



Do You Want Your In-laws to Inherit Your Money?

By Michael L. Solomon of Solomon, Steiner and Peck

Most people think their will or trust provides that on their demise, that their assets pass to their children and if their children pass away the assets pass to their grandchildren. However, that only happens if your child dies before you. Hopefully, your children outlive you. If that happens, the typical will and trust have the money pass directly to your children immediately, or by the time they are a certain age. Either way, once the child inherits the money, it is governed by your child's will or trust, not yours. That means that upon your child's death, the assets will most likely pay to your son-in-law or daughter-in-law and may pass on their death to someone else, such as a new spouse. For some people that is fine, but for others it may not be what you want. Many people want the money to stay in the family. To do that you need what we call a Bloodline Trust.



Michael L. Solomon

For example, let us say and husband and wife have an estate of \$500,000 and one child who is married with two children. A typical estate plan will provide that the inheritance pays outright to the child. Once the child inherits the money, his estate plan will say that all of his estate, including what the child inherits from you, pays to his spouse. With the Bloodline Trust the \$500,000 will be held in a trust for the benefit of the child. The child can be their own trustee and they can control the investments and decide how the money is distributed. Also, this is a private document that avoids probate. The government is not involved in administering the trust. However, when your child passes away the trust assets will pay to your grandchildren, not your in-laws.

The other major benefit of the Bloodline Trust is that the assets in the trust are also protected against creditor claims or divorce. The only creditors that can attack the trust are child support payments (for your grandchildren) and the IRS or the State of Ohio for income taxes due on trust earnings.

In summary the benefits of a Bloodline Trust are as follows:

- Assets will be available for your children and the remainder will pay to your grandchildren, not to your in-laws
- Protects the assets from your children's creditors
- Protects the assets from being split up if your child is divorced

Similar to a Bloodline Trust is what is called a Marital Trust. A Marital Trust is used many times in a second marriage. For example assume Mary and Tom are married, but each had been married before and have children from the first marriage. Tom wants to provide that on his death Mary receive the assets to live on, but wants to make sure that on Mary's death, the assets pass to his children not Mary's children. The only way to guarantee that result is to have your assets held in a Marital Trust for Mary's benefit during her life. But on Mary's death the Marital Trust will mandate that the assets pay to Tom's children and not Mary's children. Without the Marital Trust, Mary's will or trust may have all the assets pay to her children.

This tool is also valuable on first marriages. If Tom passes away and Mary remarries, she may end up providing that the new spouse inherits the assets. Even if Mary has a

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LETTER FROM THE PRESIDENT

by Jim Lineweaver, CFP®, President and Founder



Should You Take a Summer Vacation from Your Investments?

There's an old saying you've probably heard that gets repeated every year in the spring and early summer that goes "sell in May and go away." But is that good advice? What's the best thing for you and your investments over the historically slower summer months?

The phrase "sell in May and go away" is thought to originate from an old English saying, "sell in May and go away, and come on back on St. Leger's Day." This phrase refers to a custom of upper class aristocrats, traders and financiers who would leave London to spend the summer months in the country. Specifically, it refers to the St. Leger's Stakes, a thoroughbred horse race held in mid-September.

It turns out that the saying is based in solid analysis - From 1950 to around 2013, the Dow Jones Industrial Average has had an average return of only 0.3% during the May to October period, compared with an average gain of 7.5 percent during the November to April period, according to Forbes.

But, since 2013 there's good reason to believe that's no longer the case. For example, the S&P 500 rose nearly 7% from the beginning of last May through the end of October, according to YCharts. The blue-chip index was up 5% during May through October of 2016 as well. The market did fall in the May-October period of 2015 because of concerns about China. But the S&P 500 enjoyed a 7% pop from May-October of 2014, a 10% gain in May-October of 2013 and even eked out a small gain in 2012's May-October period as well.

What does this summer have in store? No one has a crystal ball. But, as you know, our goal is to set you up for long-term success.

"Wealth consists not in having great possessions, but in having few wants."

- Epictetus

LFG VOLUNTEER DAY AT THE CLEVELAND FOOD BANK



This May, the Lineweaver Financial Group team had the opportunity to volunteer at the Cleveland Food Bank. We had a lot of fun working together as a team to help our local community. We helped sort and pack over 4,500 pounds of food--and donated almost 300 pounds of canned goods. A big thank you to everyone who donated!



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prenuptial agreement saying her new spouse is not entitled to any of the assets, she can always change her mind and provide for her new spouse. The Marital Trust protects against that issue.

The Bloodline Trust and the Marital Trust are two important types of trust, that you should consider in your estate plan.

HEALTHWATCH



What are Screens Doing to Our Eyes and Our Ability to See?

In today's society, if you're not sleeping, chances are you're looking at some type of screen. Whether it's a computer monitor, a television, a handheld tablet, a GPS or our smartphones, we spend 10-14 hours a day staring at a screen. Many of us are familiar with the problems this can cause, such as headaches, dry eyes, eye muscle strain, and even blurred vision—but few of us know what can be done to correct it.

The easiest thing to do would be to avoid screens as much as possible. However, for those of us who use our cellphones and computers every day for work, it's impossible to avoid screen-time. So what are our options?

One option is to adjust the brightness on your screen. Dr. Joshua Dunaief, a professor of ophthalmology at the University of Pennsylvania's Perelman School of Medicine also recommends shifting your screen's color scheme away from blue and toward the yellow end of the spectrum. While some research has linked too much blue light exposure at night to insomnia, even daytime exposure could be a problem.

Another way to reduce computer vision syndrome (CVS), also referred to as digital eye-strain, is to maintain proper space between your eyes and the screen. Doctors recommend positioning all screens, smartphones included, no closer than 16 inches from your face. Some may find this hard to do—which brings us to the third option.

The best solution is to utilize the "20-20-20" rule. Every 20 minutes, look at something 20 feet away for 20 seconds. This allows your eyes to completely relax, and refocus. It may seem silly at first, but your eyes should feel a lot better at the end of a long day.

For more solutions, visit:
<https://www.wired.com/story/failing-vision-screens-blindness/>

ECONOMIC COMMENTARY

Global financial markets posted mixed results during the second quarter of 2018 as investors balanced strong earnings, an improving labor market and better economic growth here in the U.S. with political turmoil in Europe and deteriorating trade relations worldwide. We present a few highlights from the 2Q18 below:

- Despite heightened geopolitical rhetoric, the S&P 500, the Dow Jones Industrial Average, and the technology-heavy Nasdaq Composite continued to trade near record highs amid positive economic data and strong corporate earnings. On the economic front, the Federal Reserve raised interest rates by 25 basis points in June to a range of 1.75% to 2%, and upgraded their assessment of U.S. economic growth. Consequently, the FOMC now anticipates raising interest rates four times in 2018.
- Developed international equity markets produced mixed results during the second quarter on political turmoil in Spain and Italy, and rising trade tensions with the U.S. Gains came out of Europe, while the Pacific region lagged. On the political front, the prospect of new elections in Italy and a vote of no confidence against Spanish Prime Minister Mariano Rajoy renewed fears of a Eurozone breakup. In the emerging markets, returns were held back by weak performances from Latin America heavyweights Brazil and Mexico.
- Within fixed income, results were mixed as the Fed raised interest rates and the U.S. dollar rose sharply against most major currencies. The 10-year U.S. Treasury briefly traded above the key psychological level of 3% for the first time since January 2014 before settling slightly lower to end the second quarter. Foreign un-hedged bonds and emerging markets debt fell sharply as the U.S. dollar strengthened. Investment grade core U.S. fixed income produced lackluster results, while high yield credit fared marginally better.
- Real estate, both in the U.S. and abroad, advanced during the quarter. In a reversal of the prior quarter, international real estate underperformed U.S. real estate. Commodities ended the quarter higher as energy prices remained resilient. Similarly, MLPs benefited from higher oil prices, an uptick in M&A activity and lack of any significant headline news.

An important lesson from 2Q18:

- The second quarter of 2018 was a good reminder that investors must remain mindful of geopolitical and other event risk and the associated volatility that comes with it. The second quarter was marked by heightened global trade tensions, and in Europe politics was front and center, leading many to wonder if select policy decisions, legislation or elections were enough to derail financial markets. As we enter the second half of 2018, it is more important than ever to remain properly diversified. It is our continued belief that remaining patient and adhering to a well-constructed and diversified investment portfolio anchored to your time horizon and goals remains the prudent course of action.



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TRIVIA

How did the words “buck” and “bread” come to mean money?

Originally, a “buck” referred to a deerskin or buckskin, which was commonly used as money. “Bread” comes from an old Cockney rhyme, “Give me your money. Give me your bread and honey.”

Snapshots at jasonlove.com



"What is this, bread?! No, man, we meant bread. We want your money."

EMPLOYEE SPOTLIGHT

Megan Junkin, Processing & Client Services



Megan is our newest processor, joining the firm this past fall. Megan helps answer questions for clients, helps with the extensive paperwork to ensure the best possible service, and works with our many independent financial companies to ensure a great customer experience for all our clients.

Megan graduated from The Ohio State University where she majored in Human Development and Family Sciences. She lives with her husband, son and fur babies in Parma. In her spare time, she enjoys sewing, baking, going to the zoo, and spending time with Family and Friends.



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