



## This Issue

Our Words of Wisdom

“What Each Spouse Should Know About Finances”

2013-2014 Retirement Plan Limits

Attention State Employees

Social Security Statement Change

Dear Client,



Now that Valentine’s Day is safely behind us, we’re finally “willing” to send you this quarter’s newsletter. We felt that a little separation between the holiday of romance and the arrival of these pages in your mailbox was fitting given that our chosen topic (managing finances with your spouse/significant other) consistently appears near the top of most “Causes of Relationship Stress” lists. But before we’re accused of stirring up trouble, let us assure you that managing your household’s finances doesn’t have to be a constant source of conflict.

In fact, working together with your loved one toward a shared goal can be a rewarding experience – but it does take a little bit of upfront work and open communication. Rather than providing a list of “do’s and don’ts” here, we hope to provide you with a framework for creating your own roadmap to success.

Picture your household as its own mini-corporation, complete with financial statements and earnings reports. (I think I just successfully killed any leftover warm, fuzzy Valentine’s feelings!) The most successful corporations are those with a vision that is shared by all of the stakeholders, from the chief executives down to the entry-level employees. Each department (payroll, human resources, etc.) takes ownership of their own duties and responsibilities, but the driving force is a shared desire to achieve the common goal. There is the Accounting Department, which pays the bills as they come in the door. There is the Office of Budget and Financial Reporting, which is in charge of setting spending limits, tracking the overall progress and reporting to management. Occasionally a company lacks the necessary expertise in-house and decides to outsource a function, be it production, marketing or legal. And finally there is management, who is in charge of implementing the strategic plan. But it’s the Board of Directors that is in charge of setting that vision.



Your household is no different. You have somebody in charge of paying the bills. Someone is in charge of monitoring and reporting the monthly/annual budget results. When you aren’t prepared to complete a task yourself, you outsource to an expert (taxes, estate planning and/or investments). And there is someone who oversees it all and makes sure you (hopefully) are continuing to make progress toward your goals. Our featured article (page 2) notes that, in the “usual” household, these responsibilities are divided and handled by one spouse or the other. And that makes perfect sense – it wouldn’t be very efficient to run every errand together, or for both of you to sit down at the kitchen table to pay every bill. But what we can’t emphasize enough is that the division of labor has to stop at the top – that when it comes to the Board of Directors, you each have to have a seat at the table. And while there may (should) be plenty of discussion (and even conflict) behind boardroom doors, the end result must be agreement and a unified vision to be brought to life on a daily basis.



During our combined 60 years of experience, Chris, Jodie and I have seen enough to know that there is no “right” way to handle money between spouses/partners, but there is most definitely a “right” attitude to have in approaching the topic. So treat your money like the priority it is, don’t be afraid of the “M” word and be sure to take your seat at your home’s boardroom table. And maybe then you’ll continue to feel the love instead of being a statistic on some “Top 10” list.



Sincerely,

Greg Rademacher, Chris Bugg and Jodie McLellan

## **"What Each Spouse Should Know About Finances"**

**By: Rachel Rosenthal**

**Date: October 6, 2013**

In the typical division of labor in many households, one spouse manages the bills and the assets.

This is natural and healthy, financial planners say.

But both spouses should have at least a baseline understanding of the family finances, the experts add—and this seldom seems to be the case.

Just 28% of couples were "completely confident" that either spouse alone was prepared to steer their joint retirement finances, according to a recent study by Fidelity Investments.

Disability, divorce or death can thrust new responsibilities on spouses when they are ill-prepared. But talking about such "what ifs" can stir up uncomfortable questions and issues, so many couples avoid doing so.

"There's a tendency to say, 'Tomorrow, tomorrow, tomorrow,' " says Dorian Mintzer, a retirement-transition coach, speaker and author. Most couples "want to avoid confrontation and don't want to think about their own mortality," she says, even though "talking about it can free you up and help you try to plan what's ahead."

Here is what couples should do so that each partner will be able manage their financial affairs responsibly if they have to.

### **List of Assets**

The best way to start the conversation is to make an inventory of assets, says Christine Palmer Hennigan, a certified divorce financial analyst and representative of Hornor, Townsend & Kent Inc., an investment firm in Horsham, Pa. Knowing what you own, and its value, will help you make informed decisions about how to distribute those assets when confronted with an unplanned transition, she says.

Start the list with financial accounts, including 401(k)s, individual retirement accounts, brokerage and checking accounts. Include where the accounts are held, whose name is on what account, and logins and passwords for any online accounts and assets.

Add insurance policies, indicating where those policies are held, whether the premium has been paid and whom to seek for advice about the policy.

Make a note of the beneficiary listed for each account or policy. Too many newlyweds forget to change the beneficiary of their 401(k) to their spouse from, say, their mother, says Stuart Ritter, a vice president and certified financial planner at T. Rowe Price Group.

In a prominent place on this list should be the couple's emergency fund and how to access it. Both spouses also ought to understand how their partner is compensated, including stock options and other deferred compensation.

### **Atypical Assets**

Experts also recommend itemizing and valuing physical assets such as your house, car, or boat, as well as assets not typically mentioned in a portfolio, like airline miles, hotel points and vacation timeshares.

"I had one client who collected Civil War memorabilia," says Jerry Focas, an estate-planning lawyer in Towson, Md. "He had some really valuable stuff, and some junk that he just liked." Mr. Focas says the client identified someone he trusts to help his family liquidate those assets should the need arise.

Mr. Focas says he advises clients to write up not just a list of assets but a detailed letter explaining how some of those assets should be managed. "Investment assets will to some extent take care of themselves," he says, but other assets like collections, boats or rental properties can "have special maintenance needs."

Ms. Hennigan suggests the list also should propose the order in which assets should be tapped either in retirement or in case of an emergency, with an eye toward maximizing the assets' value and avoiding taxes or penalties for early withdrawals, for example.

Once the list and letter are finished, they should go in a safe place—but not until you've had the conversation: a frank discussion in which both partners talk about the assets and how the management of those assets fits into their financial security and long-term goals.

## **Money and Your Mate**

Findings from a recent study  
of 808 couples

**9 in 10**

Couples in which  
both people say  
they communicate well  
about finances

**53% vs. 45%**

Share of men vs. women  
who say they are  
very confident in their  
own ability to assume  
full responsibility for  
their retirement finances

**4 in 10**

Nonretired couples  
who disagree as to  
how comfortable a lifestyle  
they can expect in retirement

**45%**

Share of couples in which  
both say they make day-to-day  
decisions jointly

Source: Fidelity Investments

## “What Each Spouse Should Know About Finances”

Continued from pg. 2

### When Disaster Strikes

John Sweeney, executive vice president of retirement and investing strategies at Fidelity, says that when couples openly discuss how much they are willing to save and spend, it prepares them for when disaster strikes.

Says Mr. Sweeney: "When you encounter a bump in the road, you can say, 'I've thought through this situation during a period of calm in my life,' so there's a whole lot less emotion and I can execute a plan."

Ms. Hennigan, the divorce financial analyst, recalls a client who after her divorce was flummoxed by the investment portfolio that she assumed from her ex-husband. The portfolio was "very aggressive," Ms. Hennigan says, and lost a lot more money in market downswings than a portfolio more aligned with her client's risk tolerance would have.

"The fact of the matter was, she could have been in a portfolio that never had to lose money, and it cost her such stress and loss of assets," says Ms. Hennigan. This could have been avoided if both partners had more openly aired their goals, she says.

Copyright 2013. Dow Jones & Company, Inc. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of the Material without express written permission is prohibited.

## 2013 - 2014 RETIREMENT PLAN CONTRIBUTION LIMITS

### PLAN TYPE

	401(k), 403(b), 457	Simple	Traditional or Roth IRA	SEP
2013 Deferral Limit	\$17,500	\$12,000	\$5,500	N/A
Catch-up if age 50+	\$5,500	\$2,500	\$1000	N/A
Employer Contributions	Match and/or profit-sharing	Up to 3% match	N/A	25% of pay or \$51,000, whichever is less

*Annual pay eligible for contributions capped at \$255,000 (2013) and \$260,000 (2014)*

**You may make eligible 2013 retirement plan contributions until April 15th, 2014**

### Attention: State Employees

When you receive the annual statement for your retirement plan this spring, please forward a copy to our office. It helps us get the big picture.

## No More Annual Social Security Statements by Mail

You may have noticed you haven't received the latest Social Security Statement by mail. They are now available online at [SSA.gov](http://SSA.gov).

Please send us a copy when you have a chance to check it out online.

## Care to save a tree?

If you would prefer to receive our newsletter electronically, just let us know and we will send it via email each quarter.

Email [linda@btnwd.com](mailto:linda@btnwd.com) or call 608-827-6415.

Please also contact us if you would like information about online account access and/or receiving your statements electronically.

**“You’re neither right nor wrong because people agree with you. You’re right because your facts and your reasoning are right.”**

**- Warren Buffett**



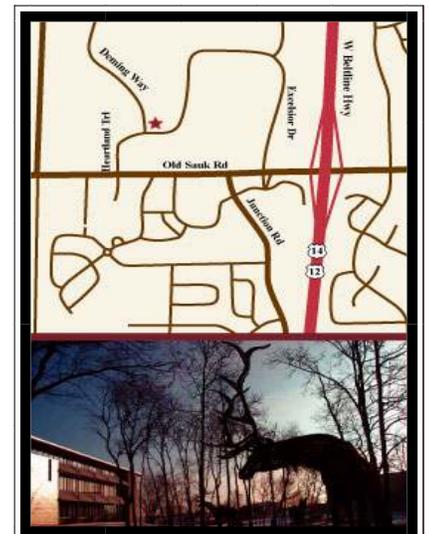
*Buttonwood Partners, Inc.  
701 Deming Way, Suite 100  
Madison, WI 53717*



*Q1 Newsletter*

**B&I ADVISORS**  
A DIVISION OF BUTTONWOOD PARTNERS, INC

[buttonwoodpartnersinc.com](http://buttonwoodpartnersinc.com)



**Christopher Bugg**  
President  
(608) 827-6412  
[cbugg@btnwd.com](mailto:cbugg@btnwd.com)

**Greg Rademacher**  
Partner  
(608) 827-6414  
[greg@btnwd.com](mailto:greg@btnwd.com)

**Jodie McLellan**  
Vice President  
(608) 827-6413  
[jodie@btnwd.com](mailto:jodie@btnwd.com)

**Andrea Widner**  
Registered Assistant &  
“Keeper of the Calendar”  
(608) 827-6411  
[andrea@btnwd.com](mailto:andrea@btnwd.com)

**Linda Kwiatkowski**  
Administrative Assistant  
(608) 827-6415  
[linda@btnwd.com](mailto:linda@btnwd.com)