



OAKCREST INSIGHT

OCTOBER 2023

IN THIS ISSUE

- Financially Savvy at Six Figures
- And the Executor Is
- 9 Facts About Retirement
- 9 Facts About Social Security

CONNECT WITH OAKCREST

 LinkedIn: Ryan Nietert

 Facebook: OakCrest Capital, LLC

 Twitter: @OakCrestCapital

CONTACT US

Oakbrook

17W220 22nd St.
Suite 300
Oakbrook Terrace, IL 60181
(312) 525-8793

Arlington Heights

3255 N. Arlington Heights Rd.
#503
Arlington Heights, IL 60004
(847) 670-0925

FINANCIALLY SAVVY AT SIX FIGURES

Reaching six figures is no easy feat. If you're one of the hard-working few who have made it to this milestone, give yourself a pat on the back and celebrate. It can be tempting to feel like now that you've made it to the top of this mountain your financial worries are over. But before you go reaching for a bottle of champagne or calling a Ferrari dealer, consider this: the majority of Americans living paycheck to paycheck are from higher income households. In fact, out of 9 million Americans surveyed, 8 million of those are in higher income brackets.¹

Now it's more important than ever to take an active role in managing your money. Don't equate earning six-figures with the ability to spend six-figures. Fortunately, there are several strategies that may help:

Steps to Take

There is no one-size-fits-all strategy for maximizing your new six-figure income. Every person is different, and some suggestions may mean more to you than others. But there are tried-and-true methods that can help point you in the right direction when it comes to your financial health.

Review Your Budget

Now that you are making six figures, you may be tempted to never look at your budget again. Resist this temptation and go back over your budget to make sure your spending is based on your overall approach. Feel free to adjust your line items to match any new priorities without going overboard. Careful preparation may help you know how much you can consider spending on that splurge item that you found online. Your renewed budget should be designed to follow your other new goals, knowing that your day-to-day matters are on firm footing.²

Target Unproductive Debt

Not all debt is bad, as much of it helps you both financially and in terms of your quality of life. But certain types of debt, like credit cards and personal loans, may be something you want to manage better. Set a goal for your unproductive debt, which may put you in a better overall financial position. Each penny you save can go toward other goals, such as vacations, travel or even retirement.

Build Your Emergency Fund

Life is full of the unexpected. Prepare by setting aside enough liquid money to cover three to six months of expenses. This reserve may help you manage through a job loss or an injury or illness that requires time to heal.

Don't Forget About Taxes

Now that you've entered a new income bracket, your tax obligations may have changed. Take time to review your tax situation in an effort to avoid year-end surprises. This article is for informational purposes only and is not a replacement for real-life advice, so be sure to consult a tax, accounting, or human resource professional before modifying your tax-withholding strategy.

Don't Forget Your Retirement Plans

If you haven't started planning for retirement, your new income level may allow you to start setting aside money using a company-sponsored retirement plan. Initially, a financial professional may be able to provide guidance concerning the role a retirement plan can play in your overall financial strategy.

Move Forward Confidently

Restructuring your budget, managing debt, creating an emergency fund, and beginning to consider retirement may help ensure a more comfortable financial future. Even at a six-figure income, proactive preparations can help position you such that your money will eventually work for you.

Citations

1. Pymnts.com, January 2023
2. Forbes.com, March 29, 2022

AND THE EXECUTOR IS

U.S. Supreme Court Justice Warren Burger is famous for more than just his time on the bench. When he died in 1995, he left a 176-word will that gave no specific power to his executors. As a result, he reportedly cost his estate tens of thousands of dollars in attorney's fees.¹

Judge Burger's case shows that even law-savvy individuals can make mistakes when it comes to writing their own legal documents. But giving executors the proper power is only one piece of the puzzle. How do you choose an executor? Can anyone do it? What makes an individual a good choice?

Many people choose a spouse, sibling, child, or close friend as executor. In most cases, the job is fairly straightforward. Still, you might give special consideration to someone who is well-organized and capable of handling financial matters. Someone who is respected by your heirs and a good communicator may also help make the process run smoothly.

RETURNS (AS OF 9/29/23)

ASSET CLASS	INDEX	4 WEEK	YTD	1 YEAR	3 YEAR
US Large Cap	S&P 500 TR	-4.87%	11.68%	19.59%	8.44%
US Large Cap	Dow Jones TR	-3.50%	1.09%	16.65%	6.45%
US Small Cap	Russell 2000 TR	-6.03%	1.35%	7.23%	5.79%
International	MSCI EAFE NR USD	-3.69%	4.49%	22.26%	3.07%
Taxable Bonds	Barclays US Agg Bond TR	-2.59%	-1.03%	0.54%	-5.21%

Above all, an executor should be someone trustworthy since this person will have a legal responsibility to manage your money, pay your debts (including taxes), and distribute your assets to your beneficiaries as stated in your will.

If your estate is large or you anticipate a significant amount of court time for your executor, you might think of naming a bank, lawyer, or financial professional. These individuals will typically charge a fee, which would be paid by the estate. In some families, singling out one child or sibling as executor could be construed as favoritism, so naming an outside party may be a good alternative.

Whenever possible, choose an executor who lives near you. Court appearances, property issues, and even checking mail can be simplified by proximity. Also, some states place additional restrictions on executors who live out of state, so check the laws where you live.

Whomever you choose, discuss your decision with that person. Make sure the individual understands and accepts the obligation – and knows where you keep important records. Because the person may pre-decease you – or have a change of heart about executing your wishes – it's always a good idea to name one or two alternative executors.

The period following the death of a loved one is a stressful time and can be confusing for family members. Choosing the right executor can help ensure that the distribution of your assets may be done efficiently and with as little upheaval as possible.

What Will?

Take a look at some famous people who left without having a will in place:

1. Jimi Hendrix
2. Bob Marley
3. Sonny Bono
4. Pablo Picasso
5. Michael Jackson
6. Howard Hughes
7. Abraham Lincoln

Citations

Source: LegalZoom.com, September 1, 2023

1. Washingtonpost.com, 2023

9 FACTS ABOUT RETIREMENT

Retirement can have many meanings. For some, it will be a time to travel and spend time with family members. For others, it will be a time to start a new business or begin a charitable endeavor. Regardless of what approach you intend to take, here are nine things about retirement that might surprise you.

1. Many consider the standard retirement age to be 65. One of the key influencers in arriving at that age was Germany, which initially set its retirement age at 70 and then lowered it to age 65.¹
2. Every day between now and the end of the next decade, another 10,000 baby boomers are expected to turn 65. That's roughly one person every eight seconds.²
3. The 65-and-older population is one of the fastest growing demographics in the United States. In 2019, there were 54.1 million Americans aged 65 and older. That number is expected to increase to 80.8 million by 2040.³
4. Ernest Ackerman was the first person to receive a Social Security benefit. In March 1937, the Cleveland streetcar motorman received a one-time, lump-sum payment of 17¢. Ackerman worked one day under Social Security. He earned \$5 for the day and paid a nickel in payroll taxes. His lump-sum payout was equal to 3.5% of his wages.⁴
5. Seventy-seven percent of retirees say they are confident about having enough money to live comfortably throughout their retirement years.⁵
6. The monthly median cost of an assisted living facility is \$4,500, and seven out of ten people will require extended care in their lifetime.²
7. Sixty-four percent of retirees depend on Social Security as a major source of their income. The average monthly Social Security retirement benefit at the beginning of 2022 was \$1,614.^{5,6}
8. Centenarians – in 2020 there were 92,000 of them. By 2060, this number is expected to increase to 589,000.⁷ Seniors age 65 and over spend over four hours a day, on average, watching TV.⁸

Conclusion

These stats and trends point to one conclusion: The 65-and-older age group is expected to become larger and more influential in the future. Have you made arrangements for health care? Are you comfortable with your investment decisions? If you are unsure about your decisions, maybe it's time to develop a solid strategy for the future.

Citations

1. SSA.gov, 2022
2. Genworth.com, 2022
3. ACL.gov, May 4, 2022
4. Social Security Administration, 2022
5. Employee Benefit Research Institute, 2022
6. SSA.gov, 2022
7. Statista.com, August 3, 2022
8. BLS.gov, 2022

9 FACTS ABOUT SOCIAL SECURITY

Social Security's been a fact of retirement life ever since it was established in 1935. We all think we know how it works, but how much do you really know? Here are nine things that might surprise you.

1. The Social Security trust fund is huge. It was \$2.8 trillion at the end of 2022.¹
2. Most workers are eligible for Social Security benefits, but not all. For example, until 1984, federal government employees were part of the Civil Service Retirement System and were not covered by Social Security.²
3. You don't have to work long to be eligible. If you were born in 1929 or later, you need to work for 10 or more years to be eligible for benefits.³
4. Benefits are based on an individual's average earnings during a lifetime of work under the Social Security system. The calculation is based on the 35 highest years of earnings. If an individual has years of low or no earnings, Social Security may count those years to bring the total years to 35.⁴
5. There haven't always been cost-of-living adjustments (COLA) in Social Security benefits. Before 1975, increasing benefits required an act of Congress; now, increases happen automatically, based on the Consumer Price Index. There was a COLA increase of 8.7% in 2023, but there was an increase of 5.9% in 2022.⁵
6. Social Security is a major source of retirement income for 64% of current retirees.⁶
7. Social Security benefits are subject to federal income taxes – but it wasn't always that way. In 1983, Amendments to the Social Security Act made benefits taxable, starting with the 1984 tax year.⁷
8. Social Security recipients received a single lump-sum payment from 1937 until 1940. One-time payments were considered "payback" to those people who contributed to the program. Social Security administrators believed these people would not participate long enough to be vested for monthly benefits.⁸
9. In January 1937, Earnest Ackerman became the first person in the U.S. to receive a Social Security benefit – a lump sum of 17 cents.⁸

Citations

1. SSA.gov, 2023
2. Investopedia.com, April 4, 2023
3. SSA.gov, 2023
4. SSA.gov, 2023
5. SSA.gov, 2023
6. EBRI.org, 2022
7. SSA.gov, 2023
8. SSA.gov, 2023

OakCrest Capital, LLC

17W220 22nd St., Suite 300 | Oakbrook Terrace, IL 60181 | (312) 525-8793
3255 N. Arlington Heights Rd., #503 | Arlington Heights, IL 60004 | (847) 670-0925



The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright FMG Suite.

Securities offered through Cambridge Investment Research, Inc., a broker-dealer, Member FINRA/SIPC. Advisory services through Cambridge Investment Research Advisors, Inc., a Registered Investment Advisor. Cambridge and OakCrest Capital, LLC are not affiliated.