion or majority of their life. The Millennial generation is also having an impact on employee benefits, increased turnover and work/life balance.

All of these trends have implications for how we choose to work, how long we remain in the workforce, and how we effectively manage the benefits provided to us. As diversity

increases in the workforce, companies recognize that more differentiation and choice within benefit plans may be required to ensure the benefits offered are meaningful for a wider variety of family circumstances.

5. Rise in Opportunity Zone investments

The Tax Cuts and Jobs Act passed in late 2017 brought about sweeping changes to our tax laws. While some attention has been paid to changes in the tax treatment of real estate, a lesser known provision of that bill is the Investing in Opportunity Act that introduced the Opportunity Zone program.

In a nutshell, the Invest in Opportunity Act provides the potential for substantial tax savings for investors who meet strict requirements designed to benefit economically distressed communities designated by each state. As the final rules continue to roll out, interest in this program is building given its provision to either defer or completely eliminate the taxation of capital gains on qualifying real estate investments.

This legislation targets private taxpayer investment in specific economic development regions and is fueling the launch of Opportunity Funds. Stay tuned for more information and final regulations about this investment option.

When planning for your finances, there are potential opportunities and pitfalls depending on your specific circumstances. Paying attention to the trends in financial planning can help you take advantage of these trends and enjoy more of your money.

Wishing You a Happy & Abundant New Year!

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