Financial planner

PARK PLACE WEALTH ADVISORS, INC.

DANIEL J GANNETT & JEAN C. GANNETT, CFP®

· 18 ORINDA WAY ORINDA, CA 94563 ·

DAN@PARKPLACEWEALTH.COM

JEAN@PARKPLACEWEALTH.COM

· ORINDA – (925) 254-7766 ·

· SUNNYVALE – (408) 733-0245 ·

· FAX: (925) 258-0591 ·

Summer 2023 Newsletter Topics

How Can I Protect Myself Against Identity Theft?

The chance that someone will assume your identity to open fraudulent bank or credit accounts is increasing as thieves become more sophisticated. The best way to protect yourself is to try to prevent this from happening in the first place. Here are some ideas:

1. Make a list of all your credit cards, even those you don't carry in your wallet. Include account numbers and the names and emergency phone numbers of each issuer.

Continued on page 2

Park Place WEALTH ADVISORS, INC.

The Confusing Fallout of Dying Without a Will

Despite potentially devastating consequences for their heirs, millions of Americans still haven't written a will.

While the total real wealth of households has tripled over the past three decades, according to the Congressional Budget Office, 54% of Americans told Gallup they didn't have a will in 2021. Even the wealthy put off estate planning—one in five Americans with investible assets of $1 million or more don't have a will, according to a recent Charles Schwab survey.

Most Americans don't have wills, leaving estate planning a complicated range of state laws.

If you die without a will, a range of state laws dictate who gets your assets, and your loved ones may get nothing. They might get kicked out of the family house and could face hefty surprise tax bills.

John Powers, of Auburn, Wash., and his live-in partner of 18 years, Christina Lewis, had an appointment with an estate lawyer to draw up wills last November, but she died in a horseback-riding accident at age 64 the weekend before.

The consequences of dying without a will—the legal term is intestate—come down to where you live. What Ms. Lewis might have written in her will didn't matter. Instead, Washington state's intestacy laws decided.

While grieving, Mr. Powers, 62, had to get Ms. Lewis's sons who live in England to sign off so he could be appointed by the local probate court to administer her estate. He said she wanted him to have both the $600,000 house and Volkswagen SUV they bought together, but by law her sons were entitled to her 50% interest, so he had to buy them out to keep his home and car.

"It's been quite a struggle," Mr. Powers said. His latest task is to get her jewelry appraised and delivered to England.

Dying intestate can have unintended consequences for pretty much every family type, but it is especially painful if there are unmarried partners or stepchildren, who are left out under the law in almost every scenario.

"The default rules are out of touch with today's family structures," said Danaya Wright, a University of Florida law professor.

Without a will or trust, you're giving up the opportunity to say who will administer your estate, who will be a guardian for minor children, and who will get what.

"Don't assume that what you think will happen when you die without a will or trust is what actually will happen," said Toni Ann Kruse, a New York City estate lawyer.

Here's what to know about your options, and how to avoid the worst.

Know your state's laws Kurt Nilson, a lawyer in Johnstown, Pa., has been keeping track of intestacy statutes as a hobby for decades and developed online calculators at heirbase.com where you can enter your family information to see what might happen if you die without a will.

If there is a surviving spouse and children, the surviving spouse gets 100% of the estate and the children get nothing in some states. In other states, the percentage split varies.

In Tennessee, for example, a surviving spouse with two or more children gets a third of the estate, with the rest split equally among the children. In Pennsylvania, if there are no children but a surviving parent, the surviving spouse gets the first $30,000, with the balance split 50%-50% with the parent.

The way people want to distribute their assets is often at odds with the law, a survey of 9,000 Americans conducted by two Yale law professors found. Nearly 30% of people who were married with children said they would prefer to leave their spouse nothing, co-author John Morley said.

Many would like to leave substantial assets to their live-in nonmarital partners. And many would prefer to give much less to parents than intestacy laws provide, and much more to siblings.

Store this in a secure place that's quickly accessible to you. Don't keep it in your wallet!

2. If possible, don't let your credit card out of your sight when you use it to pay for a store or restaurant purchase.

3. Don't carry your birth certificate or Social Security card in your wallet.

4. Install a locked mailbox to prevent mail theft. Call your credit card company or bank immediately if your statement doesn't show up on time.

5. When dining out, keep your purse or wallet secure. Leaving it on the table when you go to the salad bar is a no-no.

6. Use drive-through ATMs if possible. If you can't, use ATMs inside stores or in well-lit, well-trafficked areas. Never let anyone see you type in your personal identification number, and don't write it on your ATM card.

7. Shred preapproved credit card or loan applications, and those checks your credit card company mails you, before you throw them in the trash.

Continued on page 3

Make sure all your assets are covered Retirement accounts and life-insurance policies pass to whomever is listed on a beneficiary form. If you leave it blank and don't have a will, your state's intestacy laws will typically apply. Mr. Powers got a life-insurance payout because Ms. Lewis's policy listed him as the beneficiary, and her sons got her 401(k) with a big tax bill for the lump-sum distribution because she hadn't named a beneficiary on the account.

Mr. Powers, an endurance sports-car racer, went back to his Seattle lawyer, Kirsten Ambach, in February before a big event and got his will and other estate-planning documents done.

"I wouldn't want to put my son in the same shoes I was in," he said.

Any real estate or bank accounts listed only in the name of someone who dies without a will are distributed based on the state's intestacy rules. If you don't have a will and want to make sure a partner gets your house or bank account, use a transfer-on-death deed or a payable-on-death account, Ms. Ambach said.

Don't Delay It isn't just a lack of awareness that causes people to avoid making an estate plan, but the tough decisions amid complex family dynamics.

Prof. Morley's brother, Eric Morley, an insurance compliance manager in Bremerton, Wash., has been together for 12 years with a partner he considers a stepfather to his three children from an earlier marriage that ended in divorce. They have talked about writing wills, but have put it off, even though Prof. Morley explained the danger.

"We live assuming a high degree of risk if something were to happen to one of us," said Eric Morley, 45. "Who thinks they're going to die tomorrow?"

One nudge that can help people to get a will done is to focus on what feels right for the next three to five years, knowing a will can and should be updated as life happens.

"It says 'Last Will and Testament,' but I like to think of it more as a work in progress," Ms. Ambach said.

How Long to Double Your Money? A Simple Equation May Provide the Answer.

In a world in which the value of a dollar seems to shrink each day, wouldn't it be nice to have a quick, easy-to-understand rule of thumb that calculates the time needed to double your money?

Say hello to the Rule of 72. Even for investors who aren't particularly fond of math, it's hard to beat the Rule of 72 for its sheer simplicity.

Here's the formula:

Years to double your money =
72 ÷ assumed rate of return

Consider: You've got $10,000 to invest and you hope to earn 8% over time. Just divide 72 by 8—which equals 9. Now you know it'll take approximately 9 years to grow your $10,000 to $20,000.

LEARNING THE RULE OF 72 GIVES YOU A SIMPLE GUIDE FOR HOW LONG IT COULD TAKE TO GROW YOUR INVESTMENTS.

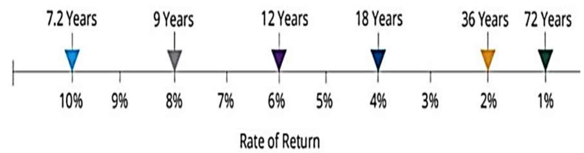
A lower assumed rate of return adds years to the timetable while a higher rate does the opposite.

Of course, the denominator in this simple equation represents an assumption about the rate you expect to earn. Your actual rate of return will likely vary significantly (unless you have a crystal ball!) since markets are unpredictable.

That said, if you're trying to decide whether to invest in stocks, bonds, or cash, you can use the Rule of 72 to see how long it could take to potentially double your money using historical returns (FIGURE 1 and FIGURE 2).

Along with using the Rule of 72, your financial professional can help you choose a mix of investments that potentially offer the best chance of meeting your investment goals.

Figure 1: Rule of 72 in Action: The Higher the Return, the Sooner Your Investment Could Double



For illustrative purposes only. The chart above represents a set of possible investment-doubling time periods resulting from a series of hypothetical rates of return. Each time period was derived by dividing the corresponding rate of return by 72. Source: Hartford Funds.

Figure 2: It's a Matter of Time: Some Asset Classes Have Longer to Double an Investment Than Others

Stocks vs. bonds vs. money-market funds vs. certificates of deposit (based on average rates over the past 25 years)

US Equities[1]	US Fixed Income[2]	CDs[3]	Money Markets[4]
7.64%	3.97%	2.16%	1.61%
9 years to double	18 years to double	33 years to double	45 years to double

1 US equities are represented by the S&P 500 Index, a market capitalization-weighted price index composed of 500 widely held commong stocks.

2 US fixed income is represented by the Bloomberg US Aggregate Bond Index, which is composed of securities from the Bloomberg Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index. Source: Hartford Funds.

3 Source: Bloomberg. CD rates are proxied by Bankrate.com's 12-month CD national average. CDs, like all deposit accounts, have FDIC insurance up to the $250,000 legal

4 Money markets are mutual-fund money markets using the US Fund Money Market–Taxable

Morningstar category.

Important Risks: Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. Indices are unmanaged and not available for investment. For illustrative purposes only.

Save Smart, Spend Smart: 10 Qualified 529 Expenses

One of the main advantages of a 529 plan is the ability to grow your education savings tax-free. Those tax benefits also apply once you begin withdrawing from the account as long as the funds are used towards eligible expenses.

Since earnings on non-qualified tax withdrawals are taxed as ordinary income and may also be subject to a 10% federal income tax penalty, the following list of qualified expenses can help you avoid paying unnecessary taxes and ensure you're using your hard-earned savings as efficiently as possible.

Park Place WEALTH ADVISORS, INC.

8. Check your bank statements as soon as you receive them, and order a copy of your credit report at least once a year. Check it over for signs of fraudulent activity.

9. If you live in a state that uses Social Security numbers on your driver's license, ask for a randomly assigned number.

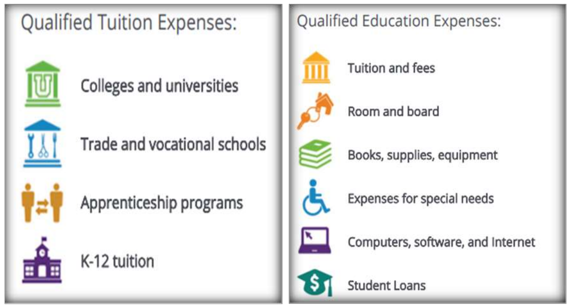
10. Don't give out your Social Security, credit card, or bank account number to anyone who calls you. Give them out only when you have initiated the call.

If you are concerned about a potential scam, call the local police. If your wallet or personal identification is stolen, don't wait. Minimize potential damage by calling the police and other parties such as your credit card companies, your bank, and the three major credit bureaus:

Experian
(888) 397-3742
Equifax
(800) 685-1111
Trans Union
(800) 680 - 7289

Ask each credit bureau to place a fraud alert on your credit report to alert creditors that your financial information is or may be compromised.

Park Place
WEALTH ADVISORS, INC.



1. Postsecondary education tuition – Regardless of the school your child chooses to attend, your 529 savings plan funds can be used toward tuition as long as the school is eligible for federal student aid (see Qualified Tuition Expenses below). The same is also true for graduate school and even some schools abroad.

2. Living on or off campus – As long as your child is enrolled in a degree or certificate-seeking program at least half time, room and board on campus is considered a qualified expense. For those living off campus, the cost of rent and utilities up to the school's allotment is considered qualified, but any amount above the allowance could be subject to taxes.

3. Groceries – If your child is living off campus, food expenses up to the cost of an on-campus dining plan can be covered by 529 funds, but the tax advantage only applies to necessities—not dining out or entertainment costs. It's best to confirm an exact figure with your child's school each year.

4. Academic fees – Additional fees such as technology or lab fees are qualified expenses. Activity fees for sports or organizations, however, aren't eligible.

5. Books and supplies – In addition to textbooks and class-specific materials, school and office supplies, such as notebooks, pens, pencils, etc., are also covered expenses.

6. Computers – If the school doesn't supply your student with a laptop or desktop computer, purchasing one on your own is considered a qualified expense. This benefit also extends to peripherals such as printers.

7. Specialized software – Educational or professional software required to complete coursework also qualifies. For example, design software would be eligible for a student completing a graphic-design degree.

8. Internet access – Internet access is a covered expense for students who live off campus. However, beware of bundling: cable and phone costs may not be covered.

9. K–12 schooling – You can use up to $10,000 of funds per student each year toward private or religious K–12 tuition in most states[1] (be sure to check if your state complies with this qualified expense).

10. Student-loan repayment and apprenticeships – In recent years, use of 529 funds has been expanded to include qualified student-loan repayments[2] (with a maximum lifetime limit of up to $10,000), as well as qualified apprenticeships and associated fees.[3]

1. If using a 529 plan for K–12, it can only be used for tuition up to $10,000 per year.
2. Can be used for student loan repayment for a maximum lifetime limit of up to $10,000
3. 529 plans can be used for apprenticeship programs registered and certified with the Secretary of Labor under the National Apprenticeship Act.

Your Home as a Source of Dollars in Retirement

If you own a home, you may be wealthier than you think. The equity in your home could be one of your largest assets, especially if your mortgage has been paid down over the years or paid off. This home equity can be a valuable source of extra income during your retirement years.

How Do You Tap Your Home Equity? There are two ways to tap your home equity if you're approaching retirement (or already retired) and don't want to make mortgage payments: You can trade down, or you can use a reverse mortgage. Trading down involves selling your present home and replacing it with a smaller, less expensive home. A reverse mortgage is a home mortgage in which the lender makes monthly payments to you, rather than you making monthly payments to the lender. Both of these strategies can give you substantial additional income during retirement.

Note: You could get money from your home by taking a home equity loan, where you place a regular mortgage on your home. But you must repay the home equity loan, with interest, like other regular home mortgages.

Trading Down Can Give You Increased Income
If your home is larger than you need, trading down to a smaller place may be a good way to increase your retirement income. The difference between the price that you receive for your present home and the cost of a smaller new home can be added to your retirement funds to provide you with additional investment income. The amount of cash that you can get by trading down depends on the value of your present home, the cost of purchasing a new home, and the incidental costs involved in the trade (e.g., brokerage commissions, legal fees, closing costs, and moving expenses). You should estimate these amounts to get some idea of the net amount that you will receive. To check the present value of your home, you should get an estimate of its selling price from two or three real estate agents. You should also get an estimate of the cost of your replacement home by shopping around for the type of home that you think you'll want.

Note: If you think that the tax consequences of trading down are a drawback, think again. You may be able to exclude from federal taxation up to $250,000 ($500,000 if you're married and file a joint return) of any resulting capital gain, regardless of your age. To qualify for this exclusion, you generally must have owned and used the home as your principal residence for a total of two out of the five years before the sale. An individual, or either spouse in a married couple, can generally use this exemption only once every two years. However, even if you don't meet these tests, a partial exemption may be available. (For sales and exchanges made after December 31, 2008, this homesale exclusion won't apply to the extent the gain is allocated to periods (not including any period before January 1, 2009) during which the property was not used as your, or your spouse's, principal residence.)

Trading Down Can Reduce Your Housing Costs
The other important financial benefit of trading down is that it reduces housing costs— often substantially. A smaller home usually means lower real estate taxes and smaller bills for heating, cooling, insurance, and maintenance costs. If your move is from a single-family house to a condominium, your costs will be reduced even more because outside painting, roof repair, landscaping,

 See disclaimer on final page

Park Place Wealth Advisors, Inc.

Daniel J Gannett
Jean C Gannett, CFP®

18 Orinda Way
Orinda, CA 94563
(925) 254-7766
(408) 733-0245
Fax (925) 258-0591

As always, we encourage investing with your goals in mind, keeping a reserve for emergency needs.

We are available for in person, phone or zoom reviews. Give the office a ring and we can discuss your investing goals and needs.

Content courtesy of

Wall Street Journal – The Confusing Fallout of Dying Without a Will

Hartford Funds – How Long to Double Your Money? A Simple Equation May Provide the Answer

Hartford Funds – Save Smart, Spend Smart: 10 Qualified 529 Expenses

Broadridge Investor Communications Solutions, Inc.—
How Can I Protect Myself Against Identity Theft?

Broadridge Investor Communications Solutions, Inc.—
Your Home as a Source of Dollars in Retirement

and similar costs disappear into lower monthly condo fees. You should carefully estimate the amount of the cost savings that you'll get from trading down. Compare the annual cost of maintaining your present home with the expected annual cost of maintaining your new home. Be sure to prorate expenses that do not occur regularly, such as indoor and outdoor painting and roof repairs.

But Trading Down May Have Disadvantages
Consider the possible drawbacks of trading down. For instance, you may not want to reduce your living space by moving to a smaller home. Or, you may not be able to find a smaller home as attractive as your present home. Another common problem with trading down occurs if you are strongly attached to your present home. You may not want to be uprooted from your home and the social network around it. Still, you may also be troubled by worries that afflict many older homeowners, such as rising property taxes, the threat of escalating insurance, and the unexpected cost of major repairs. You may decide that trading down is warranted to lighten these worries as well as your financial burden.

Note: If you sell your home at a gain and aren't eligible for the capital gain homesale exclusion, you'll have to pay federal income taxes on the difference between the selling price and your adjusted basis (the initial cost of your home, plus amounts you've paid for capital improvements, less any depreciation and casualty losses claimed for tax purposes) in the home.

A Reverse Mortgage Can Also Give You Increased Income If you are older and have substantial equity in your home, a reverse mortgage can give you a valuable supplemental source of retirement income. You can receive this income based on the equity that you have built up over the years in your home--without having to repay the reverse mortgage during your life. The amount of the monthly payment you receive from a reverse mortgage depends on four factors:

- Your age
- The amount of equity in your home
- The interest rate charged by the lender
- Closing costs

The older you are and the more the equity in your home, the larger your monthly payments will be. Also, a lower interest rate and lower closing costs will increase your payments.

Reverse Mortgage Lets You Keep Your Present Home For Life As discussed, you may not want to trade down for a variety of reasons, including attachment to your present home. With a reverse mortgage, you can increase your income and continue to live in your present home for life. The mortgage typically becomes due when you no longer live in the home.

When reverse mortgage payments last as long as you live in your home, the mortgage is known as a tenure reverse mortgage. You can get other types of reverse mortgages, including an annuity advance reverse mortgage. With the annuity mortgage, payments last as long as you live, regardless of whether you continue to live in your home.

But A Reverse Mortgage Is Not Without Drawbacks With a reverse mortgage, you must mortgage your home to the lender. Each payment that you receive from the lender increases the amount of principal and interest that you owe on the mortgage. Although the mortgage typically does not become due while you're still living in the home, the equity value of your home is reduced by each payment that you receive. This reduction in the equity value of your home may have a negative effect on your children's ultimate inheritance.

Note: If you face a retirement income shortage, this equity reduction may be preferable to a reduction in your standard of living. Also, in the rare case where the value of your home appreciates more rapidly than the mortgage loan increases, equity reduction does not occur.

A reverse mortgage may have other drawbacks, including:

- High up-front costs: The closing costs for a reverse mortgage normally exceed the closing costs for a conventional mortgage. This means that a reverse mortgage may not be cost effective if you plan to remain in your home for only a few years.
- No reduction in homeowner costs: Unlike trading down to a home with lower housing expenses, a reverse mortgage does not reduce your housing costs. Since you stay in your home, you still face real estate taxes, insurance, repairs, and other costs associated with the home.

Park Place
WEALTH ADVISORS, INC.