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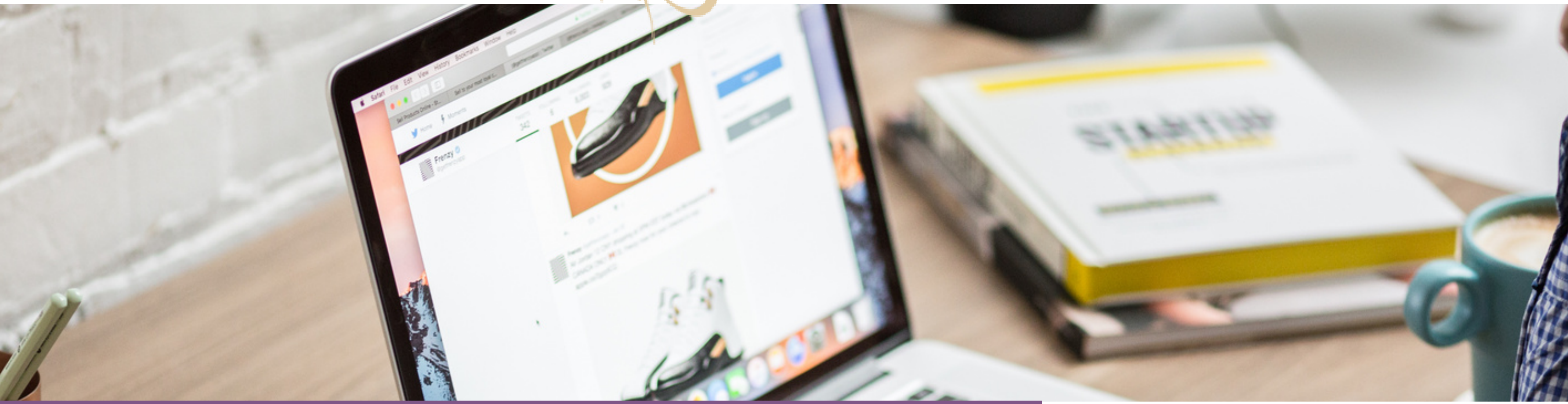


Advice on When to Insure

By Julie VanTilburg

After over 20 years of being in the business of financial planning, I have seen first-hand how important this subject is for my clients and thus really for all of us.

Investments get all the glory and they certainly can help grow wealth and achieve personal objectives. But when the dreaded happens – whether it's loss of life or loss of function – investments often aren't enough to stay on track for our goals. That's when insurance comes in – whether it's plan protection against unlikely but catastrophic events such as a death or disability at an early age or the additional costs that hit so many of us who outlive our capacity to care for ourselves.

What to insure:

Insure what you can't protect against on your own. You can skip the overpriced warranty on your new printer if you can afford $200 to buy a new one. In this case, assisted living can cost up to $200/day or more depending on the state (sometimes much more!).[1] That's $70,000 or more per year, often for 3-4 years or beyond adding up to hundreds of thousands of dollars. Do you have enough extra saved for retirement that you can afford that cost for several years? If you do - and you wouldn't mind spending it on long term care - then you probably don't need insurance. If the answer to that question is no (or you would mind!), then insurance may be an important component of planning for a successful retirement.

[1] *https://www.seniorliving.org/assisted-living/costs/*

NEWSLETTER HIGHLIGHTS

This applies to other types of insurance as well. If you're 2 weeks from retirement or independently wealthy, you probably don't need disability insurance. But if you're counting on your ability to work (counting on your earned income) for several years or decades more and your employer doesn't provide adequate coverage, this could be the most catastrophic risk of all.

When to insure?

- Before you need it. Sadly, by the time many are mentally prepared to start seeing there is something to protect against, it's already too late to obtain coverage.
- As soon as possible. The younger you are, the cheaper it will be, and the less chance that you won't even qualify.
- If/when it fits into your priorities and budget. Sometimes we're at a point in life when covering our basic expenses and staying on top of debt is our first priority. That doesn't mean protection isn't important to keep on the agenda.

Why to insure?

- For yourself - to prevent a drastic change in lifestyle or choose where you live out your last years (rather than letting Medicaid decide for you)
- For your family - to provide for dependents if you're gone too soon or to make sure you don't end up reliant on the inheritance you wanted to leave them

How to insure?

- Take inventory. You may have policies already, whether through work, state programs, or coverage purchased years ago.
- Assess what gaps still exist after existing insurance and resources are taken into account.
- Figure out what policy types, amounts, and duration you need and make sure you obtain a policy that strikes the balance between what you need and what you can afford.

Sound overwhelming? **It doesn't have to be.** If you're engaging in comprehensive planning, all resources including existing investments and insurance are looked at in conjunction with the risks we all face throughout our lives. We can help walk you through the process of creating or reviewing a plan for vulnerability to risk as well as making sure you are financially prepared in the event of catastrophe. The sooner you start, the easier it is, even if it seems like it might be too early.

The Top Mistakes Parents Make When Choosing Guardians For Their Children

By Rebecca L. Matthias, *Attorney at Law*

Many young parents believe the misconception that estate planning is only necessary for the elderly, not realizing the importance of setting up proper planning for their children in the unfortunate event something happens to them. As a result, the majority of parents have not named legal guardians for their minor children, and those who have named legal guardians in their estate plan have made at least one mistake in naming a guardian. If you are a parent, you need to name a legal guardian for your children, being mindful to avoid the following common mistakes.

1. **Nominating a couple to serve without considering what happens if one dies**. Often, parents name a couple to serve as guardians by simply stating, “Bob Smith and Jane Smith.” But what happens if Jane passes away? Does the couple want Bob to be nominated as the legal guardian if he were to serve alone? These are important considerations that must be part of the discussion with a qualified estate-planning attorney.

2. **Nominating only one possible legal guardian.** A parent should nominate alternates; ideally three alternates in the event that the first or second nominated guardian is unable to serve.

3. **Considering the financial resources of possible legal guardians.** Your focus when choosing a legal guardian should be on the guardian’s values and priorities. It is your responsibility to provide for your children financially in the event of your death. If you currently do not have the financial means to care for your children, then consider obtaining life insurance.

4. **Failure to provide clear instructions to the guardians.** Most parents have definitive opinions about how their children should be raised, whether it relates to education, health, nutrition, or religion. It is vital to provide the potential caregivers of your children the detailed instructions they need to raise your children as well as they can. As part of our process in working with minor children, we provide an “Instructions to Guardians” document that helps parents articulate their values, priorities, and goals in the raising of their children.

5. **Naming guardians for the long-term but not the short-term**. Many parents nominate legal guardians who live out of the area, out of the state, or even out of the country. What happens to your children in the interim before your long-term guardians arrive? It is important to nominate local temporary guardians who can care for your children immediately until the long-term guardians arrive.

6. **Failing to notify people who you have named as guardians.** It happens more often than you might think. Contact your short-term and long-term guardians to ask if they would be willing to serve as your children's legal guardian. If they agree, let them know what they need to do in the event something happens. Encourage and foster a relationship between your children and the nominated guardians now so your children will feel safe and comfortable with those guardians.

7. **Only having a Will to nominate your legal guardians.** Your Will only becomes legally active upon your death. But what happens if you are incapacitated? In addition to a Will, you should have a stand-alone guardian nomination document that can be activated upon your incapacity or death.

8. **Not using a revocable trust to handle your assets.** When you only have a Will, families are often stuck dealing with the court. If the court is involved, the process of administering an estate will take an enormous amount of time, energy, and money to finalize the administration. By having a revocable trust, parents can prevent an unnecessary output of time and resources by their loved ones in the event of death.

We can assist you with creating an estate plan, and in particular, a parent contingency plan, that will avoid these common mistakes. Our goal is to help you have the peace of mind that your children will be well cared for in the event something happens to you. Visit us at our website for more information – www.matthias-law.com

Recently, we put together a webinar with Rebecca Matthias, an estate planning attorney in Redwood City, California. We wanted to share for our clients who weren't able to join us, some of the insight she shared around estate planning for parents.

To access the "What If?" Parent Contingency Planning webinar recording, please visit the "Current Topics & Events" tab on our website. **Scan or click on the QR code to view!**

AN OVERVIEW OF STUDENT LOAN FORGIVENESS

By Robin Starr

With Democrats in the White House and holding a slim majority in Congress, many student loan borrowers are hoping that loan forgiveness is on the agenda. While it remains to be seen whether some degree of forgiveness for all borrowers will end up passing, there are several forms of forgiveness already in effect for federal loans held directly by the government:

- **Public Service Loan Forgiveness:**
  - This is probably the most well-known loan forgiveness program and it offers many middle-income professionals the opportunity to have debt forgiven. The framework of the program is simple, but obtaining forgiveness requires dotting your I's and crossing your t's carefully. Unlike other forgiveness programs, which can require adverse events or decades of payments, employees of federal, state, or municipal governments as well as many non-profits, can have their loan balance forgiven after 10 years of qualified payments. Note that in addition to qualified employment, PSLF requires being in the right type of payment plan (an income-driven repayment plan).

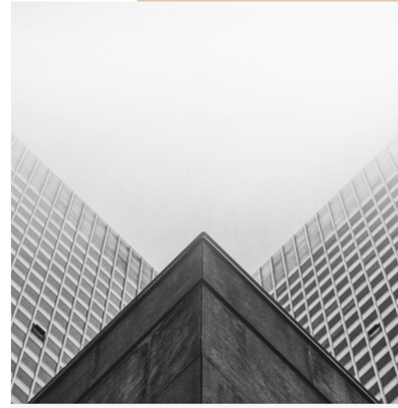
- **Long Term Loan Forgiveness:**
  - In addition to qualifying certain employees for PSLF, the income-driven repayment programs include a provision for forgiveness of any remaining balance after many years of repayment. This requires 20-25 years of repayments, depending on the program, but can allow those in private sector careers that won't provide enough income to pay off their debt to see a light at the end of the tunnel. Unlike PSLF, this type of forgiveness is taxable as debt relief at the time it's forgiven.

- **Death & Disability:**
  - Unlike private loans, federal loans are discharged in the event of permanent, total disability or premature death. These are extreme situations, but it's good to be aware of when making your risk management plans.

- **Institutional Fraud:**
  - This applies to a very limited set of borrowers, but there are certain institutions which mislead borrowers to such a great degree that the government allows relief from debt obtained to attend them.

In addition to outright forgiveness, there are also forbearance options that must be granted in certain situations. This includes the forbearance (pause of all payments and interest) that has been in effect for the past several months and which will continue until January (if not extended further). This allows borrowers to either halt payments entirely or (if they have the funds) to make payments directly to principal and chip away at their debt even faster. These months also count towards the 120 payments required for Public Service Loan Forgiveness even if the amount being paid is $0!

Note that all of these apply to direct, federal loans. Private lenders will have their own rules and options, which are often much less generous. That's one reason it's important to be conscious of the differences between federal and private loans both when refinancing existing debt as well as when funding a college education.



For more information, please visit:

- *https://studentaid.gov/*
- *http://askheatherjarvis.com/*
- *https://studentloanhero.com/*

***Lincoln Financial Advisors Corp. and its representatives do not provide tax advice.*
You may want to consult a tax advisor regarding any tax information as it relates to your personal circumstances.

SOCIAL MEDIA & FINANCIAL ADVICE

BY KAITLYN ZAWADA & MAGGIE OU

What is Tik Tok and social media? How does it work?

TikTok is a social media app that allows users to make and share a variety of short-form videos with content intended to be entertaining, comedic, and in some cases even educational. Since its release in 2016, the app has risen dramatically in popularity and now has a global presence with hundreds of millions of users worldwide. It is especially popular among youth who make up almost half of the user base.

Given the app's global reach and its popularity amongst younger generations, it is important to consider the type of content being produced and the influence it may have on users. A trend that has become popular on the app are "life hack" videos meant to show viewers the clever shortcuts that they can apply to make their lives easier. As the trend has evolved, financial life hack videos have begun to surface.

Some of these videos include basic financial concepts which can provide a foundation for viewers to become more financially literate, such as how to budget, explaining what a mortgage is, common investment accounts, and building an emergency fund. However, when the advice goes a step further and users begin to guarantee the profitability of certain investment strategies or stocks – this is where the advice can go from practical to nonsensical and in some cases even detrimental to those who follow it.

What makes this trend particularly compelling is that a 2021 study conducted by Credit Karma has found that among respondents, more than half of Gen Z and a quarter of Millennials intentionally turn to TikTok for advice on their personal finances.[1] TikTok isn't the only social medial platform where Gen Z and Millennials are seeking out this advice – Instagram, SnapChat, and Facebook are also popular. While the financial industry in general is heavily regulated and requires licenses and limits on promises of future returns, many of the "experts" on social media are unlicensed non-professionals.

[1] *https://www.creditkarma.com/about/commentary/gen-z-turns-to-tiktok-and-instagram-for-financial-advice-and-actually-takes-it-study-finds*

How can individuals protect themselves against unregulated and irresponsible financial advice presented on TikTok and other social media platforms?

For starters, the viewers themselves must be cognizant and understand that the opinions shared online should only be taken with a grain of salt.

As with any other topic, such as skincare, nutrition, or real estate, the information shared from a 60 second video may not be suitable for every viewer's situation. In many cases, these videos provide good advice in theory. However, the process in doing so is much more complicated but is oversimplified for the sake of appealing to the audience, but real financial advice requires knowing the recipient's situation and risk tolerance. With online information, it is left to the viewer to determine the accuracy and relevance of any information. Here are some questions to consider when watching these videos:

- *What are the influencer's credentials?*
- *Is what they are talking about a subject actually covered by those credentials?*
- *What is the influencer's purpose in making these videos? Are they trying to push or advertise a certain product?*
- *Are they equipped with the necessary education and experience for you to trust their advice?*
- *If they're referencing statistics or new information, what are their sources?*

By understanding the intent behind such videos, viewers can filter the "good" videos from the bad and decide how this would affect their own personal financial situation.

Viewers should do their own research and seek professional advice if necessary.
If you're making major financial decisions solely from watching a few TikTok videos, chances are it will cause you more harm than good in the foreseeable future.

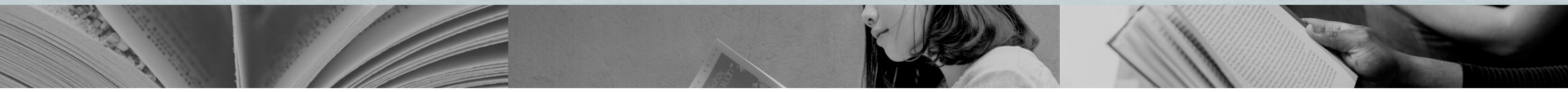
Basic advice is the best advice.
The information provided through social media platforms like TikTok should only serve as a foundational tool that you build on through more research, or the guidance of a qualified professional. There is no secret to getting rich quick, so if something sounds too good to be true, it probably is. The advantage of having financial content on social media platforms is that it provides people with the information to become more financially literate, and to ask themselves questions they may not have considered before. Whether it may be the importance of budgeting and saving, or the differences between various credit cards, we are exposed to extremely powerful platforms where information is readily accessible and beneficial if understood and implemented correctly.

Pros

- Individuals are gaining more exposure to financial topics through social media, especially among young adults.
- Can introduce and encourage viewers to become more fiscally conscious, leading to better financial habits.
- Easily accessible resource of knowledge from some licensed financial professionals and those with firsthand experience.

Cons

- Lots of "guarantees" and unlicensed professionals giving financial advice – irresponsible & unregulated.
- TikTok only allows for 60 second videos making it very difficult for more complex financial topics to be explained.
- Social media influencers may have hidden intentions where they are paid to advertise a product or seek to grow their following rather than provide impartial financial advice.



Tiktok has attempted to combat the rising instances of unregulated and irresponsible advice by launching the **#FactCheckYourFeed campaign**.

According to The Guardian, a public service announcement is posted on videos with financial advice hashtags, to remind viewers that investing will always come with some level of risk.

A TikTok spokesperson explains, "Keeping our community safe is a top priority... Our guidelines make clear that we do not permit content that brings about financial or personal harm – and we have specific rules banning pyramid, Ponzi or similar schemes *(House, 2021)*."

Upcoming Virtual Events:

Tips For Reviewing Your Insurance Portfolio

1. All contact info is accurate: address, phone, email, vehicles and properties.
2. Replacement cost for property insurance, home replacement can range from $300-500p/sqft
3. Liability Limits of Insurance portfolio by calculating Net Asset Worth for policy and Umbrella Limits
4. Personal belongings are accurately insured and inventory has been completed (Appraisals if Needed).
5. Make sure your have your financial liabilities (income loss) covered: life, disability and long term care

08
Webinar Series

ATHENA WEALTH STRATEGIES | FARMERS INSURANCE

How to Be Prepared for Fire Season in California

With the annual reoccurrence of "Fire Season" in California, and the magnitude of the destruction it has caused, it's in the best interest of consumers to be educated and prepared.

Key Fundamental Topics:

- *How Home Insurance Policies Are Drawn Up and Paid Out*
- *Ensure That Your Insurance is Correct for Your Needs*
- *How to Prepare in Advance for a Fire Loss*

Fire losses don't just come from Wildfires, but also for a variety of other reasons, and having an agent to guide and advise is one of the most important pieces of your insurance portfolio.

with Guest Speaker:

Kelly Cansler, MBA
Owner of Cansler Insurance Agency, Inc.

SCAN OR CLICK ON THE QR CODE TO REGISTER FOR THE ZOOM WEBINAR!

WEDNESDAY, OCTOBER 20TH, 2021 @ 12PM PST

SCHEDULE YOUR MEETING WITH THE ATHENA TEAM TODAY!

https://www.athenawealthstrategies.com/schedule.html

HOSTED BY:

Maritza Rogers
Co-Founder | Financial Planner
Email: mrogers@athenawealthstrategies.com

Contact Us

Schedule a Meeting

Be sure to bookmark these links:

Julie VanTilburg
Co-Founder | Financial Planner
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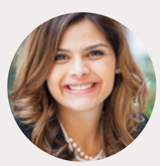

Maritza Rogers
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Robin Starr
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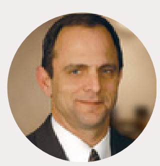
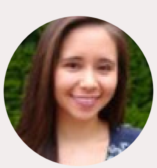


Jeff Better
Financial Planner
https://tinyurl.com/Jeff-Better



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