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Andrea's Big News

Dear Client,

Even though the Olympics (and the summer, I guess) are over, we think the cartoon below is still relevant. While they were going on, we were riveted to the athletic feats we witnessed, and once in awhile even stopped to think about the years of dedication and practice that went into getting there. To the viewers, the Olympics are an event, but for the athletes, The Games are the culmination of a process they have dedicated their lives to. Nobody just decides on a whim to participate in the Olympics – without proper planning and training, their Olympic dream will die (like our "shot putter's" below).

We want to encourage you to keep the Olympic athletes in mind as you view your retirement planning. It is common to view one's retirement as an event, or perhaps as the beginning of the next phase of life. In reality it is more the culmination of years of planning and disciplined saving – the milestone that signals success in the pursuit of your dream. And if you've been waiting (or ignoring) putting your "training regimen" in place, please call or come see us. The athletes are already looking towards Brazil 2016 – will you be ready when 20__ arrives?

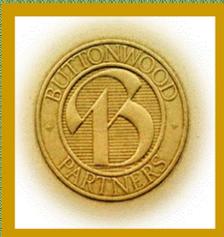
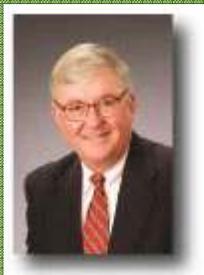
Now allow me, please, to shift metaphors from Olympics to chicken. My mother used to talk about Chet, the 40-ish man (I'd guess he was born in the late 1930's) who lived across the road. Chet would frequently point out that he'd never gotten to eat the best parts of the chicken. Why not? When he was a kid, his father had gotten first pick, and always placed the premium pieces on his own plate. Seeing that as an injustice, Chet always gave his boys first choice. I suspect Chet got a lot of wings and backs.

If you can relate to Chet, the article on the next page is for you. If you are helping your kids (although "kids" can be used loosely in many cases) out, good for you - the article (and our experience) says you're not alone. But be willing to tell the truth about the situation – to the kids, and more importantly to yourself.

Within Buttonwood Partners (and on our website, which you may have noticed), Greg and Jodie and I call our group "B&I Advisors." The "B" stands for Balance. It's fine to give your kids the best pieces of the chicken, or to pay for their car insurance, or their school loans, or to take your family to Madagascar. Or to buy yourself an Aston Martin, for that matter. But NOT at the expense of your retirement savings! If your kid can afford an iPhone, but can't afford to pay his car insurance (which you then pay), meaning YOU can't afford an extra \$100/month for your 401k, 403b, 457 etc. plan (or OUR personal favorite, your Roth IRA), then you are in danger of ending up like our Olympic "hopeful" below.

I'm disappointed when I see people using 2008 as an excuse to feign helplessness. Don't. Labor Day is often a time when we pledge to put our financial houses in order. Call Andrea for an appointment and come in to see one of us. We'll see what we can do to fulfill your dreams – and even to let you enjoy the "good" chicken along the way!

Sincerely, **Chris Bugg**



"Bankrolling Adult Kids Imperils Boomer Retirement"

***By: Liz Skinner
Date: June 24, 2012***

Economist Barry Bosworth was surprised to realize how much he and his wife still spend on their two adult sons, long after they put them through college.

Although the expenditures are mostly a lot of little things that add up each month, the couple also helped their sons buy homes and cars after they had secured doctorates but were earning low salaries in the early days of their careers.

"Children are still our largest expense, well after they leave home," said Mr. Bosworth, a senior economics fellow at The Brookings Institution.

The amount that Americans spend on their adult children during years when they should be concentrating on saving for their own retirement worries some financial professionals.

Many parents can't see how paying down their children's debt or making mortgage payments for them could be hurting their own future, advisers said.

"Taking care of your adult children is one of those things that you don't expense for," said Steve Hamant, a financial adviser affiliated with LPL Financial LLC. "I have to make sure that clients understand that money that's flowing out at this point will reduce their retirement."

HARD TO SAY NO

For many parents, even when they comprehend that the large checks that they write their kids may reduce their own future income, it is hard to deny them, Mr. Hamant said.

In fact, an Ameriprise Financial Inc. survey of 1,006 affluent baby boomers, conducted in December, found that 93% have provided some level of support to their adult children.

That rate isn't just a phenomenon that has occurred since the nation's economic recession. In a similar survey conducted in 2007, 92% said that they had helped their adult children.

Most of the money parents funnel to adult children is day-to-day spending coming from discretionary cash accounts rather than long-term savings, so the effect this could be having on retirement isn't as obvious, said Suzanna de Baca, vice president of wealth strategies for Ameriprise.

"If they aren't taking the money out of a retirement account, they aren't connecting the dots," she said.

The data suggest that parents are helping even more now than in 2007 with paying off loans and covering housing costs.

About 71% of baby boomers in the recent survey said that they are helping pay their kids' student loans and 55% said that they have allowed their adult children to move back into their homes and live rent-free. About 53% have helped them buy a car, and nearly half help with car insurance, the study found.

At the same time, just 24% of responding boomers said that they are putting away money for the future, down from 44% when the survey was taken five years ago.

It is even more of a concern, considering that Americans spend an average of \$235,000 to raise a child to 18 and then many help with college, which costs an average of \$17,131 a year for an in-state four-year public school and \$38,589 annually for a private-college education, according to The College Board.

According to advisers, parental support is lasting longer than it used to because of the flailing economy and high unemployment rates.

"People are especially sympathetic about helping their children now, given the economy," said Donald Nicholson Jr., a financial adviser at Donald W. Nicholson & Associates Ltd.

TRENDING OLDER

Parents aren't just helping children during their 20s and 30s as they establish careers.

Mr. Nicholson said that he has clients whose 40-something children are moving home after getting divorced and needing help getting back on their feet.

In addition to threatening retirement income, such financial support can have another negative consequence in families that have more than one child, Ms. de Baca said.

Many times providing support to one child and not others who may be taking care of their own finances creates resentment, she said.

"One of the biggest problems I hear about involves the inequity of support between children," Ms. de Baca said.

It also is hard for parents to know when enough is enough, and they are hesitant to talk with their kids about becoming more independent.

"Parents feel a lot of pressure to continue providing support," Ms. de Baca said.

Mr. Bosworth said that both his sons, now in their 40s, are doing well in academia, and he expects to be spending on grandchildren soon.

"I remember advising my sons to make their avocation their vocation, but I think that now I'd tell them that a little bit of money wouldn't hurt either," he said.

Is Your House in Order? Important Document list:

1. Will and/or Trust
 - a. Kid's Protection Plan/Guardianship Plan
 - b. Letter of intent defining (may not be legally binding, but does help give clarification/direction)
 - i. what you want done with particular items of personal property
 - ii. funeral/burial requests
2. Durable Financial Power of Attorney
3. Durable Health Care Power of Attorney
 - a. Plus living will/clear direction to your agent of your wishes
4. List of ownership - real estate, vehicles, stocks and bonds, partnership/corporate operating agreement, brokerage/escrow mortgage agreements
 - a. List of loans you have made to others
 - b. Physical items inventory (furniture, jewelry, other personal possessions - a video is easy & convenient)
 - i. Any safe-deposit boxes owned
 - c. Non-physical items inventory
 - i. List of brokerage accounts and bank accounts
 - ii. Copy of all life insurance policies (including employer policies)
 - iii. List of pensions, annuities, IRAs and 401ks
 - iv. Make sure beneficiary designations are up to date (**Very Important!**)
5. List of debts you owe
6. List of all online login information
7. Important Documents
 - a. Most recent years of tax returns (at least three, but up to seven)
 - b. Marriage license and any divorce decrees/stipulation agreements
 - c. Birth certificate(s) and passport(s)
 - d. Home or renter's insurance policies
 - e. Annually check your credit report (free at annualcreditreport.com)
8. List of Professionals/Contact Info
 - a. Financial Advisor
 - b. Attorney
 - c. Accountant

Closing Comment: Make sure your "personal representative" has a copy of or access to all of the above



Andrea 's Expecting...

My husband Eric and I are thrilled to be expecting our first child in mid-November. I plan on taking a 12 week maternity leave, returning approximately Feb. 4, 2013. Our assistant, Linda Kwiatkowski, who has been with us since June 2011, will be taking over for me while I'm away. All of my email will be forwarded to her and she is more than capable of handling anything you throw her way. You can email her directly at linda@btnwd.com or call (608) 827-6411. Thank you for all of the well wishes and I'll make sure to have plenty of pictures of our new little girl when I return.

“There's no money in poetry, but then there's no poetry in money, either.”



• **Robert Graves**

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Q3 Newsletter

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