

# Holmes Shirley Law Newsletter

November 2014

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Holmes Shirley Law

201 S. Wilcox St, Ste 102

Castle Rock, CO 80104

720-248-7621



Karen H. Shirley,  
Your Neighborhood Attorney

#### OFFICE HOURS:

Mondays 9am - 4pm

Tuesdays 9am - 4pm

Wednesdays By Appt Only

Thursdays 9am - 4pm

Fridays 9am - 4pm

We also offer limited evening and weekend appointments each month to accommodate family and work schedules. These slots fill up at least a month in advance, so if you prefer these times please reserve your spot early.

Beneficiary Designation

Mishaps & Failures Ruin  
Many Estate Plans

The most important

Dear Reader,



November is a month focused on Thanksgiving and gratitude. This year I am especially grateful for my freedoms - *time freedom* to balance my law firm and family, *professional freedom* to focus on assisting families and businesses protect what matters to them and build strong futures and *personal freedom* to live and believe as I choose. I am incredibly thankful to be an American and wish our freedoms can be multiplied the world over.

This month's newsletter focuses on benefit choices and beneficiary designations. While the articles are longer than usually, I urge each of you to take some time to follow some of the tips included here to ensure you are taking full advantage of benefits offered by your job and properly naming beneficiaries so you and your family are protected.

warmly,  
Karen

## Open Enrollment Time.



It's time again to choose your benefits for the following year at work. Make sure you take time to carefully review your choices versus just renewing what you had before.

Here are some tips from Susan Trost of Modern Woodmen of America:

**1. Health Insurance\*:** See if your company offers a high deductible health insurance plan that is Health Savings Account compatible. A Health Savings Account is a separate account set up at a bank, brokerage or credit union. A Health Savings Account lets you put money aside on a pre-tax basis (IRS annual limits apply) and lets it grow tax deferred. Visit [the IRS website](#) to see all the ways you can use the pre-tax money in your HSA to pay for medical expenses, even for things that are not covered by your health insurance. They are especially

component of many estate plans is the beneficiary designations. For example, if you have a net worth of \$250,000, plus a life insurance policy with a \$500,000 benefit, then the life insurance policy beneficiary designation may transfer DOUBLE the assets transferred by your will.

Life insurance policies, qualified retirement plans, IRAs, annuities and some brokerage and bank accounts have beneficiary designations. If you fail to keep them updated, or fail to ensure they are consistent with your will or trust, then they are likely to disrupt your estate planning goals.

The common blunders with beneficiary designations include:

1. Failure to name a beneficiary (or contingent beneficiary).
2. Wrong or outdated beneficiary designation.
3. Lack of coordination with will or trust.
4. Naming a minor child as beneficiary.
5. Disqualifying a disabled heir from government benefits.
6. Unintended tax consequences.

As with all estate planning, it is important to review beneficiary designations every 3 years, if not

powerful when paired with an accident plan and a critical illness plan to help reduce the impact of having a high deductible. If you choose a more expensive health insurance plan to get copays and a lower deductible, those extra premium dollars are paid whether you use the insurance or not. Compare the premium savings, plus any potential employer contributions to your health savings account as well as how much you will save on taxes if you fully fund your HSA compared to the more expensive plan. Talk with your Human Resources Department if you have any questions.

2. Disability Insurance\*: Take advantage of any disability insurance offered, even if you have to pay extra for it. Your ability to earn an income over your working years is one of your most valuable assets. Short term disability plans typically cover you for illnesses and injuries under 2 years in duration (varies on plan design). Long term disability policies are designed to protect your income for an extended period of time even to retirement age. According to [the Social Security Administration](#), you have a 25% chance of becoming disabled for a period of time in your working career. Your odds increase if you smoke, are overweight, have high blood pressure, anxiety, back pain or other medical issues. Highly compensated employees will want to understand how much of their income is protected and check if they are able to get an additional individual disability policy to help. Take advantage of wellness programs to improve your health. Medical expenses are the leading cause of bankruptcy.

3. Retirement Plans: Always try to contribute up to the match on the retirement plan. Nothing is better than free money. Consider using the extra money you want to save to open a Roth IRA. Roth IRAs are not taxed when you take money out providing you follow the IRS Rules. It is much easier to plan for retirement when you know exactly how much money is in an account. With a typical 401(K), all the pre-tax money - contributions and gains will be taxed upon withdrawal plus force Required Minimum Distributions at age 70 1/2. We don't know what the tax rates will be in 30+ years, so the value is impossible to predict. Always talk to your tax and financial advisors for the best strategy for your situation.

4. Life Insurance: Take just the life insurance that is provided to you at no cost. Group life insurance tends to be more expensive than individual insurance because you

annually. To learn more about how the common mistakes and how you can avoid them, call our office today to schedule your Family Wealth Planning Session at 720-248-7621 or [book online](#).

## UPCOMING EVENTS

Nov 5th: Estate Planning Basics

9:30am [Cookies & Crema](#)  
4282 Trail Boss Road,  
Castle Rock, CO

Nov. 17th: Estate Planning for Families 10am  
[Castle Rock Moms Group](#)  
615 4th Street, Castle Rock

Nov. 17th: Wills, Wealth & Wellness, 6-8pm  
Health Focus w/ Dr. Joe  
[Cookies & Crema](#)  
4282 Trail Boss Road,  
Castle Rock, CO

Nov. 27th: [Turkey Rock Trot](#) 9:30 am  
Douglas County Fairgrnds  
Castle Rock, CO  
Come Run With us!

Dec 3rd: Business Basics  
9:30am [Cookies & Crema](#)  
4282 Trail Boss Rd, Castle  
Rock, CO

Do you have an upcoming event or group meeting that you would like Karen to present at?

She has a wide variety of legal educational presentations ranging from 20 minute introductions to 2 hour seminars where parents nominate guardians. If you

do not go through medical underwriting. Rates get really high as you get in your 50s and 60s. Most importantly, it goes away when you leave your job. You could be forced to take another job that provides guaranteed issued life insurance (normally just 1-2 times your salary) in order to have some coverage.

A better strategy is to lock in your future insurability now with an individual plan. Life insurance is an important life-long financial tool. If you get a preferred health rating now with a term life product (20 years of coverage), you get to keep that preferred health rating if you decide to convert to a permanent life policy down the road - even if now you are uninsurable. You just have to pay premiums based on your new age. That is very powerful.

When comparing options, be sure to look at the conversion periods, the financial strength of the company, consumer reviews and the actual performance of a permanent product. This is important because death benefits, guaranteed cash values and premiums can differ greatly from one company to another. Getting the cheapest rate you can find is not always a good idea for such an important tool. Do not add your spouse and children as riders on your policy. If you die, their life insurance goes away as well. Everyone should have their own individual policy in their name.

It is definitely worth the time and effort to make sure you are well protected and taking advantage of the benefits offered through your employer. Ask questions. Get guidance from Human Resources, your attorney, your tax advisors, your insurance provider and your financial representative.

Susan Trost, FIC is a financial representative with [Modern Woodmen of America](#). She believes in a holistic approach for protection, savings and investments to help you achieve your goals. Questions? 720-308-4089

\*Not issued by Modern Woodmen. Brokered insurance products available through MWAGIA Inc., a subsidiary of Modern Woodmen of America. Not available in all states. Securities offered through MWA Financial Services Inc, a wholly owned subsidiary of Modern Woodmen of America. Member FINRA, SIPC.

are interested in learning more, please call 720-248-7621 or email [karen@holmesshirleylaw.com](mailto:karen@holmesshirleylaw.com)



This month I would like to thank the following people for their referrals:

Douglas Griess, [Griess Law Firm, LLC](#)

Laura Hancock, [Essence Health and Fitness](#)

We specialize in helping families and small businesses get their legal affairs in order.  
Please feel free to introduce me to someone you think I can help.

