**36-50 Script for**

**Achieving Financial Security: A Community Forum Panel**

**Date**

**Hosting Organization**

**City, State**

***Church official opens with a prayer and introduce Moderator.***

**Moderator:** Thank you for that kind introduction. Thank you to (church officials and church family for hosting).

I am honored to share the stage with a distinguished panel of financial professionals who will share insight, wisdom and information with us today.

**Introduce panel**

Panel, thank you all for giving your time and sharing your expertise with us today.

**Let’s discuss a bit about how this day will go:**

We will begin today by listening to two letters written to me by characters in our case study.. We will then turn to our panel of experts for guidance and answers. The panel will share their wisdom with you, not only to solve this family’s problems, but also to discuss what could have been done years before to avoid the issues they face today. We are not going to cover everything in the video today, but if there is enough interest and you’d like to hear more, we may be able to have more programs like this one.

First: You are free to ask questions during the session. We have microphones located around the room. If you have a question please raise your hand. I may delay you for a bit if a speaker is in the middle of a topic. When you are ready, please step up to the mic and ask your question. We may answer your question, tell you that the answer is coming later in the presentation or ask you to speak privately to one of the professionals.

Note that the information provided during this Community Forum is for Social Security Expert educational purposes. It should not be deemed legal, accounting or financial advice and should not be acted upon without prior consultation with appropriate professional advisors. The bottom line is that none of us are providing anyone with personalized advice for their unique situations. If you need that kind of help, please consult an advisor when this session is done.

OK, let’s begin by hearing two letters read by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. We will then watch the interview with the Simmons Family.

Letters read

**Moderator:** As I mentioned before, we do not have the time to cover every one of this family’s issues. Today, we will try to help Joe and his wife Carla, Niecey and her husband, Michael and Joe and his boys. (Put Family Tree on screen or refer to Family Tree in handout).

***The rest of the script is set roughly in age order, youngest to oldest. Niecey’s letter started with Joe, so let’s start with him.***

**JOE**

**Moderator:**  Joe is Nicey’s brother. Joe is married to Carla, who is a stay-at-home mom with their three young children, ages 2, 5 and 6. Joe is 36 years old and Nicey is worried about his overspending and not saving enough. Joe is a licensed electrician. He and his crew work for a builder of high-end custom houses. This builder has been building house after house after house and he uses Joe for all of his electrical work. Working 7 days a week, Joe can wire a house a week. He and his guys go in and within 2 or 3 day have all the boxes and wires in place. Then the sheet-rockers come in and close the walls up. Then Joe and his crew come back and spend a couple of days doing finished work. By that Sunday night he is done. Last year he and his crew wired 30 houses. By himself Joe made $150,000. Joe figures that he makes good money. He might as well spend it. Here is a breakdown of Joe’s income and spending.

*[See Income Statement Joe and Carla Profile]*

**Moderator:** Financial Advisor, from the financial information gathered from the interview with Joe and from looking at his family financials, what issues have you identified and what recommendations do you have for him?

**Financial Advisor**:

* + Joe is living paycheck to paycheck, eats out a lot, pays bills late (fees), uses ATM card (fees), overdraft fees
  + Is he overspending, or not saving as he should be?
  + What he needs to do

*(what aspects of his spending create the most concern??)*

* + Start college planning for young children now
  + Planning for retirement
  + No emergency fund
  + Life insurance with accelerated death benefit

**Moderator:**  Banker, as a banker, you have great insight into how people should manage their money. What advice do you have for Joe?

**Banker**

* Establish a habit of awareness; forming new habits with ongoing relationship with Debtors Anonymous and their 12-Step Program
* Keeping a money earning and spending log
* Have a come-to-Jesus meeting about where they are right now, and then establish a road map to get to where they want to go.
* Keep a time log
* Discussion for need of a budget

Moderator: Property Casualty Agent, Joe and his wife drive two nice cars and rent. Do they have any insurance needs and can they save some money while getting the appropriate level of coverage?

**Property Casualty Agent**: answer

**Moderator:**  Property Casualty Agent, Joe has some risks in his life that he is not addressing. What are these risks and what advice can you give to Joe for addressing them?

**Property Casualty Agent**:

* + Renter’s insurance
  + Worker’s compensation for his team
  + Umbrella coverage
  + Boat risks need protection

**Moderator:** Financial Advisor, back to you—Joe has physical assets—cars and a boat. Those assets appear to be costing Joe a let and earning him nothing. Joe has few financial assets that work for him. Do you have some thoughts regarding ways that Joe can build financial wealth? Please share them.

**Financial Advisor**:

* + Review psychology behind investment in depreciable assets vs. value of home ownership and financial assets that build equity and wealth.
  + Explain benefits of insurance planning for 3 children
  + Building tax advantaged wealth through retirement planning

**Moderator:**  Finally Investment Advisor, Joe works long hours around electricity and looks like an accident waiting to happen. He appears to need to take some basic steps to protect his family if he dies or suffers an injury. What are some of these steps that he should take? Also, Estate Planning Attorney, please follow Investment Advisor with some pointers regarding leaving assets to children or adults on children’s behalf.

**Investment Advisor**:

* + Joe needs disability insurance to provide income in case of an injury
  + He needs an individual policy and not just rely solely on the group policy.

**Moderator:**  Accountant, please follow through on the tax benefits of owning an individual disability policy vs. a group policy.

**Accountant**:

* + Joe fully taxed on benefit payout from group disability insurance
  + Not taxed individual disability policy benefits where he paid the premiums

**Moderator:** Estate Planning Attorney, what else should Joe do relative to his estate plan?

**Estate Planning Attorney:**

* + Update will to provide for spouse and minor children (with Guardianship Appointment in event of death of both parents)
  + Complete estate planning documents: living will and Power of Attorney
  + Never leave assets outright to minor children (always use a trustee)
  + Think carefully about what age your children should be when they receive the assets (do you want an 18 year old getting $100,000?)
  + Never leave assets to an adult and just trust the adult to do the right thing for your children (remember Walter)

**WALTER**

**Moderator:** Walter was Mimi’s husband before she passed away 8 years ago. They were separated at the time and not on good terms until shortly before she died. He had two children with Mimi, ages 15 and 18. The $200,000 that Mary, his children’s grandmother, will give to the kids is great news for the kids and for Walter. But Mary wants the money to go to the kids and not to Walter. Financial Advisor, how can we be sure that only the children will get the money?

**Financial Advisor**

* Review types of college funding strategies when Mary (grandmother) can maintain control (529 plans, Uniform Gift to Minors Act, state tuition plans)

**Moderator:** Estate Planning Attorney, are there other issues that Walter should be thinking about as his sons reach the age of 18?

**Estate Planning Attorney**:

* Power of attorney for age 18 son - HIPPA release, Medical Power of Atty., what could happen
* Written directives concept
* Storage of passwords
* Beneficiary designations

**Moderator:** Financial Advisor, are there scholarships that Walter and Bobby should be looking for to help with Bobby’s education?

**Financial Advisor**: (from the Hartford Foundation for Public Giving)

* Give an example of the name of a 4 year college scholarship for a good student from Bloomfield
* Give an example of the name of a 4 year scholarship for a good student from Windsor
* Give an example of the name of a 4 year scholarship for a good student from Hartford
* Give an example of the name of a 4 year scholarship for a good student from Springfield, MA
* Give the example of the name of a scholarship for an adult going to college part-time

**Moderator:** Social Security Expert, Walter’s wife Mimi died, leaving him and two minor sons. After Mimi’s death the boys should have received benefits from Social Security. Please explain the benefit, how much they should have been and how long the benefit payments should have lasted.

**Social Security Expert**: (answer)

**Moderator:** Banker, Walter owns a McDonald restaurant, which I am sure is a dream-come-true for his teenage children. But Walter had to invest some of his own money to buy into that franchise. Please talk to us about how Walter financed his investment and offer some advice to others who are considering making an investment to start up their own businesses.

**Banker (answer):**

Key consideration:

* Is business your passion or your drudgery?
* Need to plan
* Have to have the resources
* Make this decision wisely; responsibility for the rest of your life is in your hands
* Also, you have established a lifestyle; be realistic about the conditions you find yourself in – family, work, savings, debts, etc.
* Need to take initiative; things that need to happen will not occur by things dropping out of the sky
* You need to seek out expert help; multiple of counselors there are safety
* Many expert have real world experience and have been in the same place as you are; take advantage of their expertise, experience, triumphs and mistakes
* Wise ways to finance business

**Moderator:** Accountant, please follow up regarding Banker’s comments. Are there issues with Walter’s balance sheet after he made his investment in the business that cause you to be concerned?

**Accountant**: (answer) tax hit from draining qualified assets

**Moderator:** Banker and Financial Advisor, Walter has $200,000 to pay for his sons’ college educations. Let’s put Walter’s need for cash for his business aside for a moment. As a Social Security Expert rule, is it wise to drain your savings to pay for your children’s colleges or to take out student loans? What about tapping the equity in your home? What is the wisest course of action? How should we be thinking about paying for college costs? Please speak to us from a banker and financial planning perspective.

**Banker and Financial Advisor:**

* Draining of 401 K to pay for business start up gave him much less money to invest after taxes
* Explain tax implications of draining personal retirement funds for business ventures
* Should he have depleted his 401(k)?

**Moderator:** Accountant and Financial Advisor, does Walter have some options in terms of how he set up his business? Can you offer any advice to people who are considering starting a business about the best ways that business can be legally set up?

**Accountant and Financial Advisor:**

* ***Accountant discussion on*** Choice of business entity (franchise or any other business)

Moderator: So Investment Advisor, Walter did wipe out his savings in his 401(k) plan from his corporate jobs. But the man is only 44 years old. Can we recover the $100,000 withdrawal that he made 2 years ago from his 401(k) by setting up and funding a retirement plan as a business owner? What are his options?

**Investment Advisor**: answer

**Moderator**: Property Casualty Agent, what type of insurance should Walter be carrying personally and for his business?

**Property Casualty Agent**: answer

**NIECEY**

**Moderator:** OK, let’s talk about Niecey. Niecey is the glue that holds the family together. She stepped in with her mother when Mary felt like her life was frozen in time after the death of Mimi. Niecey used her own tragic illness as the opportunity to pull her entire family together and try to make their lives better. She reached out for help from the community of financial professionals and they are here to answer her call. I think that we need to do the best job that we can for Niecey. Let’s start if off—Estate Planning Attorney, Niecey is 42 years old, with a terminal illness and one year to live. Estate Planning Attorney, what should she do?

**Estate Planning Attorney:**Objective: planning for spousal trust with remainder to niece and nephews

* Consider establishing a trust under the Will with life insurance proceeds as a legacy for lifetime benefit of Michael and remainder to niece and nephews and their issue
* Review terms of Will to update Executor appointment and/or provide for successor Executor
* Complete estate planning documents – living will and Power of Attorney

**Moderator:** OK, that was great, but I think that you are going to have to help us by defining some terms. What is:

* an estate,
* probate,
* last will and testament
* testator
* beneficiary

*(DC panel’s definition slides as sample)*

**Estate Planning Attorney: (answer)**

**Moderator:** Estate Planning Attorney, you mentioned trusts. What are they?

**Estate Planning Attorney:** definition of trusts and some potential applications. In particular, guardianship for minors. Also there are risks for not having oversight for a trust.

*(definition slides as sample)*

**Moderator:** Financial Advisor, are there some practical considerations for Niecey that you would like to add?

**Financial Advisor:**

* Explain difference between probate and non-probate assets;
  + Automobile title can be transferred without need to open probate
  + No title transfer required with regard to possession of tangible personal property (contents of home)
  + Unsecured creditors have no venue through which to collect debt owed; unsecured loans based on a handshake cannot be collected after a person dies
  + Automobile can be repossessed to satisfy car loan
  + An unsigned Will is ineffective and cannot be probated. If probate required (to transfer title) intestate succession will leave estate to Walter and children

**Moderator:** Social Security expert, more on the sad topic of how Michael can plan after Niecey’s death. After his wife Niecey passes away, is Michael entitled to receive a benefit from Social Security. Please explain the benefit, how much he will receive and when he will receive it.

**Social Security Expert**: (answer)

**Moderator:** At the end of the day, the family will be the ones there for us. Financial Advisor, in your experience with the families who have successfully moved on after these tragedies, what types of steps have they taken in advance that helped them to effectively manage these situation.

**Financial Advisor**:

The importance of talking about these issues, openly and honestly, no matter how uncomfortable or difficult, will always result in a family without conflict, save in fees and taxes, and make every family member know they were thought of and considered.

Major Stress points: Divorce, Death of child, Bankruptcy

These can destroy family

Planning before you go through it

**Moderator:** Banker any words of wisdom that you can give us about bank accounts?

**Banker**:

* Arrange in advance for the orderly transfer of bank accounts, either through joint ownership or some other means

**Moderator:** Investment Advisor, are there some words of wisdom that you can give us about beneficiaries on an annuity, retirement or other type of financial product?

**Investment Advisor**:

* Beneficiaries named with annuities; transfers to named beneficiaries occur outside of estate
* Be careful to keep beneficiary names current

**Moderator:**  Accountant, are there some tax planning strategies with terminally ill people that we should know about?

**Accountant**:

Taxes and terminally ill

* Tragedy that she will die so young, but with proper planning there ways to help with taxes if planning starts now
* Medical expense deduction with final medical expenses can reduce income
* Liquidate assets with tax impact in mind
* Consider loan against insurance policy and check policy for accelerated death benefit
* Waiver of 10% penalty on retirement distributions

**Moderator:**  Banker, you have seen Niecey and Michael’s financial affairs. Are there ways for Nicey to help her family do some planning that will really help them later on?

**Banker**:

* What debts do you pay off – high interest vs. low interest loans
* Planning for residence; moving may not be an option, but should be discussed
* Between credit cards and other debt, Michael has $58,000 in loans in his name; what should be done about that after Nicey’s passing?Moderator: OK panel, in our closing few minutes I’d like to go around the table for a quick closing comments. The question I’d like you each to answer in about two minutes is: WHAT IS THE ONE THING YOU’D LIKE EVERYONE TO REMEMBER ABOUT TODAY’S PROGRAM.

**Moderator’s Closing Comments**

* I want to thank our panelists for sharing such wonderful information and insight with us today.
  + Contact information for each of the panelist is in the bios in your packet
  + Panelists will be available after the session if you have further questions
* Thanks to the Hartford Chapter of the Society of Financial Services professionals
* Special thanks to the Steering Committee:
  + Kevin Baldwin and Sue Lampros, co-Chairs
* Thanks to our sponsors who made all of this possible:
* Many thanks to the Bethel AME Church family for hosting this event today.
* We thank your fine Pastor for all the support that you have given to us.

At this time I will turn the program over to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ for final comments and a benediction.