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**About New Wealth Advisors.**

New Wealth Advisors is an independent, fee-only, SEC-registered investment advisor, operating as a multi-family investment office. We work with newly wealthy individuals and families to protect, grow and manage assets.

## Getting to Yes Despite Investing Differences

In a perfect world, both halves of a couple share the same investment goals and agree on the best way to try to reach them. It doesn't always work that way, though. One spouse may be risk-averse, while the other may be comfortable investing more aggressively. How can you bridge that gap?

### First, define your goals

Making good investment decisions is difficult if you don't know what you're investing for. Making sure you're on the same page--or at least reading from the same book--when it comes to financial goal-setting is the first step toward dealing jointly with investments.

### Make sure the game plan is clear

Making sure both spouses know how and (equally important) why their savings are invested in a certain way can help minimize marital blowback if investment choices don't work out as anticipated. Second-guessing rarely improves any relationship; making sure both partners understand from the beginning why an investment was chosen, as well as its risks and potential rewards, may help moderate the impulse to say "I told you so" later.

### If you're the more aggressive investor ...

Listen respectfully to your spouse's concerns. You may need to provide additional information to increase his or her comfort level, but you won't know what to supply if you automatically dismiss any objections.

If you're enthusiastic about an investment, concealing potential pitfalls could make future joint decisions more difficult if your credibility suffers because of a loss. A more cautious spouse may help you remember to assess the risks involved.

Remember that you can make changes in your portfolio gradually; you don't have to become more aggressive all at once. And if you're an impulsive investor, try not to act until you can consult your partner--or be prepared to face the consequences.

### If you're the more conservative investor ...

If you're unfamiliar with a specific investment, research it. Though past performance is no guarantee of future returns, understanding how an investment typically has behaved in the past or how it compares to other investment possibilities could give you a better perspective on why your spouse is interested in it.

Consider whether there are investments that are less aggressive than what your spouse is proposing but that still push you out of your comfort zone and might represent a compromise position. For example, if you don't want to invest a large amount in a single stock, a mutual fund that invests in that sector might be a way to compromise.

### What if you still can't agree?

You could consider investing a certain percentage of your combined resources aggressively, an equal percentage conservatively, and a third percentage in a middle-ground choice. This would give each partner equal input and control of the decision-making process,

#### It takes two

Aside from attempting to minimize marital strife, there's another good reason to make sure both spouses understand how their money is invested and why. If only one person makes all decisions--even if that person is the more experienced investor--what if something were to happen to that individual? The other spouse might have to make decisions at a very vulnerable time--decisions that could have long-term consequences.

### Affection through diversification

Investing doesn't have to be either/or. A diversified portfolio should have a place for both conservative and more aggressive investments. Though diversification can't guarantee a profit or ensure against a loss, it's one way to manage the type and level of risk you face—including the risks involved in bickering with your spouse.

even if one has a larger balance in his or her individual account.

### Goal based accounts

Or you could divide responsibility for specific goals. The more conservative half could be responsible for the money that's being saved for a house down payment in five years. The other partner could take charge of longer-term goals that may benefit from taking greater risk in pursuit of potentially higher returns. You also could consider setting a predetermined limit on how much the risk-taker can put into riskier investments.

Finally, a neutral third party such as New Wealth Advisors may be able to help work through differences, plus implement and oversee the accounts in accordance with your family's specific goals

## Estate Planning for a Second Marriage

They say that love is lovelier the second time around. But for many individuals, remarriage later in life can create some unique estate planning issues.

If you're anything like the typical person contemplating a second (or third) marriage, you're older, you have children, you've accumulated property, and you've been enjoying a standard of living you would like to maintain. Entering into a new marriage can raise many, perhaps conflicting, concerns such as:

- How can you protect assets you already own?
- How can you provide for children from a previous marriage?
- How do you share assets acquired or inherited after the marriage equally or fairly?
- How do you ensure your prospective spouse's future financial security?
- How can you avoid family disharmony?

How should you address these concerns?

### Giving love another chance:

- 12% of men have married twice
- 13% of women have married twice
- 3% of each have married three or more times

Source: U.S. Census Bureau, 2008.

### Put your financial cards on the table

Money is a major cause of stress in any marriage, but it can be especially so in a second one. You and your future spouse should discuss and agree on all important financial issues, and formulate plans that, hopefully,

everyone can live with. Full disclosure is important, especially if you intend to...

### Protect your assets with a prenuptial or postnuptial agreement

You're probably well aware that life is not a stroll down the primrose path, so while the suggestion of a prenup or postnup may not fan the flames of romance, you should know that this contract is important if you're bringing assets into the marriage. Why? By law, a surviving spouse has the right to take an "elective share" of the deceased spouse's estate, regardless of what is in the will. An elective share is typically one-third or one-half of the estate. An elective estate can include almost all the decedent's property, even property with beneficiary designations and property held in trust. If your surviving spouse takes his or her elective share, this may result in the unintentional disinheritance of your children or other heirs.

The only way to supersede elective share laws is with a prenup or postnup, in which both parties can waive their rights to the elective share. This way, you can minimize the chance that state law will interfere with your intended estate plans.

### Revise your will and other estate planning documents

Remarriage does not revoke a will (although state law can trump a will, as we have just discussed). It is vital, therefore, that you draft a new will in light of your new circumstances. While you're at it, review and update other estate planning documents, such as your durable power of attorney, health-care directives (e.g., living will, health-care proxy), trusts, and beneficiary designations (for life insurance and retirement plans, for example).

### Providing for your children from a previous marriage

A big concern in many second marriages is providing for the new spouse without disenfranchising children from a prior marriage. Having your assets pass into a "QTIP" trust can be part of the solution. With a QTIP, all trust income is used to support the surviving spouse while the principal is preserved for the children. And there's a bonus: assets passing to a valid QTIP qualify for the marital deduction, helping to minimize potential estate taxes at your death.



### Dealing with wealth disparity

In second marriages, it's not uncommon for one spouse to be wealthier than the other. If estate taxes are a concern, equalizing your estates to take advantage of both spouses' exemptions (\$3.5 million in 2009, subject to change thereafter) may be in order. Without equalization, you may lose valuable tax savings.

### Apportioning estate taxes

If both spouses have children from a previous marriage, you may want to plan for the payment of estate taxes in such a way that each child will bear the burden equally.



## Conclusion

Each couple entering into a second marriage has unique concerns and goals. It's important to deal with your issues squarely, and create a plan that will optimize dispositions, minimize taxes, and avoid unintended results, family disharmony, or even litigation. The advisors at New Wealth work closely with you and your estate attorneys to ensure all vital elements of your estate and financial plan are properly addressed.

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## Don't Let a Natural Disaster Demolish Your Finances

It seems as though there's always a hurricane, tornado, earthquake, flood, fire, ice storm, or mudslide happening somewhere in the United States. While a storm or other natural disaster could destroy your home, business, or workplace and put you in financial straits, there are things you can do both before and after the event to help you recover quickly.

### Pre-Disaster Create a financial emergency kit

Put together a kit that contains some cash and checks, a list of important contacts (e.g., your insurance agent), and copies of important documents, including identification cards, birth and marriage certificates, insurance policies and inventories, wills, trusts, and deeds. Make sure your kit is stored in a safe, secure place in your home, is easy to reach and carry, and is water and fire



proof. You'll want to stash enough cash (or a credit card) to pay for immediate expenses such as gas, food, and lodging. A safe-deposit box is also a wise choice for housing such items.

*Tip: While you're at it, you might also keep your most precious items in the kit, such as your photo albums and family heirlooms.*

### Protect your assets

Take some commonsense precautions to safeguard your home, business, car, boat, and similar assets against damage from wind, water, fire, or other damage. For example, install an emergency generator and paperless drywall, keep loose objects (e.g., grills and patio furniture) secure, cut down overhanging tree limbs, park your car in the garage, and invest in storm windows, doors, and shutters.

### Take inventory

Create and maintain an inventory of your valuables, including appliances, electronics, furniture, clothing, jewelry, and artwork. Record models and serial numbers, and take pictures or a video of the items. This will help when it comes time to file insurance claims and purchase replacements.

Check your insurance Make sure your insurance policies (e.g., homeowners, auto) include all the coverage you need, and understand that damage caused by natural disasters may not be covered under these general types of policies. You may need to consider buying separate coverage for hurricanes, floods, earthquakes, or other disasters. Consult your insurance agent to determine whether you have adequate coverage given the likelihood of such events occurring in your area. If you're considering how to make this assessment, New Wealth Advisors would be happy to coordinate that process for you.

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### Post-Disaster File insurance claims immediately

Contact your insurance agent and file claims as soon as possible. The quicker you do so, the sooner you can get back on your feet.

### Protect your income

If you end up out of work, take advantage of any employee assistance programs that your employer may offer. Seek unemployment compensation from your state and ask about special job considerations for disaster victims. Find out if special unemployment benefits are available through the Department of Labor.

### Get help from emergency sources ...

If you need immediate financial help, disaster relief funds and special programs (for example, housing assistance) may be available through the Federal Emergency Management Agency (FEMA) or your state and local governments, as well as the American Red Cross, United Way, Salvation Army, social services, and local churches.

### ... and from the federal government ...

Tax law allows taxpayers to deduct certain unreimbursed casualty losses in the year in which they are incurred, subject to certain limitations. In certain Presidentially declared disaster areas, individuals can claim the loss (again, subject to certain limitations) in the prior tax year by filing an amended return. Moreover, special relief (for example, bonus depreciation for business property) has been granted in the case of specific disaster events. Be sure to consult your tax professional about any tax relief that may be available to you.

### ... and get legal help, if necessary

If you experience legal difficulties, you may want to consider hiring an attorney who specializes in the complex area of natural disaster law.



## Can creditors reach my 401(k) plan account?

The extent to which your 401(k) plan account is protected from the claims of your creditors depends on two things: (1) whether your plan is covered by the Employee Retirement Income Security Act of 1974 (ERISA), and (2) the type of claim (in bankruptcy or outside of bankruptcy).

Most 401(k) plans are covered by ERISA. ERISA contains an "anti-assignment" rule that provides broad protection from creditors' claims. This anti-assignment rule applies whether you've declared bankruptcy or not--no bankruptcy or judgment creditor can reach your 401(k) plan account, if the plan is governed by ERISA. (There are several important exceptions to ERISA's anti-assignment rule. For example, the IRS may be able to levy against your 401(k) plan account for failure to pay your taxes. And a court can issue a qualified domestic relations order (QDRO) that will require the plan to pay all or part of your plan benefit to your former spouse.)

But again, this broad protection applies only if your 401(k) plan is governed by ERISA. Some plans are not. For example, a plan that covers only a business owner, or the owner and his or her spouse (i.e., an "individual 401(k)" plan), isn't covered by ERISA. Plans sponsored by governmental entities and certain churches aren't governed by ERISA either.

If you participate in one of these plans, you won't be able to rely on ERISA at all for protection from your creditors. What happens then? Your 401(k) plan account will still be fully protected from your creditors if you declare bankruptcy, as a matter of federal law. But whether you'll be protected from creditor claims outside of bankruptcy will depend on the laws of your particular state. While most states provide at least some protection for retirement accounts, some do not. You'll need to consult a qualified attorney to determine how the laws of your state apply to your particular situation.

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## Can creditors reach my IRA assets?

Traditional and Roth IRAs generally aren't subject to ERISA (we'll discuss SEPs and SIMPLE IRAs later). Therefore, they don't qualify for the broad protection from creditors that ERISA typically provides. However, even though ERISA doesn't apply, federal law still provides protection for up to \$1,095,000 (in 2009) of your aggregate traditional and Roth IRA assets if you declare bankruptcy.

If you've rolled any funds over from a 401(k) or 403(b) plan (or another qualified plan) to your IRA, then those assets, and any earnings on them, aren't subject to the \$1,095,000 cap, and are fully protected. (You may want to consider setting up a separate IRA to hold rollover funds so that you can more easily identify the amount eligible for full protection if you declare bankruptcy.)

But, with IRAs, federal law governs only bankruptcy claims. Whether you'll have protection from your creditors outside of bankruptcy will depend on the laws of your particular state.

Different rules apply to SEP IRA and SIMPLE IRA plans. SEP and SIMPLE IRAs are fully protected from your bankruptcy creditors under federal law--the \$1,095,000 limit doesn't apply. But whether or not your SEP/SIMPLE IRA has protection from your creditors outside of bankruptcy may depend on whether your plan is governed by ERISA (because it covers one or more common law employees).

If your SEP/SIMPLE IRA plan isn't subject to ERISA, whether you'll have protection from your creditors outside of bankruptcy will likely depend on the laws of your particular state.

But if your SEP/SIMPLE IRA is governed by ERISA, whether you'll have protection under state law from creditors outside of bankruptcy is not clear. These plans are not covered by the part of ERISA that protects assets from creditors generally. But they are subject to the part of ERISA that preempts state laws. So state laws that may have provided protection for your SEP or SIMPLE IRA account from nonbankruptcy creditors may not be available.

These rules are obviously quite complicated. Be sure to consult a qualified attorney if creditor protection is important to you.

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