



Plan Today to Secure your Tomorrow

Q&A

Question:

What is the IRS's "Rule of 55" for 401(k) plans?

– Ready to Retire

Answer:

Dear Ready,

Although you generally must wait until age 59½ to make withdrawals from your 401(k) without incurring a 10% early-withdrawal penalty, the IRS allows for a separation of service exception for certain workers. Also known as the "Rule of 55," if you quit, were laid off, or otherwise terminated from your job during or after the year you turn 55, you can take withdrawals from your 401(k) or 403(b) penalty-free from the account associated with that job.

That said, you are still required to pay income taxes on any withdrawals from your 401(k) or 403(b) in the year they were taken. Given this, you may want to consider setting aside some of the withdrawal to pay taxes. Moreover, IRAs are not eligible for this exception, so for those accounts, you must wait until age 59½ to take withdrawals without any penalty.

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Don't Let Your Kids Leave Home Without Signing These 3 Documents

As we head into summer, many parents will see their children graduate high school and prepare to leave home to attend college or pursue other life goals. This can be an exciting and emotional time, and with so much going on, estate planning probably isn't at the front of your (or their) mind right now.

However, estate planning should actually be a top priority for both you and your kids.

Here's why: Once your kids turn 18, they become legal adults, and many areas of their life that were once under your control will become entirely their responsibility, whether you take action or not. To this end, if your kids

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Meet with us, your Personal Family Lawyer® and financial advisor for additional guidance and support with implementing effective planning strategies for your retirement.



Best Anytime Baked Chicken Meatballs

- 1 pound ground chicken or turkey
- 1 egg
- 1/2 cup panko breadcrumbs
- 1/2 cup grated Parmesan
- 2 tablespoons olive oil
- 1/2 teaspoon garlic powder
- 1/2 teaspoon onion powder
- 1/2 teaspoon salt
- black pepper to taste
- additional seasonings optional!

Prep: Preheat the oven to 400 degrees. Line a baking sheet with foil and a little cooking spray.

Mix: Mix all the ingredients together in a mixing bowl.

Roll: Roll the mixture into about 30 small balls. Place on baking sheet.

Bake: Bake for 25-30 minutes.

Recipe: www.pinchofyum.com

don't have the proper legal documents in place, you could face a costly and traumatic ordeal should something happen to them.

If your child were to get into a serious car accident and require hospitalization, for example, you would no longer have the automatic authority to make decisions about his or her medical treatment or the ability to manage their financial affairs. Without legal documentation, you wouldn't even be able to access your child's medical records or bank accounts without a court order.

To deal with this vulnerability and ensure your family never gets stuck in an expensive and unnecessary court process, before your kids leave home, have a conversation about estate planning and make sure they sign the following three documents.

1. Medical Power of Attorney

The first document your child needs is a medical power of attorney. A medical power of attorney is an advance healthcare directive that allows your child to grant you (or someone else) the immediate legal authority to make healthcare decisions on their behalf if they become incapacitated and are unable to make these decisions themselves.

For example, a medical power of attorney would allow you to make decisions about your child's medical treatment if he or she is incapacitated in a car accident or falls into a coma due to a debilitating illness like COVID-19.

Without a medical power of attorney in place, if your child suffers a severe accident or illness that requires hospitalization and you need to access their medical records to make decisions about their treatment, you'd have to petition the court to become their legal guardian. While a parent is typically the court's first choice for a guardian, the guardianship process can be slow and expensive—and in medical emergencies, time is of the essence.

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Not to mention, due to HIPAA laws, once your child becomes 18, no one—not even their parents—can legally access his or her medical records without prior written permission. However, a properly drafted medical power of attorney will include a signed HIPAA authorization, so you can immediately access your child’s medical records to make informed decisions about his or her treatment.

2. Living Will

While a medical power of attorney allows you to make healthcare decisions on your child’s behalf during their incapacity, a living will is an advance directive that provides specific guidance about how these decisions should be made, particularly at the end of life.

For example, a living will allows your child to advise if and when they want life support removed should they ever require it. In addition to documenting how your child wants their medical care managed, a living will can also include instructions about who should visit them in the hospital and even what kind of food they would want provided. For example, if your child is a vegan, vegetarian, or takes specific supplements, these things should be considered and documented in their living will.

Additionally, given the pandemic, speak with your child about the unique medical decisions related to COVID-19, particularly intubation, ventilators, and experimental medications. At the same time, your child’s living will should also outline their quality of life decisions to ensure their emergency medical treatment doesn’t end up doing more harm than good.

Although you’ll find a variety of medical power of attorney, living will, and other advance directive documents online, your child has unique needs and wishes that can’t be anticipated by these fill-in-the-blank documents. Given this, we recommend you and your child work with us, your Personal Family Lawyer® to create—or at the very least, review—their advance directives.

3. Durable Financial Power of Attorney

Should your child become incapacitated, you may also need the ability to access and manage their finances and legal affairs, and this requires your child to grant you durable financial power of attorney.

In the event of your child’s incapacity, a durable financial power of attorney would give you the authority to manage their financial and legal matters. This would allow you to take care of things like paying their tuition, applying for student loans, paying their rent, negotiating (or renegotiating) a lease, managing their bank accounts, and collecting government benefits if necessary. Without this document, you would have to petition the court for such authority.

Start Adulthood On The Right Track

Before your kids leave the nest, discuss the value of estate planning and make sure they have the proper legal documents in place. By doing so, you are helping your family avoid a costly and emotional court process, while also demonstrating the importance of good financial and legal stewardship, which sets your kids on the right track from the very start.

As your Personal Family Lawyer®, we will not only help you draft these documents, we can also facilitate a family meeting to discuss the importance of estate planning with your kids. From there, we hope this will begin a life-long relationship with your children, as they start on their journey into adulthood and beyond. Contact us today to schedule your appointment.





June is Dad's MONTH

We're officially designating every day in June, Father's Day! Here's how to show the man of your life how much you appreciate him....and....shhhhh, do it for free!

One of the best ways for you to show your husband you love him and your family is to help put all of your family's financial ducks in a row and make sure your kids are taken care of by people you LOVE... no matter what! Sometimes men are resistant to coming in for a Family Wealth Planning Session™ but absolutely LOVE it after they've gone through it!

Be one of the first 10 people to schedule a session this month, and I will waive the regular \$750 Planning Session fee. My Father's Day Gift has a value of \$750 but is worth much more to your family.