FIND A FINANCIAL ADVISOR WHO WORKS FOR YOU

3 FINANCIAL MUST-DOS FOR NEW PARENTS

KEY INVESTING CONSIDERATIONS ACROSS GENERATIONS
Welcome to Trust Point Investment Management Magazine. This publication is dedicated to our clients, our friends, individuals interested in the world of finance, and anyone who would like to learn more about Trust Point.

Trust Point is an independent, boutique trust and investment management company that serves a select group of individuals, families, and businesses in the Upper Midwest and around the country. We have tended faithfully to our clients’ needs for more than 100 years. We have grown exponentially during the past century. We recently achieved yet another growth milestone as we passed the $4 billion mark in assets under management. We are proud to say that we expect to open a third full-service office in Eau Claire in early 2018. The new facility will join our home office in La Crosse and our branch in Minneapolis.

We planned this magazine to offer valuable, educational financial content from the perspective of our staff, as well as entertaining lifestyle pieces. Consider this an invitation to explore our history, our client philosophy, and our corporate culture. It is an opportunity for you to find out what makes us tick and how we conduct business (what sets us apart).

Since our founding a century ago, we have operated by a simple philosophy: In doing what is best for our clients, we will be doing what is best for Trust Point.

That is not an empty slogan. It is embedded in our structure and our business practices. Trust Point is a completely independent institution. We are a fiduciary, which means we are held to a higher standard of integrity. We are strictly fee based. We do not sell insurance or any other products. We are not owned or controlled by a bank. We have no proprietary funds, no loads, and no shareholder pressure that would compete with the goal of doing what is best for our clients.

We hope you find value in Trust Point Investment Management Magazine. We also invite you to visit our website, trustpointinc.com.

Regards,

Kent C. Handel
President and CEO
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Turn your home into a vacation destination

REMODELING
10 renovations with big returns

PHILANTHROPY
Investing for a better world

TRUSTPOINTIN.COM
The owner of a small yard equipment and engine repair shop might seem like an odd fit as an inspirational speaker to a group of seasoned financial management professionals. But Trust Point President and CEO Kent Handel has a knack for finding relatable business lessons beyond the walls of his company’s La Crosse and Minneapolis offices. When Handel experienced a series of mechanical mishaps with a mower purchased from the husband-and-wife-run shop—which resulted in top-tier customer service and ultimately a new mower at no charge—he had to invite the owner in for a talk with the Trust Point team.

“This is the kind of service that we want to provide. We want people who are looking at customer relationships like that,” Handel explains. “These are the kinds of things that remind our staff of who we are and the things that we need to do.”

A company culture built around customer and community service—around honesty, integrity and simply doing the right thing—is what Handel and his 75 colleagues live and breathe every day.

A shared commitment to clients and community is at the core of Trust Point’s daily work by Jake Weyer
Arsenault says. “The idea that it’s not a star manager culture here, managing their own money,” Arsenault says. “I think I have the time, the expertise or the interest in complex and the reality is that most people don’t. The investment world in general is increasingly commoditized by the industry and we approach it from much more of a service angle,” Munz says.

“What can we do to make that client experience a positive one? How would we want to be treated if we were that client?”

Quality interactions, attention to detail, and focusing on the little things are hallmarks of the Trust Point customer experience, he says. Trust Point Relationship Manager Janet Bahr says half of her client relationships have spanned her 22-year career with the company, to the point where she’s practically an extension of family. That, in turn, allows her to watch pets for clients in a pinch to helping out with household problems to attending family functions. The Trust Point team has done it all.

“It’s really helpful to be able to reach out and connect with those clients and to be able to show them that we are here for them and have their best interests at heart,” Bahr says.

Joan McArthur has been a Trust Point client since 2000, when her attorney referred her to Stuart. She felt at ease, noting that the staff was easy to relate to and always responsive and accommodating.

“I have become much more knowledgeable and confident about my investments because of their guidance,” McArthur says. Her advisors continue to make her feel comfortable and are eager to meet with her on matters large and small. Handel says that level of caring and commitment is genuine, and it permeates the team. “Without exception in this company, these people are unbelievably high quality individuals,” Handel says of his team. “Their ethics are unquestionable, their loyalty to the company is unshakable, and their loyalty to our clients is number one.”

Brenda Stuhr
Vice President, Wealth Management
Background
Brenda Stuhr is a lifelong La Crosse resident who essentially grew up in the world of finance with Trust Point. She has worked in numerous roles at the company during her 22-year tenure, including internal auditor, which gave her great insight into every area of the company.

Today, Stuhr juggles multiple duties, from managing investments for high net-worth individuals and families to investment advising for nonprofit clients. She also oversees training and development for support staff and trust administrators.

Motivators
“I am a CPA by background, I like the analytics, I like number crunching, but I also like working with people. So there’s not a better job to do both of those things.” Stuhr helps people during some of the most important and trying times of their lives, such as managing an estate following a family member’s death. She says she takes great pride in being able to confidently help clients navigate those challenges.

Why she works at Trust Point
“We have incredible staff that have all of the credentials that you could find under one roof of any trust company or trust department within a bank. I think what truly sets us apart is that we’re all on the same side of the table. As a staff we work together and are able to use our combined knowledge to best serve our clients.”
A Culture of Caring

Blake Barnes
RELATIONSHIP MANAGER

BACKGROUND
Blake Barnes is another La Crosse native, who lived in Minneapolis briefly while working as a tax accountant at a public accounting firm. A couple of years ago he seized an opportunity to return home and put his legal background to use at Trust Point. Barnes helped personal trust clients with estate trust administration and investment management. He also uses his knowledge as an attorney to assist Trust Point with legal research and support. Barnes is putting down roots in his hometown, and he and his wife are expecting their first child this year.

MOTIVATORS
Barnes, like his colleagues, is driven to use his expertise to help others with the often-daunting challenges of financial management. That makes the job rewarding every day, he says.

WHY HE WORKS AT TRUST POINT
The people, both clients and colleagues, make Trust Point the right fit for Barnes. The community-minded nature of the team is also a factor. “I think it makes a huge difference both internally and externally. If I need to reach out to someone in the community, chances are, there’s someone in this building that knows them,” Barnes says. “Then in the community, it lets our clients know a little bit about who we are and what we believe in.”

GIVING BACK
All Trust Point employees are encouraged to actively participate in organizations outside of the financial realm. From school boards to nonprofit organizations to youth activities, just about every employee can rattle off multiple affiliations.

The company will get involved in larger initiatives, as well. For example, last year it donated a new car to a deserving high school student in need of transportation. On the horizon, Trust Point is planning to adopt a school to assist with supplies.

Taking another step to enhance its community contributions, Trust Point began a “pay it forward” program in the last year that provides $200 to a random employee each month for use in helping an individual or group, non-clients included. It needs to be more than a simple charitable donation, Handel says, and the effort needs to be shared with the company upon completion.

“Why we’re focused on is doing the right thing and doing it in an atmosphere where people want to do it, not because they have to do it,” Handel says. “It’s not that kind of company. If we could do away with titles here, we’d do it. We have this marvelous culture here of our staff doing great things for each other.”

Avoiding Emotional Investing

Investors should be careful not to let headlines sway their investing decisions

WITH THE STOCK MARKET NEAR ALL-TIME HIGHS and the potential for continued growth on the horizon, it’s easy to put the idea of a bear market in the back of your mind. The challenge is no one can predict when significant pullbacks will strike, but periods of rising stock prices are inevitably followed by periods of falling prices. This is just how the markets work.

Does this mean that you need to determine the moment the market peaks or be prepared to pull the plug on your long-term investment strategy? Absolutely not. As long-term investors, it is more important to understand the emotional and psychological side of investing, along with the tendencies and cyclicality of investment markets.

Jyrandy Van Rooyen
CFA®, Vice President, Investments

Emotional Investing

Business owners and investment professionals should be careful not to let headlines sway their investments.

Core Values

A Culture of Caring continued

a client’s apple orchard. But it’s not just perks that keep things humming; it’s a selfless attitude that permeates the company. Handel says Trust Point hires for attitude and fit more than anything. “This is not a hero company where we have a couple of heroes and everybody else serves them,” Handel says. “It’s not that kind of company. If we could do away with titles here, we’d do it. We have this marvelous culture here of our staff doing great things for each other.”

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“What we’re focused on is doing the right thing and doing it in an atmosphere where people want to do it, not because they have to do it,” Handel says. “I don’t remember the last time I told someone to do something, and I’m immensely proud of that.”

Blake Barnes
often spends time with his 12-year-old “little” through Big Brothers.
As much as investors try, it can be challenging to remain rational in the investment decision-making process. Emotions and psychological influences can often cause havoc even for the most rational and level-headed investors. Numerous studies by research firms and academia seek to quantify how much irrational behavior affects investor investment returns. The chart on the right provides one such study that illustrates several asset classes and diversified portfolio returns, along with what the typical investor has experienced over the last 20 years. To help in challenging times, it’s best to understand the types of errors investors can make and understand your long-term investment strategy. Much of investment and economic theory is based on the premise that individuals behave in a rational manner. But research has found that investors don’t always make rational decisions when facing short-term conditions. Here are a few of the more common mistakes investors make:

**Herd Bias**
As humans, we tend to “go with the crowd.” The inherent benefits for going with the masses are fulfilling the desire for acceptance, providing a high level of comfort and confirmation of our investment decisions. Socially, conforming to the norm is simple and in many ways expected. However, when it comes to investing, following the “herd” is what pushes markets to extremes, both during run-ups and pullbacks. It is challenging to be a lonely contrarian or move against the crowd, but this is where significant profits are made by investors over the long-term.

**Short-term Focus**
Our conversations with investors tend to focus on long-term goals, as they should. Investment strategies are built for longevity. In spite of this, investors often exhibit very short-term behavior, like the desire to make frequent trades or overreacting to short-term market volatility. Given our world of instant access to information, the accelerating media cycle and persuasive headlines, the temptation exists for investors to get caught up in the frenzy. Periodic review of an investment portfolio is necessary, but so is resisting the temptation to behave as if their time horizon were far shorter than it truly is.

**Anchoring Effect**
Also known as a “relativity trap,” the anchoring effect is the tendency for investors to compare their current situation within the scope of their own limited experience. When we buy a mutual fund and it goes up, we remember that well and become anchored to the fund or emotionally attached. Conversely, if we buy a mutual fund and it goes down, we tend to dislike that fund even if the fund was simply bought and sold at an inopportune time. The fund might be one of the best long-term risk-adjusted performers, but the experience was negative, so we might end up avoiding it. This behavior leads to performance-chasing over time. All of these investor pitfalls, and others, lead to long-term lower investment returns. Does all this seem difficult and complicated? Professional investment managers and advisors can help in the form of developing deliberate, specific investment strategies.

**The Long Haul**
Here’s a look at some of the top 20-year annualized returns by asset class (1995-2014).

**Spreading assets across a range of investment types is a smart long-term strategy.**

**Short-Term Focus**
Probability of losing money in the market 1993-2012.

Considering the probability of losing money daily, one might avoid the markets. But recognizing that the market is typically down one year out of five might change that perspective.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Probability of Losing Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>46%</td>
</tr>
<tr>
<td>Weekly</td>
<td>36%</td>
</tr>
<tr>
<td>Monthly</td>
<td>31%</td>
</tr>
<tr>
<td>Annually</td>
<td>20%</td>
</tr>
</tbody>
</table>

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. (Source: Morningstar 2013)

**When it comes to investing, following the “herd” is what pushes markets to extremes.”**
Finance for Families

Trust Point’s Family Office provides financial advisement across generations

IF YOU ARE LIKE MOST PEOPLE, when you began to grow your wealth you likely managed it yourself with a few key advisors added as needed. You might have started with a CPA for tax filing, maybe you added an investment advisor as assets grew. As your family grew, you connected with an attorney to draft a will and estate plan. If you own a business, some of these key players were likely located within the business or assisted you on the business side as well.

Now you are likely looking at the next generation, wondering how best to preserve the assets and advise them of the complexities. The demands of managing your wealth alongside the everyday routine tasks can become complicated and will require unique solutions.

AVOID THE OVERHEAD

You could choose to start a family office of your own, but starting your own family office comes with costs. Determining technology, staffing and facilities, just to name a few. The Trust Point Family Office offers the convenience of a dedicated team of experts focused on understanding and caring for your family’s needs without the pricey overhead.

GET SOPHISTICATED, PERSONALIZED SOLUTIONS

Your family is like none other, so you shouldn’t settle for a cookie-cutter plan. The Family Office will take time to learn about your needs, goals, challenges, opportunities, and concerns. We provide a customized solution with ongoing and proactive communication at the highest level of service to provide your family with the financial confidence you deserve, without compromising your privacy. At Trust Point, our clients rely on our experience and expertise to assist the most distinctive clients.

BUILD A RELATIONSHIP

In our Family Office, the focus extends well beyond the family’s financial needs. We believe a strong relationship is built on trust and personal service allows for consultation and advice beyond finances. Our team develops an in-depth knowledge of your family’s goals, challenges, and vision. We typically work with many, if not all, family members so we understand the dynamics and become a resource for other areas.

NEXT GENERATION EDUCATION

Education is typically a priority, especially with multiple generations. The Family Office could be in part, or solely responsible for the coordination of education on such topics as generational coaching, governance, shareholder education, succession planning, legacy education, leadership education, and more.

Each family is unique, and the services needed vary. When making a decision about your family’s wealth management needs, considering all of your available options will lead you to the best result.

SAVE TIME

Our Family Office will proactively administer and monitor your strategies and plans to free you from the time it takes to manage multigenerational wealth. After understanding your family’s complexities and goals, we will take on the burden of managing and overseeing your financial matters.

Fiduciary

Rule change raises considerations for financial advisor relationships

Financial advisor fees do matter, and that is a big reason why the recent establishment of the Department of Labor (DOL) Fiduciary Rule is so significant. Though it does not change the way we do business at Trust Point, it will impact other advisors, and investors should be aware of the implications.

The first phase of the ruling elevated all retirement-investment advisors to the level of fiduciary. This obligates a greater number of these advisors to put their clients’ interests ahead of their own. The new rule has the greatest impact on advisors who charge commissions based on products sold. Previously, they only had to follow a less strict “suitability” standard. This allowed the advisor to be compensated with commissions, referral fees, or kickbacks when products were sold that were suitable for the client, even if there were less expensive options available. These advisors didn’t necessarily do well if you do well; they do well if you take action.

The new regulation does not ban retirement-investment vehicles or business models that are often associated with the sorts of abuses that led the DOL to tighten controls. The higher-fee products can still be sold to investors; however, advisors will need to show how clients’ interests are being put first. Therefore, “buyer beware” still applies as much as ever when you seek investment advice from many financial or insurance firms.

At Trust Point, we have been a fiduciary since we opened our doors in 1913. Our fees have always been based on a percentage of the assets you have managed with us—as commissions, no referral fees, and no conflicting investment advice. Our philosophy has always been based on a percentage of the assets you have managed with us—we do not manufacture or sell financial products (annuities, insurance, proprietary mutual funds, etc.), but provide tailored wealth-related advice that meets the highest standards of objectivity, ethics and transparency. 

As of the publication date, the U.S. Office of Management and Budget has approved a DOL Fiduciary Rule Delay until July 2019. The final rule could be altered in some capacity.

We believe a strong relationship is built on trust...

Always Fiduciary

By Christine Schmidt
CFP®, Vice President, Minneapolis

By Ryan Bergan
Portfolio Manager

Asking the Right Questions

1. What fees and expenses will I be charged?
2. Do you make more money if I buy some investments instead of others?
3. Will you monitor my investments and make recommendations about changing my investments?
4. Will you acknowledge in writing that you are a fiduciary, only making investment recommendations that are in my best interest?
5. Do you have proprietary products that you are required to sell?
THE SAFETY OF YOUR INVESTMENTS

With cyber threats on the rise, it’s more important than ever for financial institutions and investors to protect assets.

Individuals and businesses in the U.S. reported a record high number of data breaches in 2016, and that trend is likely to continue. Totals surpassed the 2015 all-time high number by 40 percent, according to the 2016 Identity Theft Resource Center Data Breach Report.

The nearly 1,100 cybersecurity incidents reported, 45 percent occurred within the business sector of the economy. Hacking, skimming, and phishing caused 55 percent of the breaches and cost Americans billions of dollars in damages (figure 1). By 2019, the global cost of cybercrime is estimated to reach $10 trillion.

Online criminals attack without discrimination; anyone with an online presence is vulnerable. The concern spans all age demographics with over 80 percent of individuals concerned about cybersecurity and the protection of financial assets, according to a recent investor survey from financial data and software company FactSet and market research and strategy consulting firm Scorpio Partnership (figure 2).

“Online criminals attack without discrimination; anyone with an online presence is vulnerable.”

Research and advisory company Gartner, Inc., forecasted that this year alone, organizations will spend up to $80 billion to protect against the exposure of health care, personal, and financial data. Financial institutions, as well as individuals, must take proper steps to safeguard financial information from online attacks. Organizations should provide multiple layers of security, and individuals should take great care to protect personal information.

Investors should inquire about what safety precautions their financial services institution takes to protect client assets.

To provide clients with peace of mind, Trust Point utilizes several methods of protecting client information, including internal and external audits, internal access restrictions, and multi-factor authentication procedures.

The first method of safety includes not one, but three separate audits. To protect against insider theft or fraud, or to discover any online breach that may otherwise go undetected, Trust Point employs dedicated individuals to continuously audit accounts. In addition to this ongoing internal audit, there are two external audits: one conducted by the State of Wisconsin every 18 months, and a second audit performed on an annual basis by an independent third party auditor commissioned by Trust Point. Regular audits of client accounts provide one level of safety. In addition, Trust Point grants employees only limited access to internal systems based upon the information needed to perform their specific job function. Access to information is restricted by geographic location and department. In addition, Trust Point restricts access to removable media such as USB keys and external hard drives.

The third method of safety is the use of multi-factor authenticated authentication for online access. Clients viewing account information online must complete several steps of verification to access online accounts. Once permitted access, clients may only view account information and cannot make any changes to the account. This multi-factor authentication adds additional hurdles for any cyber criminals attempting to access financial data.

Although Trust Point and other investment firms implement safety measures to protect from cybercrime, each individual investor has an inherent level of personal responsibility to protect his or her online accounts. The Federal Trade Commission website, ftc.gov, offers some helpful tips to secure online information in its “Tips & Advice” section. Through the evolution of technology, investors can now conveniently monitor accounts, communicate more effectively, and access educational opportunities like never before. Such benefits will make it almost impossible to avoid the online world.

Considering the rapid increase in cyber attacks in the recent past and the level of concern felt by investors, individuals should proactively inquire about the safeguards used by their financial institutions, and should also practice caution when it comes to personal and financial information.

By Julie Westbrook, Regional Account Executive

© 2016 Identity Theft Resource Center Data Breach Report
© FactSet/Scorpio Partnership

Figure 1: Percentage of overall breaches across industry sectors

Figure 2: Investor thoughts on asset protection

What role should regulators play in policing the wealth-management industry?

Make sure firms prove their expertise to investors. Make sure firms can guide the investment process.

Make sure firms have secure technology that can keep my money safe. Make sure firms have secure investment processes.

Make sure firms have clear communication of products and services. Make sure firms match my objectives.
Parents often ask me when they should begin discussing money and finances with their children. My first thought is early and often. My first lessons around money came from my mother telling me to put the money I earned into the “money jar.” As young farm kids, my mother gave each of us a jelly jar with our name on it. Any money earned from babysitting, bean walking, bailing straw, or any other job was to be placed in the jar. Then every so often my mother took it to the bank and it was deposited in our savings account. It was satisfying to check our balances and see how much our money grew over time. We all had jobs as kids and while I did not realize it at the time, these were lessons in finance that I would carry with me forever.

I share this because many of the money skills we have are from the experiences we had with money as children and even today studies have shown that our parents are the greatest influencers of our money habits.

Start Small
It is important to understand that having even basic financial discussions (paying the bills, making a purchase) in the presence of children is beginning the money talk. The next step involves more direct conversations and questions and those can start as soon as children are old enough to count or ask how much something costs.

For many of us, the first lessons around money are often memories with family. When asked, most people
can recall the first thing they saved for and purchased and how it made them feel, or when they purchased something very specific for someone else using their own money. From those first experiences we build our money habits and most times can recall a lesson learned from the experience.

When I was in grade school my older brother decided to grow popcorn for a Future Farmers of America (FFA) project and planted a few acres. My initial thought was this would be great because everyone loves popcorn, but as it grew I realized the work that was to come. It became a fall and winter project for the entire family. We harvested it by hand as “we” wanted to get the best yield for my brother’s project, as I was told. The money earned was divided among all of us and placed in our money jars. Little did I know this was profit sharing and we would continue to raise popcorn and go through this same ritual for several more years.

Any parent should ask themselves the following:

- What are the values you have around money and how have you demonstrated or shared those with your family?
- Have you talked about a need versus a want and how to determine each?
- Have your children had the opportunity to earn their own money?

Understanding Tendencies
The concern a client has around their children’s financial well-being and in some cases their spouse after they are deceased or if they become incapacitated also needs to be addressed. The first step is understanding the concern. Have they previously demonstrated poor decision making and has the parent or spouse had to bail them out? How did those conversations go?

I will ask clients to share their concerns and tell me what money habits the children are displaying. Are there addiction issues or other influences impacting their judgment? Do they have a spender or a saver? We all know and can likely look at our own families and identify who falls into each category. I look at my own children who are 5, 11 and 13 and can tell already that I have two savers and a spender. It is also important to identify that in ourselves. I am a saver. While those labels are tendencies, they demonstrate a relationship to money we can better have the stock market to have good habits and be good stewards of our finances. In most cases, they just need to know the right questions to ask and have someone with answers to help them make good decisions. It is never too early to begin the money talk. Sharing your family values and giving children the opportunity to test their skills at an early age helps them gain confidence and experience.

Building a Budget
When working with a family or individual we can explain a basic budget and build one for a month based on the spending habits of the individual. An exercise I ask my clients to do and have done with their children is to take a current bank statement and create a simple cash flow to obtain an understanding of their view of money as well as their spending habits and determine an appropriate budget.

This schedule is for older kids or adults and begins by discussing what they did in the month with their money. While the categories may change, the exercise is the same and begins a dialog on their view of money.

This same exercise can be done with younger children who receive an allowance. With children it might be more of a physical counting of the money into separate jars as the money is received, to allocate the dollars between saving, spending and charity. The idea is to encourage a discussion about what they earned, what they will spend or share, and the amounts in each jar.

The most important part of the discussion is the “why.” For some adults it might be needs versus wants and for children it might be that their parents told them to. The why is important because our view of money is emotional and the way we all deal with money is based on how it was demonstrated to us in personal experiences or life lessons. Once we understand a person’s relationship to money we can better have the money talk and determine what steps are needed to help the child or spouse deal with their future role.

Our loved ones do not have to be math geniuses or love the stock market to have good money habits and be good stewards of their finances. In most cases, they just need to know the right questions to ask and have someone with answers to help them make good decisions.

Books To Help Begin The Money Talk With Your Children:
- Pradigal Sons and Material Girls: How Not To Be Your Child’s ATM by Nathan Dunigan
- Raising Financially Fit Kids by Joline Godfrey
- Silver Spoon Kids: How Successful Parents Raise Responsible Children by Eileen Gallo
Throughout our lifetime, we work hard. We know the endgame is living the retirement of our dreams. Yet when we begin our professional careers sometime in our 20s, it can be hard to see that far out or have a sense of urgency about saving. Retirement is 40 or more years away; there’s plenty of time to prepare, right?
The truth is that to make that retirement dream a reality, early planning and steadfast financial management are essential.

Retirement is covert
The years pass quickly and retirement sneaks up on us. We need to be ready to turn and face it. Yet, for whatever reason, half of households age 55 or older are not ready. Plus, the retirement landscape has changed throughout the years, which means that our decisions have greater impact than ever before. Why?

1. Social Security is not the answer. Our Social Security system is at risk since the number of people paying into the system is much smaller than those receiving benefits. Even if it were a guarantee, Social Security is only expected to replace 25–34 percent of income for most Americans, but they are few and far between today. Now, we are in the driver’s seat of our own retirement, though vehicles like 401(k)s help.

2. People are living longer. According to the Social Security Administration, we can plan on the probability of living 30–plus years in retirement, which means we need our retirement savings to be significant enough to last longer.

3. Older Americans experience a higher degree of inflation. Retirees are significant users of healthcare, which increases, on average, at a rate much greater than the average rate of inflation.

4. The responsibility to save is up to us. Pensions used to be the key source of income for most Americans, but they are few and far between today. Now, we are in the driver’s seat of our own retirement, though vehicles like 401(k)s help.

How much do you need in retirement?
Most retirement planners agree that you will need at least 70 to 85 percent of your current annual household income in retirement. To get there, it’s estimated we need eight to 10 times our ending salary to be financially secure by age 67. There are checkpoints along the way (see below).

How can you get there?
There are a number of ways people can boost their retirement savings—no matter what their age. Here are a few ideas:

1. Contribute as soon as you are able. When we contribute matters as much, if not more, than how much we contribute. For example, if someone contributes $100 per month from age 22 to 65 and earns an 8 percent return on their investments, they would have $412,436 at retirement. Waiting just five years to start contributing means having $172,000 less at retirement.

2. Contribute as much as possible. Experts agree that we should contribute between 10 to 15 percent of our salaries to a retirement savings vehicle. Some experts even say 20 percent. The idea is to start wherever you can and work your way up.

3. Maximize the company match. If your company offers a match, contribute at least the minimum amount needed to get the full company match.

4. Increase your deferrals annually. Pump up your contribution rate each year by increasing it by one to two percent. The best time to do so is when you get a wage increase or pay off a loan. That way, you won’t feel the impact on your paycheck as much.

5. "Catch up" if necessary. In 2017, the government allows people under age 50 to contribute 100 percent of their salary up to $18,000 to their 401(k)s. Those age 50 and older are able to contribute 100 percent of their salary up to $24,000.

6. Consider Roth 401(k) contributions. Roth 401(k)s allow you to pay taxes on your contributions up front and then collect everything you contributed and everything it grew into as tax free upon retirement. You also have the option to do a pre-tax or traditional 401(k), which gives you a tax break as you contribute, but all dollars you withdraw at retirement are taxable. Remember, if your company offers a match or profit-sharing contribution, those monies will always be in a pretax 401(k).

7. Take the appropriate investment risk. If we are invested appropriately and for the long haul, we can expect to achieve an eight to 10 percent return on our investment over time.

8. Let it go and let it grow. Above all, we want to remain faithful to our investments. It seems counterintuitive to think about leaving our money in investments that are declining, but the truth is that we are better off financially in doing so.

Walk in step with retirement
Keep your eyes on your covert friend, retirement. It’s been said that the single biggest mistake investors make is not running a retirement calculator. TrustPoint’s retirement calculator allows you to calculate the potential retirement savings for you and/or for you and your spouse combined. Features include allowing you to estimate how much money you’ll need in retirement, your rate of return during and after retirement, your retirement savings and contributions, your company match, and more. To use the retirement calculator, log in to your account at TrustPointInc.com and choose “Plan” from the toolbar at the top of your account dashboard.
Maximize Your Return on Charitable Giving

Donating to charities helps support causes you believe in and reduce your tax burden.

Contribution Type & AGI Limitations

Current year deductibility can differ for cash vs. stock gifts based on differing adjusted gross income (AGI) limitations. The examples below assume an AGI of $87,000.

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<th>Contribution Type &amp; AGI Limitations</th>
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Let’s take a closer look at what effect a charitable contribution has on your tax liability. If you are in the 25 percent tax bracket and make a $200 cash gift to a charitable organization, your tax liability is reduced by $50 (allowable charitable gift multiplied by marginal tax rate). There are limits to the amount you are able to use as a charitable itemized deduction in a given tax year. The limit is 50 percent of adjusted gross income (AGI) for cash contributions and 30 percent of AGI for charitable gifts made in-kind with appreciated stock. The amount that is able to be used as a charitable gift is deemed the “allowable charitable gift” in the above calculation. Any charitable gift that is limited in a current year may be carried forward five years to be used to offset future taxable income. The chart above walks through an example of a $50,000 cash gift versus a stock gift and the impact of AGI limitations.

There are benefits to making larger charitable gifts with appreciated stock rather than selling the stock and then using the sale proceeds to make a cash gift. If you sell the stock, the difference between what you purchased the stock at—cost basis—and what you sell the stock at is realized gain. Capital gains tax must be paid on the realized gain in the tax year incurred, reducing (and possibly eliminating) any tax benefit for the charitable gift. Instead, stock can be gifted directly to the charity with no gain recognized. As a result, the amount of the charitable gift is the fair market value of the stock on the date the charitable organization takes possession.

It is the responsibility of the taxpayer to retain proper documentation for charitable gifts used as itemized deductions. For contributions by cash or check, a bank record (such as a copy of the cleared check) or written communication from the organization containing the name of the organization, the amount, and the date of the contribution must be maintained. Further, if the contribution made is in excess of $75 and goods or services are received in exchange for the contribution, a written disclosure statement from the organization must be received and maintained by the donor. Disclosure statements outline the gift details and provide a good-faith estimate of the fair market value of the goods or services received.

For cash or check contributions greater than $250 or in-kind stock gifts, the taxpayer must retain written acknowledgment from the charitable organization indicating the name of the organization, the amount of the contribution, and the date of the contribution. If goods or services are received in exchange for the gift, the additional disclosures would apply. Charitable giving makes us feel good and helps to support causes important to us. Trust Point can assist to ensure that you are fully utilizing and properly documenting the gifts for tax savings that might also result.

Are you eligible for tax-free charitable IRA distributions?

Contact your IRA provider to request a tax-free charitable distribution.

Contact Trust Point to discuss establishing a philanthropic conduit IRA.

Contact Trust Point about a lump-sum rollover of an employer-sponsored plan to establish a tax-free IRA rollover.

Contact your CPA, CTFA, Vice President, Wealth Management, Brenda Stuhr, for a tax-free charitable IRA distribution.

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Understanding Annuities

When considering annuities, the investor should first learn and understand the costs. There are multiple layers to the cost structure of annuities that can include commission, annual expenses, surrender charges, and tax implications. In addition to financial costs, there are also opportunity costs associated with the impact on beneficiaries after death. Annuities are products that are most often sold by insurance companies and often have high commission charges. These commissions may be as high as 10 percent of the original investment. Additional annual expenses known as M&E fees (mortality and expense) or administrative fees are also included. These annual expenses, which are often combined with riders, can equal between 2–3 percent annually. The additional rider charges are often necessary expenses so that the investor can receive guaranteed payouts, principal protection, and/or increased payouts.

Annuities also have surrender periods and corresponding surrender charges. Typically these surrender periods are between five and seven years, but can be longer. The surrender charge is often reduced the further a surrender period extends. However, most annuities will allow the investor to draw up to 10 percent annually without paying surrender charges. If the owner needs to take a larger distribution during this period, they may be obligated to pay the corresponding surrender charge as well as potential tax liabilities.

Taxes and Penalties

Taxes and early distribution penalties are additional costs associated with annuities. Annuities are tax-deferred but the earnings will be taxed as ordinary income and not at more favorable long-term capital gain tax rates. When an annuity is held within an IRA, distributions from the IRA are fully taxable as ordinary income.

In addition to the higher tax rates on the investment earnings, annuity beneficiaries will miss out on the step-up in cost basis at
death. Therefore any gains in the annuity will require the beneficiaries to pay taxes in order to receive the inherited portion of the account. Lastly, for distributions from annuities prior to age 59 1/2, there is a 10 percent early withdrawal penalty, even if the annuities are held within an IRA. Investors will want to be sure to contact their tax specialist when considering distribution strategies with annuities.

In a recent real-life client situation, an elderly married couple used Trust Point’s expertise to save thousands of dollars in taxes. The couple each had a $30,000 tax-deferred annuity that they were not taking distributions from. Their daughters, who were listed as the annuity beneficiaries, were in the highest income tax bracket. The couple waited to distribute, the federal income tax liability to their daughters would have been thousands of dollars since there is no step-up in basis at death for an annuity.

**Tax Benefits**

Tax-deferred accounts holding mutual funds enjoy the benefits of tax deferral until age 70 1/2, when required minimum distributions must begin. This includes all income and capital gains that are reinvested within the fund. Additionally, all trades and sales within these accounts are given preferential tax treatment by not paying taxes on gains.

Taxable investment accounts are held to a different set of tax rules. Income and capital gains must be reported on the account owner’s individual or joint tax return. But capital gains are taxed at significantly lower tax rates than ordinary income. For example, ordinary income can range from 10 percent to 39.6 percent. Taxes on long-term capital gains range from 0 percent to a maximum of 20 percent. These tax rates do not include the 3.8 percent net investment income tax which may apply.

**Mutual Funds**

Mutual funds are cost effective and important pieces of a properly diversified portfolio. They are appropriate for both tax-deferred accounts, such as an IRA or 401(k) and taxable investment accounts.

Fees associated with mutual funds should always be an important consideration. This includes the investment management fees and portfolio expenses—the fees charged by mutual funds to invest with them. Trust Point’s internal expense ratio of a diversified portfolio is approximately 1/3 of the annual expenses of an annuity.

**Making Sense of Mutual Funds**

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Key financial considerations for Millennials, Generation X and Baby Boomers

ACH GENERATION HAS ITS OWN DISTINCT SET of financial planning issues, money-related challenges to overcome, and dreams to fulfill. But whether you are age 35 or 65, it’s important to look at financial issues you should consider for that time in your life. Many of these issues are ongoing, but their focus tends to increase or decrease depending on the stage of life.

For Millennials, America’s largest generation defined as those born after the early 1980s, starting a family, living month to month, paying student loans, and buying a house can be financially challenging issues.

For Generation Xers, the generation ages 35 to 54; there are many other issues in addition to saving for retirement such as weddings, children’s college education, and possible funding for a new business opportunity.

For Baby Boomers, the generation born between 1946 and 1964, most issues revolve around a financially secure retirement, estate planning, helping care for aging parents, and living off the nest egg.

As we grow older, the waist measurement probably will change while financial goals and priorities definitely will. Taking time to meet with your Trust Point advisor to review your financial picture at different stages in life can be a valuable opportunity to revisit broader long-term goals, which are constantly changing. Below are checklists of financial issues and ideas to consider according to the different stages of life for each generation.

**MILLENNIALS**

Young, computer savvy, starting a career, thinking about a family, and broke.

1. Pay yourself first by contributing to your 401(k) at work, at least up to the company match. Designate a beneficiary, usually your spouse.

2. Begin an emergency fund with a goal of liquid savings of up to 3-4 months living expenses. Save early and often.

3. Get a better handle on your personal finances by making a budget. Manage debts by taking advantage of tax-deductible interest rather than credit cards.

4. If you have children, get a low-cost term life insurance policy and take advantage of company-provided life insurance benefits.

5. Do some investing research. Invest through dollar-cost averaging or auto mutual fund deposits.

6. Buy a house and start building equity, but don’t “stress” the budget by overspending on mortgage payments.

7. Create a safety net for your family by participating in company health care benefits.

8. Draft a basic will that includes naming a guardian for any children.
Making Major Decisions for Minors

Key financial planning considerations for parents

H aving a child often motivates individuals to think about estate and financial planning. You are suddenly responsible for the well-being of another person and in a span of a few seconds, your mind may go from, “Do we have enough diapers for the week?” to “Will I be able to help my child with college?” Try thinking about your family’s financial security in three categories: estate planning, budgeting, and savings.

Budge ting

As your family size increases, so does your spending. If your version of budgeting is periodically glancing at your online bank statement, as mine used to be, it is a good time to take a closer look at your finances.

Start tracking your income versus spending in a way that is most intuitive for you, whether that is through a budgeting “app” or pencil and paper.

Childcare is often among a family’s largest expenses. Be sure to check with your employer to see if it offers a “Flexible Spending Account” or FSA, which will allow you to set aside pre-tax dollars, up to $5,000 per household, to be used for qualified childcare expenses.

It is a good idea to have some money set aside for unexpected expenses. You will commonly see advice on saving enough money to cover anywhere from 3-12 months worth of expenses. That range is significant and is not feasible for everyone. My advice is to do what you can, even if that is starting with setting aside $50 per paycheck. Take advantage of any Health Savings Account (HSA) benefits through your employer as well.

Estate Planning

In addition to directing where assets go, a will or revocable trust allows parents of minor children to do essential planning.

Perhaps the most critical reason for parents of minor children to implement a will or trust is to nominate a guardian—the person(s) responsible for a child’s care should both parents predecease their children. While this decision is difficult, consider someone who has a lifestyle conducive to being a parent, and with whom your children are comfortable.

Through estate planning, you can also determine how the money you leave for your child will be spent. Creating a trust for your children within your planning document allows you to decide who would be in charge of investing and spending the nest egg.

At Trust Point, we are aware of the financial issues that can arise for each generation. Our clients are spread across most of the United States and span all generations, including seniors, Baby Boomers, Generation Xers, Millennials, and younger. Our goal is to provide unbiased financial advice to assist our clients regarding any long-term issue that might arise during their lifetime.

We also commonly work well as a team with other non-Trust Point advisors on more complicated and sophisticated planning strategies for our clients. Our best advice is to start the conversation early to make the most of your investments and reach your financial goals.
Defensive Balance and a Solid Game Plan Are the Keys to Investment Victory

Just as in football, offensive and defensive balance and a solid game plan are the keys to investment victory.

FOOTBALL IS A GAME THAT REQUIRES both offensive and defensive strategies, a commitment to a game plan, and filling each position on the field with players that fit the coach’s scheme.

Constructing an investment portfolio mirrors football in that offensive and defensive strategies need to be considered, committed to a game plan based on long-term market trends is essential, and choosing a diversified menu of investments that work well together is paramount to overall success.

While maintaining focus on your long-term game plan, the opponent would certainly catch on if the same plays were run over and over, so a portfolio needs to be fluid and flexible, capable of reacting to market opportunities.

Offensive and Defensive Strategy

A football team can be built with a powerful offense or a formidable defense, but typically a balanced team with a tactical offense and battle-tested defense will win more games. Think of stocks and bonds as the offense and defense in a portfolio. We want to score capital appreciation in stocks while reducing risk and turnovers with bonds.

The goal is to properly allocate and tactically adjust the weightings between your offensive and defensive strategies to diversify market risk and smooth returns.

Game Planning

Creating a game plan is often overlooked and underappreciated. Coaches spend countless hours studying their opponent’s tendencies and attempting to find a weakness that their team can capitalize on. Bill Belichick of the New England Patriots may be the best game planner in the National Football League. He will stick to a game plan, as painful as it may be, until it eventually leads to success.

Portfolio construction requires the same dedicated approach to studying market tendencies and identifying opportunities to create an investment game plan.

At Trust Point, we take the emotion out of investing and construct portfolios based on our outlook and identified opportunities in the market, we will stick to a game plan, as painful as it may be, until it eventually leads to success.

Football is a game that needs good players at every position. A championship team often considers to be the core of the team. These are strong, stable, and dependable players who participate in every play. In an investment portfolio, these are the “core” positions.

At Trust Point, we have identified a few core asset classes where low-cost passive strategies provide exposure to the stable and dependable areas of the market. The remaining roster is filled with “skill” players that carry specific attributes.

Creating a diversified portfolio requires both offensive and defensive strategies to get more aggressive and when to get more defensive will usually come out on top.

by Brandon Hellenbrand & Steve Brudos
CFA®, Senior Investment Analyst / Investment Analyst

Situational Strategies

Throughout the course of a football game, teams are faced with various situations. At one moment you might be stacking the line of scrimmage with all of your defenders, trying to protect your end zone. The next moment you might be spreading the field with five wide receivers.

The same approach applies to the tactical asset allocation decisions we make within portfolios. When we need that goal-line stand, we will position the portfolio in a defensive manner to protect your assets from major market declines. When we see opportunities in the market, we will position portfolios in a way to benefit from them. It’s important to not get too aggressive, though. Trying for a Hail Mary in your investment portfolio will most likely result in failure (unless you are Aaron Rodgers).

Diversified Roster of Players

A football team is comprised of many different types of players; some are small and fast, while others are big and strong. Any championship team needs good players at every position. An investment portfolio is no different.

Every play starts at the line of scrimmage and the players on the line are often considered to be the core of the team. These are strong, stable, and dependable players who participate in every play. In an investment portfolio, these are the “core” positions.

At Trust Point, we have identified a few core asset classes where low-cost passive strategies provide exposure to the stable and dependable areas of the market. The remaining roster is filled with “skill” players that carry specific attributes.

Legendary football coach Vince Lombardi once said, “Individual commitment to a team effort, that is what makes a team work.” For an investment process to be successful, it takes a commitment to each component.
Growing Through Grief

Charlene could not believe it. She opened the door to the basement and stepped into soggy carpet. She looked up and thought, “Really? This? After everything that has happened?” She shook her head and muttered, “Why?” As if dealing with a flooded basement wasn’t bad enough, what made Charlene’s situation even worse was 10 days prior, she attended a funeral—her beloved husband Bob’s funeral.

Bob and Charlene’s love story started over 43 years ago in Milwaukee. Bob’s charm, and definitely his wit, won over Charlene’s heart almost instantly. They were quickly married and started their careers. Bob was an engineer and Charlene an occupational therapist, which eventually led them to La Crosse.

After four decades together that included countless travel adventures, raising two children, and making lasting memories, Charlene, 65 at the time of Bob’s death in 2014, found herself grappling with some important financial questions. Like many women of her generation, she didn’t handle the finances. Now that responsibility was hers alone.

“I always knew that Bob was taking care of things and never really worried about it,” she says. “He enjoyed it and got up every morning to listen to the latest market news. That’s the time of day I miss him the most.”

Charlene says Bob tried to educate her about the family’s finances, noting it might be her responsibility one day, but that responsibility seemed overwhelming.

“When Bob died, I was torn apart, heartbroken. I cried at the drop of a hat, I didn’t sleep or eat well. I just felt like I was going crazy and didn’t want to deal with any of it,” Charlene says. “Coming home to a water-soaked basement was my wake-up call. It forced me to deal with things right away. It gave me a reason to start moving forward. [Bob] got my attention that time!”

Along with dealing with her grief, Charlene started to question her financial situation. Could she stay in her house? Would she need to get a job? Would she be able to maintain her lifestyle? Many new widows wonder if they are going to be OK financially.

“I would look at the papers and it was foreign to me. I brought in file after file to Trust Point and they helped me make sense of it. Some of it was financial and some not, but they helped me, regardless. They understood my emotional state and they took the time to listen.”

Over the course of many meetings and a few boxes of tissues, Trust Point provided Charlene with a clear financial picture; one that allowed her to feel confident in where she stood and what needed to be done to give her the financial freedom to continue to live her life the way she wanted.

“They understood my emotional state and they took the time to listen.”

Charlene is trying to stay busy and active. Besides spending time with friends and family, she volunteers, does yoga, and tries to attend the many plays and concerts the La Crosse area has to offer.

The loss of Bob was the most stressful event of my life. I appreciate that I could rely on Trust Point to help me manage through this difficult time, she says. “I wish I would have listened to Bob when he said to, but I think he would be pretty proud of what I have done and the financial knowledge I now have.”

How Trust Point helped one client navigate her finances following her husband’s death

by Angela Strangman
MBA, Vice President Marketing & Client Experience

“Trust Point helped me take care of me first and make the financial decisions later.”
Michael Ditmer’s four-bedroom $425-per-night Frank Lloyd Wright-designed home in Two Rivers is booked 65 percent of the year.

The Heart of the Rental

Two homeowners share their journeys into the online vacation rental industry

by Tom Sellwood
n 2003, Michael Ditmer told his partner Lisa about a "completely crazy idea" to look at a home he found through the Frank Lloyd Wright Building Conservancy, a Chicago-based nonprofit dedicated to the preservation of Wright-designed structures.

As a fan of the Wisconsin-born architect since studying his work in college, Ditmer needed to indulge his whim. He convinced Lisa to join him on a trip from their home in St. Paul to Two Rivers to look at Wright’s “Schwartz House.” They bought it and hatched a plan to rent the historic home. A decade of strong growth in the sharing economy has proved Ditmer’s idea not so crazy after all. Fifteen years after the purchase, the four-bedroom, $425-per-night home is booked 65 percent of the year, with weekends booked year round.

Ditmer and many others, like Greg Amundson, who owns two properties and manages another near Lutsen Mountain, a ski and summer recreation resort 90 miles up Minnesota’s north shore from Duluth, are finding success in the burgeoning online home and vacation rental industry. Marketing their homes on platforms like Airbnb, VRBO, Boutique Homes and other websites, they are part of a $136 million global vacation rental market, expected to reach $193 million by 2021. Renting a cabin or vacation home can be a great way to contribute to your mortgage, but there are many considerations, such as the property’s rental potential, financial benefits, and tax implications.

A TALE OF TWO RENTALS

In Ditmer’s case, the home’s near-perfect online ratings, some major publicity, and Wright’s legacy are major reasons why his endeavor has flourished. Seventy percent of bookings come through Ditmer’s website, theschwartzhouse.com, thanks in part to prominent Frank Lloyd Wright sites that link back to it. The rest of the bookings come through Airbnb.

Homeowners commonly promote other features, such as capacity or amenities. Amundson relies on location. “Like they always say in real estate, ‘location, location, location.’ To be by Lutsen Mountain, five minutes away, is huge,” Amundson says. “You couldn’t duplicate this if you were 30 miles away from Lutsen.”

Amundson and his wife, June, started renting homes after the real estate market crash in 2008. As luxury vacation homeowners in the north shore area at the time, it felt like “the light switch went off” overnight, he says. “It very quickly became evident that we were going to go bankrupt or we had to come up with an idea, so we decided to start a rental business, and just try it.”

Instead of listing their $800,000 homes for sale, they listed them for rent on VRBO. In the first several years after the crash, their mortgages were still under water, but short-term renting covered the monthly payments. June passed away on December 26, 2014. Years later, Greg remarried. Today, he and Betsy continue the legacy he started with June. At $590 per night, their three properties are booked about 30 percent of the year. Eighty percent of their rentals still come through Airbnb. Airbnb makes up another 10 percent of bookings. After the crash, their mortgages were still under water, but short-term renting covered the monthly payments.

Increase Your ROI

Increase your ROI by:

- Furnish your home with appealing amenities, like a high-end coffee maker, comfortable furniture, and upscale linens.
- Hire a local area caretaker for light home maintenance, lawn and garden care, snow removal, and as a guest point of contact.
- Employ a cleaning service that includes dishwashing and laundry for linens.
- Secure an “owner’s closet,” for safe keeping of any personal items or expensive decorations you may not want accessible to guests.
- Fully stock the kitchen, including all ingredients and tools needed for cooking (oils, spices, garlic press, etc.)

FINANCIAL CONSIDERATIONS

If you are considering purchasing a second home with the intention of renting it, research rental properties in the area to get a sense of nightly rates. Then use a mortgage calculator and estimate operational costs to determine if renting will be worth it financially. Whatever you ultimately decide, consult your financial expert on the tax implications of rental income.

Discover new ways for traveling with multiple generations in tow

by Tom Sellwood

When Jim and Renee Klein’s oldest grandchild, Zoe, was around 15 years old, they had an idea. For her 16th birthday, they wanted to take her to an international destination of her choosing. Not as a “traditional vacation,” though, but as a volunteer experience. They would work alongside locals, immersed in their culture.

But soon after Zoe turned 16, her cousin Jordan would, too. Then Zoe’s brother, Zane and Zeth. Then Jordan’s brother, Grayson. The Kleins wanted to volunteer in a foreign country with each of their grandchildren, but they needed buy-in from both sets of parents, or it was a no-go for everyone; a small gesture of equality that defines the Kleins, as grandparents and in their service to others.

Fortunately, the Klein’s children, Angela and Bob, and their spouses, loved the idea and signed off. A year later, Zoe and grandma and grandpa Klein would jet off to Romania to embark on the first of many family trips.

Intergenerational, or multigenerational travel, is not new, but families are finding more options—and more reasons—for traveling together. Whether it’s grandparents, children, and grandchildren or grandparents and a grandchild, intergenerational travel can provide a rare opportunity for families to connect.

“They live in California and we live here [in Seattle]. We’re not regular, every-weekend grandparents,” Renee says. “We don’t get to see them all the time, so this gives us time with them, where they really get to know us, and we really get to spend some quality time with them.”

Travel + Service

The Klein’s commitment to international philanthropy dates back to 2000, when they
Remodeling that Pays

by Melinda Nelson

10 renovations that deliver big return on investment

Remodeling can add beauty, comfort, and measurable value to your home. Here in the Midwest, where the housing market remains strong, home improvements can be a smart strategy for making the most of your real estate investment.

As part of Trust Point’s mission to help you protect your hard-earned assets, make sound financial decisions, and reach your goals, we’ve compiled 10 projects that provide real bang for your remodeling buck, based on data from the experts at Remodeling magazine. For additional insights, we invite you to view the complete Remodeling 2017 Cost vs. Value report at costvsvalue.com.

10 renovations that deliver big return on investment

by Melinda Nelson

“INTERSPECIES” TRAVEL

If your pet is as much a part of the family as anyone, consider bringing them along.

Instagram Inspo

@max_et_louise
@boltandkeel
@oliverthetravelingpig

Explore BringFido for more than 100,000 places to stay, play, and eat with your dog at bringfido.com.

No room for your pooch? Check out Wag!, the app for on-demand dog care, at wagwalking.com.

Keep an eye on pets with a Motorola Pet Monitoring Camera; motorolahome.com/home/pets.

Jim and Renee Klein and their grandson, Zane, explore Machu Picchu following their volunteer work.

traveled to Peru for what they say was their first “meaningful volunteer experience.” Since, they’ve dotted the globe: Romania with Zoe and Ghana with Jordan. Zane chose Peru. They fell in love with Cambodia nine years ago and make it back every 18 months to volunteer and tour the country.

“Jim and I have volunteered abroad for a long time, and we wanted to do this as a way to give our grandkids exposure to other cultures,” Renee says. A 2008 study estimated that 1.6 million people volunteer while on vacation each year. In 2015, a Virginia Tech travel expert estimated that figure to be 10 million.

Meeting this demand is a robust volunteer travel industry. Globe Aware, a Dallas-based nonprofit, develops short-term international volunteer programs for individuals, families, and groups. From booking airfare to accommodations to coordinating volunteer projects, they partner with bilingual trip guides and local experts living in the destination to ensure an authentic, logically smooth trip.

Shanti Shahani, communications director for Globe Aware, says voluntourism can be an eye-opening experience.

“You’re in an environment where you’re with people from another culture, working side by side, and adopting the beauties and challenges that come with that culture,” Shahani says.

A typical day may consist of four to six hours of volunteer work, such as building stoves with proper ventilation in an Andean village, in the Klein’s case. On either side of the project is generally an optional leisure activity like an excursion or unscheduled free time.

Keep in mind, if the main purpose of travel is volunteering, both your airfare and program fee, which usually covers the cost of meals, accommodations, in-country transit, and volunteer project expenses, are tax deductible.

To Adventure and Beyond

If the rigor of voluntourism doesn’t fit your itinerary, adventure travel can still offer breathtaking perspective and respite from the mundane. Craig Beal, owner of Travel Beyond, a Minnesota-based travel agency specializing in Africa and other international destinations, says the African bush can create a galvanizing experience for families and expose them to a way of life and a part of the world they may rarely see.

“Here in the U.S., everything is manicured and there’s nothing that’s real untouched wilderness, untouched landscapes as far as the eye can see,” Beal says. “When you go to Africa, it’s just so different.”

Growing up, Beal trekked to Africa many times with his parents, and his daughter visited the continent with him throughout her childhood.

“It really does get under your skin and gets into your soul and becomes a part of your life,” Beal says.

Jim and Renee Klein and their grandson, Zane, explore Machu Picchu following their volunteer work.

“WE WANTED TO DO THIS AS A WAY TO GIVE OUR GRANDKIDS EXPOSURE TO OTHER CULTURES.”

Brothers Bolt and Keel may live in adjustable cats who hike, paddle, and snowshoe through the wilderness.

Russell Terriers born in France who love fine cuisine, water sports and exploring new beaches around the globe.

“We wanted to do this as a way to give our grandkids exposure to other cultures.”

If your pet is as much a part of the family as anyone, consider bringing them along.

Instagram Inspo

@max_et_louise
@boltandkeel
@oliverthetravelingpig

Explore BringFido for more than 100,000 places to stay, play, and eat with your dog at bringfido.com.

No room for your pooch? Check out Wag!, the app for on-demand dog care, at wagwalking.com.

Keep an eye on pets with a Motorola Pet Monitoring Camera; motorolahome.com/home/pets.
1. **A New Front Door**

   While replacing your outdated front door is a relatively inexpensive, one-day remodeling project, it can deliver a strong return on investment, as it enhances curb appeal, increases safety and security, and saves on heating and cooling costs. Whether you spend around $1,500 for a steel door or $3,500 for a fiberglass door, you’ll likely recoup 60 to 80 percent of the costs when you sell your home.

2. **A New Garage Door**

   Like a new front door, high-performance garage doors can cost anywhere from $1,700 to $4,000 and provide ROI of nearly 90 percent of the original cost at resale.

3. **Attic Insulation**

   A well-insulated attic can deliver increased comfort and energy efficiency year over year. Plan to spend upwards of $1,500 to fix air leakages and add insulation, but you’re likely to recoup approximately 70 to 80 percent of the costs when you sell your home.

4. **New Siding**

   If it’s been years since you replaced your siding, there’s no better time than the present. While the regional average cost of a professionally done siding job is around $15,000, it provides instant curb appeal and a professionally done siding job is around $1,700 to $4,000 and provide ROI of nearly 90 percent of the original cost at resale.

5. **A New Roof**

   A new roof provides a wealth of benefits including energy savings and protection against weather, pests, and other issues. Expect to spend $25,000 to $30,000 to remove existing roofing and replace with quality underlayment, shingles, and flashing. When you sell, you’ll likely recoup nearly 70 percent of the original costs.

6. **New Windows**

   In extreme weather states, windows are a great investment in the health of your home. While top quality wood or vinyl windows can cost several thousand dollars each, they’ll give your home a fresh new look, enable better temperature control, and potentially return up to 70 percent of the original cost at resale.

7. **An Updated Bathroom**

   For a small bathroom, plan to spend close to $20,000 on a remodel to replace the tile, flooring, and wallcovering and install a sparkling new tub/shower, toilet, vanity, and sink. If you’re judicious in your selections, you might recoup 60 percent of your investment at resale.

8. **A Finished Lower Level**

   If you need a home office, an extra guest room, or more space for entertaining, a finished lower level can be a worthwhile investment. But, between new appliances, countertops, cabinetry, flooring, wallcovering, and lighting, remodeling costs can easily skyrocket. To keep costs down, use existing plumbing and electrical systems and work within the current footprint. If you spend approximately $21,000 on a minor facelift—the average for such investments in the Midwest—you’re likely to recoup 60 percent of your investment at resale.

9. **A Kitchen Facelift**

   Updating your kitchen is an eminently practical investment. But, between new appliances, countertops, cabinetry, flooring, wallcovering, and lighting, remodeling costs can easily skyrocket. To keep costs down, use existing plumbing and electrical systems and work within the current footprint. If you spend approximately $21,000 on a minor facelift—the average for such investments in the Midwest—you’re likely to recoup 60 percent of your investment at resale.

10. **A Master Suite Addition**

    Master suites are one of today’s most coveted remodeling projects. Spacious, serene and luxurious, these home sanctuaries often include a master bedroom, a sitting area with a coffee bar, a master bathroom, his-and-hers dressing rooms—and a six-figure price tag. If you’re ready to indulge, your master suite may provide an ROI of 55 percent at resale.
MAKING MONEY FEELS GOOD, but what if you could help the planet at the same time? The primary motive for investing doesn’t have to be purely financial anymore. In fact, many investors today are using their wallets to make the world a better place.

Interested? Welcome to “socially responsible investing” (SRI), also known as “ethical investing” or “sustainable investing.”

SRI is an investment discipline that incorporates ethical, religious, social and moral values into the investment decision-making process with the goal of producing a positive societal impact.

SRI probably dates back to the 1750s as it has been reported that the Religious Society of Friends (Quakers) prohibited its members from participating in buying and selling humans (slave trade). In the 1990s, socially concerned investors sought to mainly address issues related to addictions. Recently, the focus has shifted to promoting a clean environment and addressing climate change.

The “Old” and the “New” SRI
In the days of “old” SRI, socially concerned investors used “negative screening” to exclude “sin” companies from their investment universe. What was left to choose from was then analyzed using traditional financial data analysis (sales, margins, market share, profits, etc.) to construct the SRI portfolio. As a result, industries such as tobacco, gambling or liquor were often excluded on moral or ethical grounds alone.

Today, the use of “negative” screens has diminished and the discipline has evolved. “Positive” screens are now more commonly used (the “new” SRI). Rather than excluding companies and industries right away, socially concerned investors now look at identifying the most responsible companies in their investment universe across all industries based on multiple social, environmental and governance (ESG) factors. Factors such as energy consumption, carbon emissions, labor practices, human rights, product safety, shareholder rights and corporate oversight are weighted and incorporated into the investment decision-making process in combination with traditional financial data analysis to construct the SRI portfolio.

Wallets Can Make a Difference
In the past, “old” SRI funds have been criticized for not being well diversified and often generating smaller returns than unrestricted investing. But a growing body of research suggests that the integration of ESG factors into the analysis has improved the outcomes and greatly reduced performance drag versus traditional funds and benchmarks. In short, sustainable investing today doesn’t require a financial trade-off.

Money matters, and it can go a long way toward helping to achieve the greater good. If you have an interest in SRI, please contact us for a free consultation.

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By Yan Arsenault
CFAT, CAIA®, Vice President, Investments

“Enjoy the little things, for one day you may look back and realize they were the big things.”
– Robert Brault

“PLAN FOR THE FUTURE, BECAUSE THAT IS WHERE YOU ARE GOING TO SPEND THE REST OF YOUR LIFE.”
– Mark Twain

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