

INCAPACITY AND YOUR ESTATE

Within one month, we had one client pass away and two clients require skilled nursing. In all cases, the people appointed to handle their finances were unprepared for the tasks ahead.

Let's be honest, dying is difficult to discuss and, in some ways, incapacity even harder. Yet it seems a disservice not to speak to those you are trusting with your money.

In the case of the deceased, his wife was having health issues and a brother and niece stepped in to help. No one knew where to find the paperwork, if accounts were still active, etc.

In the situation dealing with capacity issues, the first case involved unacknowledged declining mental acuity and in the second case it was sudden. In both cases, money was needed for their continuing care but no one had access to the funds except the owner of the accounts – the incapacitated party.

The most obvious action is to have a conversation with your agent (through the Durable Power of Attorney – DPOA) to handle your financial affairs and/or your successor trustee. At minimum, provide them with a list or tell them where you keep your list of the following items:

- ◆ Name of your attorney
- ◆ Name of your financial advisor
- ◆ Insurance information (long-term care policy, disability insurance)
- ◆ Estate documents
- ◆ List of your account numbers, institutions, etc.
- ◆ Any login information they may need to access your electronic information

Give them the opportunity to ask questions.

Inside Financial Connections Newsletter

- ◆ INCAPACITY AND YOUR ESTATE
- ◆ SHARING KNOWLEDGE
- ◆ IMPORTANT DATES TO REMEMBER
- ◆ INFLATION – TRANSITORY OR NOT?
- ◆ 2021 THANKSGIVING CARD DONATION TALLY

Continued on next page...

INCAPACITY AND YOUR ESTATE *(continued)*

Financial Connections strives to get each client's estate documents. We also try to obtain the attorney's name. In each of the above cases, we did know the person designated to handle the incapacitated clients' affairs. The problem was that our hands were tied because they had not become the successor trustee/agent for the person.

We can offer guidance but cannot take instructions without the power of attorney or successor trustee requirements being triggered. A change to the account is made with the new trustee's name. TD Ameritrade, will not initiate any distribution without a copy of the trust and proof the successor trustee/agent is now in charge.

If you would like to discuss this further, please don't hesitate to contact us. On a personal note (from the staff), while we aren't next of kin or the close friend being appointed, we have known these clients in some cases for decades. It is difficult for us to acknowledge our client is on the decline as well. We will try to help as much as possible.

SHARING KNOWLEDGE

Kai Bogdanovich, our Operations Manager, was the lead advisor on a panel for our workflow software. The October 21st webinar was for other advisors showing how Financial Connections uses the product.

Jill Hollander was on a panel for the November 10th "Invest in Women" virtual conference for using technology in your practice.

IMPORTANT DATES TO REMEMBER

- ◆ January 31, 2022: receive W-2 from employer
- ◆ January 31, 2022: receive 1099-INT; if less than \$10, no form
- ◆ Mid-February: consolidated 1099 from TD Ameritrade
- ◆ April 18, 2022 taxes due. Last day to make deposit for **2021** IRAs, Coverdell Education Savings Account (ESAs), and Health Savings Accounts (HSAs). Also, make **2022** estimated payments.

FINANCIAL CONNECTIONS GROUP, INC.

This newsletter is written quarterly by Financial Connections Group, Inc. Please contact Financial Connections Group, Inc. if there are any changes in your financial situation or investment objective(s). Remember, past performance may not be indicative of future results. Different types of investments involve degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this newsletter, will be profitable, equal any corresponding indicated historical performance level(s) or be suitable for your portfolio. Information herein should not be construed as tax or legal advice.

Jill D. Hollander, CFP®, CRPCSM, ADPA™, Financial Advisor
Brian Pon, EA, CFP®, Financial Advisor

EMAIL: client@FinancialConnections.com
WEBSITE: <http://www.FinancialConnections.com>

Financial Connections Group, Inc.
21 Tamal Vista Blvd., Suite 105
Corte Madera, CA 94925
415.924.1091

Berkeley Office:
2608 Ninth Street, Suite 302
Berkeley, CA 94710
510.849.4667

San Francisco Office:
201 Spear Street, Suite 1100
San Francisco, CA 94105
415.924.1091

INFLATION – TRANSITORY OR NOT?

This is a major topic throughout the world. Is high inflation here to stay or is it transitory as we come out of the pandemic? And, what length of time defines “transitory”?

The rapid bounce back in the economy as we left the house to be out and about stressed different parts of the economy that take time to re-activate. We just hop in the car and drive somewhere or make airline reservations. But the supply chain doesn't work that way.

According to Greg Ip of the *Wall Street Journal*, “this inflation is made possible by strong demand and restricted supply.”

The Council of Economic Advisors believes the closest similarity is post World War II. The shortages caused by war couldn't meet the pent-up demand when the war ended.

Below is a brief review of different sectors in the economy that might lead one to believe it is transitory.

Energy

We all know gasoline prices jumped dramatically. Demand soared but there wasn't enough product available. When production ramps up to align with demand, it is anticipated that prices will decline.

Vehicles

You've probably heard about the high price for used cars. As a result of the semi-conductor shortage, new cars aren't being produced to meet demand. This means we keep our current cars longer instead of trading them in. Thus, there is a shortage of

used cars for purchase. Whenever the demand exceeds the supply, prices increase.

Automakers are taking workaround steps on the semi-conductors even to the point of manufacturing their own. Auto manufacturing employment is rising – a good sign. It is anticipated that next year, new car production will increase, thus easing the demand; used car supply will increase, reducing their prices.

Food

Going to the grocery store we can see price increases. They are up 5.4% and restaurant prices up 5.3%.

Shelter

This area is unlikely to improve in the near future. There is a housing shortage of existing homes to sell and new homes to be built. According to Stephen Kim, a housing analyst for Evercore ISI, “The supply shortage built up over 10 years and it won't go away quickly.” He further states new housing would need to exceed two million units per year “to bring the industry out of its current underbuilt situation.”

Labor

You can't go anywhere without seeing 'Help Wanted' signs out. This decline in the workforce is resulting in higher wage inflation. Good for the consumer but not always good for the economy. On the other hand, a family has more to spend.

By October 2022, JP Morgan anticipates inflation to be running in the 2.3% range, down from the current 6% range.

Continued on next page...

INFLATION – TRANSITORY OR NOT?

(continued)

There are others who believe inflation is not transitory and the Fed needs to raise interest rates and stop buying bonds within the next six months (a.k.a. quantitative easing).

From their perspective, the reasons inflation is not transitory include:

- ◆ Excessive government, corporate, and consumer debt
- ◆ Deficit fiscal spending along with fiscal and monetary stimulus
- ◆ Deglobalization (bringing manufacturing back to the U.S.) – higher labor and costs
- ◆ Energy prices may continue to rise as supply remains constrained but the need rises (infrastructure activity will increase demand).
- ◆ Increasing wages will continue.
- ◆ Dollar decline – propped up by Fed purchase. Once it stops or is reduced, the dollar may decline, increasing the price of imports.

Going back to the opening of this article, how do you define transitory? We have already had six months of inflation and many see it going into at least the first half of 2022. The easy money from the Fed and companies raising prices fuels the stock market. If the easy money spigot becomes a trickle and consumers are no longer willing to pay higher prices, we would anticipate a declining stock market as adjustments are made within the economy.

*Sector review based on a podcast by Dr. David Kelly, Chief Strategist at JP Morgan 11/15/2021

2021 THANKSGIVING CARD DONATION TALLY

ACLU Foundation	12%
California Fire Foundation	15%
International Rescue Committee	10%
Environmental Defense Fund	19%
SF Bay Area Food Bank	43%

We had a response rate of 74%, up from 70% in 2020.



Jill D. Hollander



Brian Pon



FinancialConnections
A Bridge To Your Future