

Life's Changes

Questions and Concerns:

- Are there changes in your life due to marriage, divorce, new arrival or loss of a loved one?
- Has there been a significant change in your career or compensation plan?
- Have you received a significant financial windfall?

Often there are changes in your life that occur that have a major impact both, good and bad. Sometimes just the uncertainty causes anxiety on action you need to take to address those concerns. In many cases, it is just organizing and prioritizing your financial affairs to see where you stand.

Are there changes in your life due to marriage, divorce, new arrival or loss of a loved one?

Couples who moved in together are starting a new life together with combined incomes, property and goals. They have a different perspective than when they were single. It is an opportunity to have the synergy of a team. The first place to start is for each other to understand what is important individually and what is important as a "team". Reviewing your goals and financial concerns is a helpful exercise to help each other define the team goals. Decisions should also be made on the financial responsibilities concerning which expenses should be combined and what expenses should be separated.

For couples separating, it is the opposite and means untangling assets that are jointly held and determining what is needed to live without the financial resources of the other person. Generally, this means reviewing an individual's goals, identifying assets/debt and providing a cash flow analysis. Scenarios should compare the before and after the divorce to financially prepare and adapt to the separation. Every situation is different. Some separations more complex than others, especially if it involves a business. This generally requires attorney representation to resolve financial disputes. The new arrival of a baby in a family is huge event. Although there are significant increases in childcare and supporting a baby, it is often offset by the change in lifestyle behavior. Dining and entertainment is restricted to eating at home and being entertained by the child. Travel plans are curtailed. The financial adaption to a family addition is usually natural and automatic. Family budgeting has its place. The usual long-range future planning concerns are to provide for higher education and buying a larger home.

The death of a significant other is emotionally and financially challenging. A comprehensive review of one's financial situation is helpful. For married individuals, the loss of their spouse means retitling assets, reviewing Social Security options, deciding on retirement beneficiary survival options, investing life insurance proceeds and many other tasks. A good estate plan (will or trust) provides instructions on the intent of the decedent for the survivor to follow. The law firm that drafted the estate plan will help the personal representative/trustee in fulfilling the instructions of the will or trust.

Has there been a significant change in your career or compensation plan?

There are many aspects of a career change that can impact a person. It could be a loss of job, change in compensation, transfer to another area, or a major promotion.

In regards to a loss of job, if the employer provides a career counseling component of the severance package, take full advantage of the counseling. They often will provide resume advice, update technology/social media skills, career reinvention, personal branding and motivational aspects. For others, the New Mexico Department of Workforce Solutions provides valuable job search assistance. Below is the link to the Workforce Solution orientation video:

New Mexico Department of Workforce Solutions	http://www.dws.state.nm.us/JobSeeker/JobsandCareers/OrientationVideo
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Where there are two career couples a transfer creates another challenge in regard to career decision of the other spouse and making the extremely difficult decision to live apart which entails commuting and housing. Economic downturns and loss of a consulting contract often forces concession in pay. This is primarily a budgeting and lifestyle adjustment. On the opposite end of the spectrum, a career promotion poses other challenges. A promotion may also include enhanced executive compensation benefits. Often there are decisions to make in areas of deferred compensation plans that must be made otherwise a default provision could have an unexpected result. Often executives are so busy with their work and they have little time to study the options to make an appropriate decision. Enlisting the services of a spouse or a financial planner to review executive compensation plans can be beneficial. They can spend time with the human resource representative who will point out the various aspects of the compensation plan.

Have you received a significant financial windfall?

Did you win the lottery? Did you stumble upon a work of art that you intend to sell, that made headline in the Antique Road Show? Or did you receive a sizable inheritance? You might as well hit the reset button on your financial plan because your life will not be the same. You have to go back and redefine your goals. Review your net worth. Revisit your cash flow analysis and determine if the windfall will be the impacted by taxes. Your simple estate plan may no longer be simple. In fact, many other aspects of your life may not be simple anymore.

How can a financial planner help in life changes?

People often seek out a financial planner when they experience transitions or life changing events. A planner will help a client sort out the details and assist the client in finding the right path to adjusting to a different financial life. This can consist of redefining their goals, updating their net worth statements and revising their cash flow statement. In addition, a financial planner can run various financial scenarios to help a client decide on their financial future.

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