

THE IMPORTANCE OF ESTATE PLANNING

In June of this year, an outrageous story was making headlines – a man, Jeffrey Rolison, had passed away, and a woman he had dated and broken up with 40 years prior was inheriting his \$1 million retirement account. Jeffrey’s surviving brothers were shocked and appalled – this ex-girlfriend was married with children, and hadn’t spoken with Jeffrey in years. Yet, when the brothers went to court, the judge determined that the rightful beneficiary was indeed the ex-girlfriend – because Jeffrey had no estate plan or will, and the beneficiary named on his retirement plan was still the ex-girlfriend. For all of the planning we do throughout our lives – to make sure that we have accumulated enough for retirement, that our houses and cars are maintained, that we have accomplished the items on our bucket lists – too many people either forget, or put off estate planning until it is too late.

Estate planning is the formal process of determining who we want to make decisions on our behalf if we are unable to do so while we are alive, and how we want to distribute our assets upon our passing.

There are two critical documents that dictate who can make decisions on our behalf while we are still alive – a financial power of attorney, and a healthcare power of attorney. A financial power of attorney allows our designated representative to make financial decisions. This individual can sign on our behalf to move money, such as paying bills from a bank account, or taking a required minimum distribution from a retirement account. This individual is also authorized to make tax and investment decisions, such as approving a roth conversion, or deciding to pay down debt, or taking out debt on our behalf. A financial power of attorney can be active as soon as the document is signed, or it can be springing – meaning it is only activated when

you are declared unable to manage your own financial affairs. A healthcare power of attorney allows our designated agent to make medical decisions on our behalf. This could mean approving a blood transfusion or surgery, or in extreme cases, deciding whether to stop providing mechanical ventilation or tube feeding. Many states also recognize living wills – which are documents that outline your healthcare preferences (such as the desire to not be kept alive mechanically) – however it is critical to check your state regulations as many states, Michigan included, do not recognize living wills as valid legally enforceable documents.

Upon our passing, there are a few ways to ensure assets end up in the hands of our desired beneficiaries. If all beneficiaries are capable of managing inherited assets, the easiest way of getting assets to them is naming them outright as beneficiaries on our financial accounts. Additionally, a will will ensure that assets that cannot have beneficiaries named (such as a vehicle, or jewelry) will be passed to the desired recipients. If we have minor beneficiaries, are in a second marriage, or simply wish to have more control over the way assets are distributed upon our passing, a trust can be drafted. A trust can be written so that someone (our named successor trustee) will supervise assets once we are gone – either for minor children until they reach a certain age, to provide support for a second spouse during their lifetime but ultimately flowing assets to children from a first marriage, or for the beneficiary’s lifetime if the goal is to protect assets (from creditors, or a spouse). A trust can also be used to ensure your home passes to your intended beneficiaries, by naming your trust as the owner on the deed to your home and filing this document with your county. In some states (Michigan included), you are able to name a beneficiary to your home without retitling your home in the name of your trust,

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but again, this is state specific. Your advisor can help you determine the best mechanisms for ensuring your assets transfer as intended, and avoid probate.

Creating an estate plan can be daunting – it can be difficult to think about our own incapacity or demise. When we are young, we assume we won't need these

documents for many years, and as we age, it can be difficult to face our mortality. However, as Jeffrey Rolison's case demonstrates, it's critical to ensure we have these documents in place.

Amanda E. Lehnert, CFP®

CELEBRATING OUR BELOVED WALTER KIRCHBERGER, CFA!

This January, our cherished colleague and dear friend, Walter Kirchberger, will mark an incredible milestone: his 90th birthday! With a career spanning nearly seven decades—two of them as an integral part of the Sigma family—it's only fitting to honor Walter and all the roles he has embraced: a devoted husband to his late wife Joan, a proud and loving father, a doting grandfather, and, of course, an irreplaceable mentor and beacon of wisdom to all of us here at Sigma.

Walter has earned the affectionate nickname “The Blog Guy” from some of our clients, thanks to his thoughtful, insightful writing (he authors nearly all of our blogs). His wisdom shines in every word and extends well beyond the written page—he shares it generously with his Sigma colleagues daily. Yes, daily! Walter still comes to the office every day when he's not cruising the high seas, indulging in his favorite pastime.

This past June, Walter penned an especially memorable Sigma Summaries piece titled “Retirement: Your Next Big Challenge.” True to his humble nature, Walter left

out a key point: few people are as qualified to write on this topic as someone who has lived such a rich, full life while forgoing retirement himself.

We also couldn't resist revisiting a quote from Walter that we shared in Sigma Summaries back in March 2005, shortly after he joined us from Paine Webber. Reflecting on his career, Walter said, “I had the greatest job in the world. I got to do something I was truly passionate about, was paid rather well by Michigan standards, and my boss was 500 miles away!”

Walter, you've enriched all of our lives with your wisdom, warmth, and wit. Here's to you on your 90th birthday—and to many more years of inspiration and adventure!

As we reflect on the end of another year, we would like to thank you again, for your confidence in Sigma Investment Counselors. May we all have a happy and healthy 2025!

Robert M. Bilkie, Jr., CFA

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