



Your Bottom Line

PUBLISHED QUARTERLY BY: MACKENSEN & COMPANY, INC. FEE-ONLY FINANCIAL PLANNERS
Navigating a clear course toward your financial security.

Welcome Aboard, David . . .



David A. Batchelder

We are pleased to welcome David Batchelder, CFA, to Mackensen & Company. David brings over a decade of finance and investment experience to the firm. His experience includes small business banking and lending, investment consulting, equity research, credit analysis, and equity valuation. David will manage investment portfolios for clients.

David graduated from UNH with a Bachelor of Science degree in Business Administration. He later received an MBA from Southern New Hampshire University. David is a Chartered Financial Analyst charter holder, which is the only globally recognized credential for investment analysis and management.

David has been a resident of the Seacoast for the last 17 years. He lives in Hampton with his wife and two sons. ❖

Adviser's Statement Available

The Investment Advisers Act of 1940 requires that all registered investment advisers offer a disclosure statement to all clients at least annually. Mackensen & Company invokes the "brochure rule" and offers our Form ADV Disclosure Statement to all clients and prospects. Call or write if you would like a copy sent to you. ❖

Making Health Care Decisions

Like most people, you probably want to exercise control over decisions about your health care even when you are physically or mentally unable to do so. You can accomplish that with the combination of a living will and a durable power of attorney for health care.

A living will is a person's written expression of what life-sustaining medical treatment he/she wishes to have or not have should he/she become terminally ill or on life support and not be able to physically or mentally express that decision to medical providers. Ideally, the living will should cover such issues as resuscitation, life support technologies, use of artificial nourishment, medication and pain management, and organ donation.

All 50 states allow for living wills, though the laws differ on what language can be used. It is best to hire an attorney to draft the document so it is tailored to your desires and conforms to your state's laws. The last thing you want is something open to misinterpretation or challenge.

With a properly drafted living will in hand, make a copy and discuss it with your primary physician. Also give a copy and thoroughly discuss it with the person you appoint as your agent for your accompanying durable power of attorney for health care. While hospitals and nursing homes often will accept copies, it is still best to keep the original in a place your agent can access easily – for example, do not put it in a safe deposit box unless the person has

access to the box. It is also wise to discuss the living will with all those close to you, so that the person who ends up making medical decisions on your behalf will not be battling siblings or other relatives.

The second advance directive is the durable power of attorney for health care, sometimes called a health care proxy. With this document, you appoint a person to act as your agent (the proxy) to make medical decisions on your behalf in the event you are incapacitated.

This document is broader than a living will. For example, it might be used for someone in a medically induced coma who needs an unanticipated procedure in the middle of surgery, or for treatment of an Alzheimer's patient. While you can be as explicit and as limiting as you like in such a document, it usually is better to arm the agent with broad powers so he or she can handle unforeseen situations.

As with the living will, an attorney should draft this document. In some states, you may be able to have the living will and the health care proxy drafted into a single document.

Ultimately, the keys are to complete these documents in advance, be sure they are drafted or reviewed by an attorney, and discuss them thoroughly with those closest to you. Also, be sure to review existing documents to be sure they are up to date with law changes. Only then can you be reasonably assured your wishes will be carried out under such difficult circumstances. ❖

Being an Executor



Warren Mackensen

As you grow older, you probably will be asked to serve as executor of a loved one's estate – a spouse, a parent, or a good friend.

In some cases, you may not even be asked, but simply find yourself named in the deceased's will. Before you accept the appointment out of love and duty-bound honor, be aware of the many duties and challenges of this job.

And it can be a job. Serving as an executor can be a time-consuming, complex, emotionally frustrating and exhausting experience, even for a modest-sized estate. It even carries legal responsibilities. As a "fiduciary," you must act with the utmost honesty, impartiality and scrupulousness on behalf of the deceased and the estate's beneficiaries. This all comes on top of the fact that you are going through the emotional loss of the loved one.

Fortunately, you can hire professionals who can provide advice and do much of the actual work. Still, you, as executor, must ensure that all work is accomplished and done properly. So keep the following in mind when deciding whether to accept the role.

The role of an executor – called a "personal representative" in some states – is to ensure that the deceased's estate is properly settled. To adequately accomplish this task, you should have the time and live near the deceased's residence because you will need to go through their records and work with local officials and state laws. You should be an organized person,

with financial savvy and attention to detail. You should be fair minded (especially if you are one of the beneficiaries), yet strong enough to handle squabbles among heirs.

As executor, thoroughly read the will and any letter of instructions from the deceased. You may need to register the will with the court. You must determine the estate's heirs. The next step is to inventory all property and financial assets. Once the inventory is completed, you may need help from an attorney to see what passes via the will versus what goes directly to an heir outside of the will (such as life insurance or retirement plan proceeds). Are there any existing trusts or trusts created by the will, for which you or someone else serves as trustee?

All property and financial assets, ranging from insurance policies to bank accounts and real estate, need to be identified and valued, either by you or by outside professionals. This process may be relatively simple if you are the deceased's spouse and records are in good order. On the other hand, a poorly managed estate for which you have little or no direct knowledge can be a nightmare to inventory.

You must manage estate assets until they are used to pay ongoing estate bills and debts, or they are distributed to the heirs. This is one area where liability can arise. You are not legally responsible just because the value of some assets might decline under your management (markets go down as well as up). But you could be held responsible if you mismanage assets.

You will need to determine valid creditor claims and ensure the estate pays any just debts.

You are responsible for filing and paying the estate tax returns, which probably will be an income tax return on behalf of the deceased. If the estate is large enough, federal and possibly state estate tax returns may be required. The federal estate tax threshold may vary from the state's threshold, and the state threshold varies from state to state. The current federal estate tax exemption equivalent is \$1.5 million. If the estate is valued at less than this threshold, a federal estate tax return is not required. *Beware: many state estate tax thresholds are lower than the federal threshold.*

Naturally, you will see to it that the estate's remaining assets are properly distributed to the heirs. Here is where conflicts can erupt, with heirs fighting over personal possessions or other assets. If you are also a beneficiary, you might be accused of partiality.

You can dramatically reduce the potential for problems by working with a financial planner and, if possible, by ensuring the person who has named you as executor has a well-prepared estate plan. ❖

Mackensen & Company, Inc., is a fee-only financial planning and investment management firm. No commissioned products are sold. For further information, call:

MACKENSEN & COMPANY, INC.
FEE-ONLY FINANCIAL PLANNERS

6 Merrill Drive
Hampton, NH 03842-1970

603-926-1775

800-927-7365

fax: 603-926-1249

web address: www.mackensen.com

email: info@mackensen.com