



TOCCO
FINANCIAL SERVICES

Tocco Financial Services, Inc.

toccofinancial.com
Judy Tocco, CFP®
Jennifer Akins, CFP®
1647 N. Swan Road
Tucson, AZ 85712
520-881-1149
judytocco@toccofinancial.com
jenniferakins@toccofinancial.com

Famous People Who Failed to Plan Properly



It's almost impossible to overstate the importance of taking the time to plan your estate. Nevertheless, it's surprising how many American adults haven't done so. You

might think that those who are rich and famous would be way ahead of the curve when it comes to planning their estates properly, considering the resources and lawyers presumably available to them. Yet there are plenty of celebrities and people of note who died with inadequate (or nonexistent) estate plans.

Most recently

The Queen of Soul, **Aretha Franklin**, died in 2018, leaving behind a score of wonderful music and countless memories. But it appears Ms. Franklin died without a will or estate plan in place. Her four sons filed documents in the Oakland County (Michigan) Probate Court listing themselves as interested parties, while Ms. Franklin's niece asked the court to appoint her as personal representative of the estate.

All of this information is available to the public. Her estate will be distributed according to the laws of her state of residence (Michigan). In addition, creditors will have a chance to make claims against her estate and may get paid before any of her heirs. And if she owned property in more than one state (according to public records, she did), then probate will likely have to be opened in each state where she owned property (called ancillary probate). The settling of her estate could drag on for years at a potentially high financial cost.

A few years ago

Prince Rogers Nelson, who was better known as **Prince**, died in 2016. He was 57 years old and still making incredible music and entertaining millions of fans throughout the world. The first filing in the Probate Court for Carver County, Minnesota, was by a woman claiming to be the sister of Prince, asking the court to appoint a special administrator because there was no will or other testamentary documents. As of November 2018, there have been hundreds of court filings

from prospective heirs, creditors, and other "interested parties." There will be no private administration of Prince's estate, as the entire ongoing proceeding is open and available to anyone for scrutiny.

A long time ago

Here are some other notable personalities who died many years ago without planning their estates.

Pablo Picasso died in 1973 at the ripe old age of 91, apparently leaving no will or other testamentary instructions. He left behind nearly 45,000 works of art, rights and licensing deals, real estate, and other assets. The division of his estate assets took six years and included seven heirs. The settlement among his nearest relatives cost an estimated \$30 million in legal fees and other related costs.

The administration of the estate of **Howard Hughes** made headlines for several years following his death in 1976. Along the way, bogus wills were offered; people claiming to be his wives came forward, as did countless alleged relatives. Three states — Nevada, California, and Texas — claimed to be responsible for the distribution of his estate. Ultimately, by 1983, his estimated \$2.5 billion estate was split among some 22 "relatives" and the Howard Hughes Medical Institute.

Abraham Lincoln, one of America's greatest presidents, was also a lawyer. Yet when he met his untimely and tragic death at the hands of John Wilkes Booth in 1865, he died intestate — without a will or other testamentary documents. On the day of his death, Lincoln's son, Robert, asked Supreme Court Justice David Davis to assist in handling his father's financial affairs. Davis ultimately was appointed as the administrator of Lincoln's estate. It took more than two years to settle his estate, which was divided between his surviving widow and two sons.

1st Quarter 2019

On the Road to Retirement, Beware of These Five Risks

Building Confidence in Your Strategy for Retirement

How can I protect my personal and financial information from credit fraud and identity theft?

I just received a large bill for a recent hospital visit. How can I check whether it's accurate?





No investment strategy can guarantee success. All investing involves risk, including the possible loss of your contribution dollars.

There is no assurance that working with a financial professional will result in investment success.

On the Road to Retirement, Beware of These Five Risks

On your journey to retirement, you'll likely face many risks that have the potential to throw you off course. Following are five common challenges retirement investors face. Take some time now to review and understand them before your journey takes an unplanned detour.

1. Traveling aimlessly

Setting out on an adventure without a definitive destination can be exciting, but probably not when it comes to saving for retirement. As you begin your retirement strategy, one of the first steps you'll need to take is identifying a goal. While some people prefer to establish one big lump-sum accumulation amount — for example, \$1 million or more — others find that type of number daunting. They might focus on how much their savings will need to generate each month during retirement — say, the equivalent of \$5,000 in today's dollars, for example. ("In today's dollars" refers to the fact that inflation will likely increase your future income needs. These examples are for illustrative purposes only. They are not meant as investment advice.)

Regardless of the approach you follow, setting a goal may help you better focus your investment strategy. In order to set a realistic target, you'll need to consider a number of factors — your desired lifestyle, pre-retirement income, health, Social Security benefits, any traditional pension benefits you or your spouse may be entitled to, and others. Examining your personal situation both now and in the future can help you determine how much you may need to accumulate.

2. Investing too conservatively...

Another key to determining how much you may need to save on a regular basis is targeting an appropriate rate of return, or how much your contribution dollars may earn on an ongoing basis. Afraid of losing money, some retirement investors choose only the most conservative investments, hoping to preserve their hard-earned assets. However, investing too conservatively can be risky, too. If your investment dollars do not earn enough, you may end up with a far different retirement lifestyle than you had originally planned.

3. ...Or too aggressively

On the other hand, retirement investors striving for the highest possible returns might select investments that are too risky for their overall situations. Although you might consider investing at least some of your retirement portfolio in more aggressive investments to potentially outpace inflation, the amount you invest in such higher-risk vehicles should be

based on a number of factors. Appropriate investments for your retirement savings mix are those that take into consideration your total savings goal, your time horizon (or how much time you have until retirement), and your ability to withstand changes in your account's value. Would you be able to sleep at night if your portfolio lost 10%, 15%, even 20% of its overall value over a short time period? These are the types of scenarios you must consider when choosing an investment mix.

4. Giving in to temptation

On the road to retirement, you will likely face many financial challenges as well — the unplanned need for a new car, an unexpected home repair, an unforeseen medical expense are just some examples.

During these trying times, your retirement savings may loom as a potential source of emergency funding. But think twice before tapping your retirement savings assets, particularly if your money is in an employer-sponsored retirement plan or an IRA. Consider that:

- Any dollars you remove from your portfolio will no longer be working for your future
- You may have to pay regular income taxes on distribution amounts that represent tax-deferred investment dollars and earnings
- If you're under age 59½, you may have to pay an additional penalty tax of 10% to 25% (depending on the type of plan and other factors; some exceptions apply)

For these reasons, it's best to carefully consider all of your options before using money earmarked for retirement.

5. Prioritizing college saving over retirement

Many well-meaning parents may feel that saving for their children's college education should be a higher priority than saving for their own retirement. "We can continue working, if needed," or "our home will fund our retirement," they may think. However, these can be very risky trains of thought. While no parent wants his or her children to take on a heavy debt burden to pay for education, loans are a common and realistic college-funding option — not so for retirement. If saving for both college and retirement seems impossible, consider speaking with a financial professional who can help you explore the variety of tools and options.

Building Confidence in Your Strategy for Retirement



In 2018, 64% of workers surveyed were either somewhat or very confident in their ability to afford retirement, up from 60% in 2017. Among retirees surveyed in 2018, 75% were confident, down from 79% in 2017.

Source: 2018 Retirement Confidence Survey, EBRI

¹ Guarantees are contingent on the claims-paying ability and financial strength of the annuity issuer. Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Most annuities have surrender charges that are assessed if the contract owner surrenders the annuity. Withdrawals of annuity earnings are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

Each year, the Employee Benefit Research Institute (EBRI) conducts its Retirement Confidence Survey to assess both worker and retiree confidence in financial aspects of retirement. In 2018, as in years past, retirees expressed a higher level of confidence than today's workers (perhaps because "retirement" is less of an abstract concept to those actually living it). However, worker confidence seems to be on the rise, while retiree confidence is on the decline. A deeper dive into the research reveals lessons and tips that can help you build your own retirement planning confidence.

Create a foundation of predictable sources of income

Workers surveyed expect to rely less on traditional sources of guaranteed income — a defined benefit pension plan and Social Security — than today's retirees. More than 40% of retirees say that a traditional pension plan provides them with a major source of income, and 66% say that Social Security is a primary source. Yet just one-third of today's workers expect either a pension or Social Security to play a big role.

Understand how Social Security works.

Although nearly half of today's workers say they have considered how their Social Security claiming age could affect their benefit amount, the median age at which they plan to claim benefits is 65. Moreover, less than a quarter of respondents say they determined their future claiming age with benefit maximization in mind. Why does this matter? It's because the vast majority of today's workers won't be able to collect their full Social Security retirement benefit until sometime between age 66 and 67, depending on their year of birth. Claiming earlier than that results in a permanently reduced benefit amount. To help ensure you make the most of your Social Security benefits, take the time to understand the ramifications of different claiming ages and strategies before making any final decisions.

Consider creating your own "pension" income.

Eight in 10 workers in the EBRI survey hope to use their defined contribution plan assets [e.g., 401(k) or 403(b)] to purchase a product that will provide a guaranteed stream of income during retirement. Depending on individual circumstances, this could be a wise move. To help provide yourself with a steady stream of income, you might consider annuitizing a portion of your retirement plan assets or purchasing an immediate annuity,

a contract that promises to pay you a steady stream of income for a fixed period of time or for life in exchange for a lump-sum payment.¹

When combined with your Social Security benefits, the payments received from an immediate annuity can help ensure that your everyday "fixed" expenses are covered. Any additional assets can then be earmarked for future growth potential and "extras," such as travel and entertainment.

Pay attention to your health — and health-care costs

Health. The EBRI survey revealed a correlation between health and retirement planning confidence. For example, 60% of today's workers who are confident in their retirement prospects also report being in good or excellent health, while only a little more than a quarter of those who are not confident report similar levels of health. Moreover, 46% of retirees who say they are confident also say they are in good health, compared with just 14% of those who are not confident.

The lesson here is pretty straightforward: Healthy habits may pay off in healthy levels of confidence. Eat plenty of fruits and vegetables, exercise, get enough sleep, and take steps to minimize stress. And don't skip important preventive checkups and lab tests. Keep in mind that even the most diligent savings strategies can be thrown off track by unexpected medical costs.

Health-care costs. The percentage of retirees who are at least somewhat confident that they will have enough money to cover medical expenses in retirement has dropped from 77% in 2017 to 70% in 2018. And four out of 10 retirees say that health-care expenses are at least somewhat higher than they expected. However, retirees who have estimated their health-care costs (39% of respondents) are more likely to say their expenses are about what they expected them to be. On the other hand, just 19% of workers have calculated how much they will need to cover their health expenses in retirement.

If you have not yet thought about how much of your retirement income may be consumed by health-care costs, now may be the time to start doing so. Having at least a general idea of what your medical expenses might be will help you more accurately project your overall retirement savings goal.

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Judy Tocco, CFP®
Jennifer Akins, CFP®
1647 N. Swan Road
Tucson, AZ 85712
520-881-1149
judytocco@toccofinancial.com
jenniferakins@toccofinancial.com

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How can I protect my personal and financial information from credit fraud and identity theft?

In today's digital world, massive computer hacks and data breaches are common occurrences. And chances are, your personal or financial information is now susceptible to being used for credit fraud or identity theft. If you discover that you are the victim of either of these crimes, you should consider placing a credit freeze or fraud alert on your credit report to protect yourself.

A credit freeze prevents new credit and accounts from being opened in your name. Once you obtain a credit freeze, creditors won't be allowed to access your credit report and therefore cannot offer new credit. This helps prevent identity thieves from applying for credit or opening fraudulent accounts in your name.

To place a credit freeze on your credit report, you must contact each credit reporting agency separately either by phone or by filling out an online form. Keep in mind that a credit freeze is permanent and stays on your credit report until you unfreeze it. This is important, because if you want to apply for credit with a new financial institution in the future, open a new bank account, or even apply for a job or rent an

apartment, you will need to "unlock" or "thaw" the credit freeze with each credit reporting agency.

A less drastic option is to place a fraud alert on your credit report. A fraud alert requires creditors to take extra steps to verify your identity before extending any existing credit or issuing new credit in your name. To request a fraud alert, you only have to contact one of the three major reporting agencies, and the information will be passed along to the other two.

Recently, as part of the Economic Growth, Regulatory Relief and Consumer Protection Act of 2018, Congress made several changes to credit rules that benefit consumers. Under the new law, consumers are now allowed to "freeze" and "unfreeze" their credit reports free of charge at all three of the major credit reporting bureaus, Equifax, Experian, and TransUnion. In addition, the law extends initial fraud alert protection to one full year. Previously, fraud alerts expired after 90 days unless they were renewed.



I just received a large bill for a recent hospital visit. How can I check whether it's accurate?

In today's complex world of medical billing, you may have difficulty understanding exactly which procedures you're being charged for, or what the billing codes on your hospital bill mean.

The first step in determining whether your bill is accurate is to know exactly what your insurance does and does not cover. Review your health plan's coverage brochure or contact your insurer to find out about your plan's coverage exclusions or limitations, expenses that are fully or partially covered by your plan, and the ramifications of using an out-of-network provider.

Another helpful tool is an explanation of benefits (EOB). The EOB will provide you with a variety of information, such as the dates and type of services provided, the amount that was billed by the medical provider to the insurance company, what the insurance company paid to the provider, and the amount that wasn't covered and for which you are responsible. Review your EOB and compare it to your medical bills. If you find any discrepancies,

contact your medical provider's billing department.

Unfortunately, errors are a common occurrence in the medical billing industry. As a result, it's always important to request an itemized bill, as opposed to just a summary of charges, from a medical provider. An itemized bill is critical when it comes to identifying billing errors because it will detail each medical procedure for which you are being charged. Once you've received your itemized bill, check to make sure that all of your identifying information (e.g., address, date of birth), dates of service, and insurance information are correct. In addition, you'll want to check for common billing errors, such as charges for duplicate procedures or incorrectly coded procedures.

If you find an error on your bill, contact the billing department of the medical provider to request a corrected insurance claim and/or bill. Be prepared to explain the mistake to the billing representative and provide copies of billing records that illustrate the billing error.