



Summer 2019 Challenges of the Sandwich Generation

By: Sarah Mahaffa, CFP®
Sr. Wealth Advisor

As people approach their 40s, 50s and 60s, they begin to think more about the next chapter in their lives. That might be retirement, a passion project, or simply spending more time on themselves. But according to the Pew Research Center, 15 percent of middle-aged adults will end up financially supporting a parent and a child—simultaneously. That's reality. This tug-of-war is taxing both emotionally and financially. If you're among the 15 percent, what can you do to ease these burdens?

Providing financial support

Baby boomers have an average of \$147,000 in retirement savings. While that amount isn't insignificant, it can quickly be depleted by medical expenses or long-term care needs. Before you reach into your own pocket to help your parents, have a candid conversation with them about their financial situation. Make sure you understand where their funds are located and any taxes and penalties associated with using those funds. Don't forget to consider the equity in their home in this discussion. If you find you are paying more than half of your parents' expenses, investigate the possibility of claiming them as dependents on your tax return.

At the other end of the spectrum are your young adult children. Higher education is undeniably an investment in their future, but can you afford it? Consider the total costs of the programs your children are considering and talk with them about the average salary and loan payments they can expect. Many college graduates are struggling to make ends meet and depend on receiving some type of support from their parents. Before you open your checkbook for them, however, review their financial situations. Maybe you could keep them on your health insurance plans for a few years—they are eligible until age 26—or perhaps you could co-sign a loan to get them lower interest rates. If they are working in public service, encourage them to explore loan forgiveness programs.

Living in a multigenerational household

It's not uncommon for parents to move in with their children and for adult children to move back home. That creates a multigenerational household. In fact, in 2016, 20 percent of the U.S. population lived in multigenerational homes. Moving mom or dad into your house may sound like the best financial solution, but step back and think about the true costs. Your home may need extensive remodeling to accommodate their needs. Are your doorways wide enough for walkers or wheel chairs? Are the bedrooms and bathrooms located on the first floor?

When adult children move back home it typically doesn't require home updates, but this change has a whole new set of considerations. Will you be charging rent or require that they sign a lease? What if they aren't utilizing the opportunity to become financially responsible?

Regardless of who your new tenant is, it's important to set expectations with the entire family and establish a new "normal."

Dealing with the emotional drain

Don't underestimate the emotional toll you'll likely feel when your loved one needs help. Juggling a career and managing caregiving responsibilities for an aging parent is not for the faint of heart. Have a family meeting to divide up responsibilities and discuss how major decisions will be handled in the future. If you don't have family support, investigate local community options that can provide care when you need it. Don't be ashamed to ask for



help. It takes a village to successfully navigate these situations.

Though it may be difficult, don't put the needs of your children or your parents ahead of your own. Your highest earning years could easily overlap with the need to support a family member. Make sure you maximize your retirement contributions and are on track to meet your goals. Depleting your savings may appear to solve a problem in the short term, but it doesn't help anyone in the long term. Your parents may have to spend down their assets to pay for their care and your kids may have to get loans to finance their college costs. Let them, rather than sacrificing your retirement fund. After all, no one is going to give you a loan to help you retire!

Contact Sarah if you have questions or would like additional information regarding this topic.

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Save the Date!

**Our Ask the Expert:
Family Meetings
event will be held on
Tuesday, October 1st.
Additional details will
follow in late August.**

BLT Corner

Keeping Cool & Secure



The temperature kept rising this summer, testing both our resolve for Indiana summers as well as our air conditioning units. Regardless of the heat, our team at Bedel

Financial was excited to begin the summer and we are somewhat sad to see it go. Here's a look at what we focused on these past few months to stay cool.

At Bedel Financial, cyber security is constantly top of mind for us. Last year we implemented two-factor authentication and stricter password requirements. This year, we partnered with a trusted company to test how well we're protecting our clients, given the ever-changing electronic landscape. We worked with an "ethical hacker." And while the title seems to be a bit of a contradiction, rest assured these computer masters work for good and not evil! What did we find out? You'll be glad to learn that we've done an excellent job in setting up our security protocols.

Our ethical hacker gave us high marks for being up to date and placing such an emphasis on protecting our systems and client information. While this is a victory, our work is never done. We'll continue to update and improve the safeguards we have in place to protect against the ongoing threats of cybercrimes.

On a lighter note, there's a new addition to the Mahaffa Family! Sarah Mahaffa, a senior wealth advisor, and her husband welcomed a beautiful baby girl named Claire on April 16th. Congratulations, Sarah! While we're happy Sarah got to spend quality time with baby Claire over the summer, we're very glad to have Sarah back in the office.

We welcomed Justin Buchman (Bowling Green State University) as our summer intern. Justin worked on several projects for both our Financial Planning and Investment Management teams. These projects included investment research, working with our different technologies and delving into the world of disability insurance. We thank Justin for his time with us and wish him all the best when he returns to school this fall.

Speaking of fall, we're preparing for our upcoming Ask the Expert event, scheduled for October 1st. It will feature Bob Mauterstock, CFP®, a well-known speaker and author who focuses on the value of family meetings and how best to address the often misunderstood topic of multi-generational planning. We will be sending out Save the Dates soon, so watch your inboxes. We hope you can join us.

As you look back over this summer, we hope you were able to enjoy quality time with friends and family, while staying cool! When you trust us with your financial concerns you don't have to sweat it, no matter how high the temperature rises!

With warmest regards,
The Bedel Leadership Team



Q&A

What Employees Need to Know About Equity Compensation

By: Dave Crossman, CFA
Sr. Portfolio Manager

In addition to salary, some jobs offer perks known as equity compensation. Equity compensation can come in many forms, but what they all have in common is delayed gratification. Equity compensation does not pay off immediately, although it may do so in the long run. If you are fortunate enough to have access to an equity compensation plan, congratulations! But be aware of the nuances associated with various types of plans. Your BFC advisor can help you navigate through the process.

Q: What are the different types of equity compensation?

A: There are five basic types of equity compensation:

1. Stock Options – This type gives employees the right to purchase shares of the company at a given price for a period of time.
2. Restricted Stock – Restricted stock units are a method by which an employer can grant company shares to employees. The shares are "restricted" since they are subject to a vesting

schedule. This schedule can be based on length of employment or on performance goals. Restricted stock may also have other limits on transfers or sales that your company can impose.

3. Phantom Stock – This bonus plan doesn't award employees with company stock itself, but pays them cash based on the stock's price.
4. Stock Appreciation Rights – This bonus plan pays employees cash based on the increase in the value of a certain number of shares of stock over a specific period of time.
5. Employee Stock Ownership Plans – These are company retirement plans. A company contributes its own stock (or money to buy its stock) to the plan. The ESOP plan maintains an account for each participating employee. Shares of the stock vest over time.

Q: Why do companies offer equity compensation?

A: In the technology sector, equity compensation has become such a routine expectation that the lack of a plan could be a competitive disadvantage. Some companies, especially startups, offer equity

compensation as a cost-cutting measure. They may be able to reduce salaries by dangling a large equity compensation carrot in front of potential employees. In addition, aligning employees' financial interests with that of the company may incentivize employees to be more productive. Also, since the financial incentive offered by many plans vest over a number of years, these plans can help minimize employee turnover as well as make it more expensive for competitors to poach talent.

Q: What are the disadvantages for employees?

A: Payouts are not guaranteed. While these plans offer the potential for big rewards, a downturn in a company's fortunes could wipe out any value. There's also the danger that employees, anticipating a big payout in the future, might feel chained to the company and stay in jobs that they no longer love, or even like. That doesn't benefit anyone. And, if you do receive a reward, the tax treatment can be confusing.

Contact Dave if you have questions or want additional information regarding this topic.

Our Tips

Jump-Start Your Wire Transaction

By: Kristina Dougan

Operations Specialist & Investment Assistant

People typically think of wires as a fast way to move money from one account to another. But have you ever run into speedbumps with your wire transaction? It can certainly be frustrating, especially if you're waiting at a title company with others who are depending on your transaction.

In some situations, speed bumps are unavoidable. Think about wires that exceed standard dollar amounts, for example. Other delays have become part of the modern banking landscape. In a world of constantly evolving fraud techniques, custodians have developed cautionary workflows that often slow down wire-processing time and impact your plans.

So, what can you do to avoid wire speedbumps in the future? As the Rolling Stones like to say, "Start it up!" Here's a list of actions you can take that may help you avoid delays in your wire processing time:

- **If you are a Charles Schwab client, set up a login for your Schwab brokerage account long before you ever need a wire.** This lets you log in to sign forms electronically!
- **If you are a Charles Schwab client, install the company's mobile app on your smartphone.** The app will allow you to sign forms by clicking "accept" while you're on the go! This is especially helpful for clients who travel and often do not have access to computers, printers or fax machines.
- **If you are a Fidelity client, you don't need to set up logins or mobile apps to sign documents electronically.** You will simply answer identity verification questions or respond to text message authentication.
- **Check your account profile to make sure the custodian has your correct current phone number.** The company may need to call you to verify details of the wire. Remember to check your phone for voice mails from the custodian after requesting a wire transfer.
- **If you are signing a paper wire form, submit it a day or two before you need the funds.** Wire requests submitted via paper forms tend to be processed by custodians towards the end of the day, while electronically signed forms are given higher priority.

- **Give us advance warning.** Your BFC advisor can place trades in your accounts to ensure you have sufficient cash, but will need at least one day's notice.
- **For international wires, make sure you have all of the required details** such as:
Receiving Bank Name
Currency
SWIFT code (an international bank identifier code)
Account #
Receiving Bank Address
Name on the Receiving Bank Account
Address of Account Holder at the Receiving Bank
- **Sign your name the same way you did on all previously signed forms for the custodian.** For example, you should keep titles such as M.D. or Jr. in your signature, if you typically use them.

If you've previously signed Charles Schwab forms only via e-signature, you may need to submit a signature card form. This is a handwritten signature kept on file for review purposes. Schwab may require this prior to disbursing the funds.

Wire transactions can run the gamut from painless to making a grown man cry, but you may have more control than you thought. Planning and making your wishes known ahead of time can help you reach the finish line faster!

Contact Kristina if you have questions or want additional information regarding this topic.



Thank you to our summer intern, Justin Buchman, for all his hard work over the summer. We wish him all the best as he returns to school in a few weeks!

Bedel News

We are thrilled to announce that we have been recognized by AdvisoryHQ as one of the **"Top 10 Financial Advisors in Indianapolis"** for the 4th year in a row!

To be recognized, a firm must go through an evaluation process that includes a review of the firm's fiduciary duty, independence, transparency, level of customized service, history of innovation, fee structure, quality of services provided, team excellence, and wealth of experience.

As always, we're so thankful for our clients, and are proud that our commitment to you has been recognized!

Congratulations to our founder and executive-on-loan to the IEDC, Elaine Bedel, on her appointment to the Women's Suffrage Centennial Commission. Elaine was appointed to the commission by Governor Eric Holcomb. We look forward to seeing what wonderful things come from this appointment!

Congratulations also go out to our very own Jonathan Koop! He and his partner, Reese Cosimi, were recently engaged while vacationing in Hawaii. We're so excited for you both and wish you years of happiness together!

- **Save the date! This year's BFC Time with Santa will be held on Saturday, December 14th, at Meridian Hills Country Club from 10:00 a.m. - 12:00 p.m. We hope to see you and the family there!**



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Corporate Calendar

**Bedel Financial Consulting will be closed
for business on the upcoming days:**

Sept. 2	Labor Day
Nov. 28	Thanksgiving Day
Nov. 29	Day After Thanksgiving
Dec. 25	Christmas Day
Jan. 1	New Year's Day

Please remember that past performance may not be indicative of future results. You should not assume that any information or any corresponding discussions serves as the receipt of, or as a substitute for, personalized investment advice from Bedel Financial Consulting, Inc. Portfolio Managers. The opinions expressed are those of Bedel Financial Consulting, Inc. and are subject to change at any time due to changes in market or economic conditions.

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