



Let's visit an old friend, The Power of Attorney

by John P. Koscianski, Attorney At Law

The Power of Attorney (POA) has been an important part of Estate Planning for a long time. Its place in the orderly administration of one's affairs cannot be denied. But you have to have the right POA, with properly written powers and authorities, or else it might be ineffective at the time when its usefulness is critical to assist with your affairs. There are two types of POA that are common in Estate Planning: the General Power of Attorney and the Health Care Power of Attorney.

The General POA is used to designate an agent to conduct financial or business affairs when you are unable to do so yourself. When this type of POA is established as part of your Estate Plan it is durable, meaning the POA will remain in effect even if you become incompetent or otherwise incapacitated. The agent will have very broad yet specified authorities to carry out certain acts or transactions on behalf of the principal. This document is the ultimate blank check and the agency it establishes must be done so deliberately and with caution. Persons who have "a stake" in your affairs, such as spouses and adult children, are the usual candidates; siblings or other family might also be considered. But, we may be acting recklessly if we make a friend or neighbor an agent under this powerful document. Accordingly, the General (durable) POA is not for everyone, but if you have persons who are close to you and trustworthy, it is a wonderful tool to avoid Probate Court Guardianship during your lifetime- a POA becomes null and void upon death.

To be an effective tool the POA should be very specific about the powers and authorities granted. A POA that authorizes the agent to conduct "banking transactions" might not be deemed valid at a bank. However, a document that authorizes an agent to "...open and close accounts, make deposits or withdrawals, endorse my name on checks..." will likely be honored. This important detail should extend to all the authorities granted in a POA. But, certain banks may have their own policies with regard to POAs. They may not validate a POA which names co-agents, two people to act together on behalf of the principal. Others are requiring hold harmless language or limitations on liability. After all, the POA is the ultimate blank check.

Unfortunately, the General POA, which we can use to avoid Guardianship proceedings (Probate Court) are not always successful in avoiding Probate. Sometimes there are intra-family disputes, or even inappropriate use of POA when you are incapacitated which causes your agent or other family member to file for Guardianship in the Probate Court. If that happens, you can nominate the person who will be the Guardian appointed by the Probate Court. In fact, in Ohio the person you nominate as your Guardian under a POA no longer has to be a resident of the State of Ohio.

The other type of Power of Attorney deals with your physical being. In Ohio the Health Care POA lets you designate a person to make medical decisions for you when you cannot make them yourself. It is very important for every adult to have a Health Care or Medical POA because there is no telling when we might be in a hospital due to a sudden health calamity. If your condition makes you unable to communicate with your friends or family, and you do not have a Medical POA, no one will be able to inquire about your current status or prognosis and your loved ones may be completely cutoff and totally in the dark about your condition. You see, an agent under the Health Care POA can inquire about your condition and make medical decisions on your behalf when you are unable to make them yourself.

Powers of Attorney are fantastic Estate Planning tools. Properly prepared and used, they will greatly assist you and your family with the administration of your affairs when you need such assistance. We hope POAs are never needed, but to have financial and

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John P. Koscianski

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LETTER FROM THE PRESIDENT

by Jim Lineweaver, CFP®, President and Founder



Preserving the family history is an important part of maintaining family connections and bonds. What kind of legacy do you want to leave behind? Is it the stories about your family, which if not told and recorded now will be lost forever? Is it the importance of hard work and the stewardship of one's resources? Is it a financial legacy, the passing of a portion of your life savings for future generations to enjoy? Or is it a combination of both historical and financial? Family legacy encompasses all that a family holds dear and wants to preserve for the future – the histories, values, knowledge and experience that are just as essential as a family's financial assets. Whatever your legacy plans, get started now.

In the U.S. we are looking at the largest amount of wealth transfer in history. A study authored by the Center for Retirement Research at Boston College estimates this anticipated wealth transfer. Over their lifetimes, Baby Boomers are estimated to receive inheritances of \$8.4 trillion — with only \$2.4 trillion already received and the remaining \$6 trillion anticipated in the future. When inter-vivos gifts or gift made while the donor is alive, the estimate of past and prospective transfers to the Baby Boomers swells from \$8.4 to \$11.6 trillion. These inheritances could vastly improve the retirement outlook for Baby Boomers.

We spend a lot of time thinking and strategizing about how to build our wealth, without thinking enough about why we're doing it. Perhaps most importantly, how do you intend to communicate that legacy and those values to the next generation? The fact of the matter is, we spend a lot of time thinking and strategizing about how to build our wealth, without thinking enough about why we're doing it. Ultimately, what do you want your wealth to "say" about you, and your values? What kind of legacy do you want to leave behind? Perhaps most importantly, how do you intend to communicate that legacy and those values to the next generation?

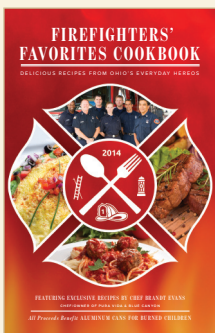
Creating a legacy could be having assets that produce income and having them retained in the family to allow the family to reap the benefits of your labor for years to come. Properly structured, this could transfer wealth, manage wealth, and leave a lasting legacy that will last for years. For example, it could be a rental property or properties that ownership can transfer to subsequent generations, and rental income could provide a long lasting legacy. It could be tax deferred account that is designed to be paid out over time, with a portion of the distribution being a return of capital, so not all of the income is taxable. You could have a \$100,000 account that pays out a combination of interest and principal over a 20 year period. That's a nice legacy!

Creating a family legacy takes a lot of planning, patience and determination, and the necessary time to communicate your intentions and thoughts to the next generation. I can remember my Dad talking about his education at the school of hard knocks. The stories you tell should be about your successes and your failures; often the failures are the greatest learning experiences. Do you have stories to share? Start telling them now. Do you have plans to complete? Tomorrow may be too late.

"I find that the harder I work, the more luck I seem to have"

-Thomas Jefferson

LFG PHILANTHROPY PROJECTS



Firefighters Favorites Cookbook

Don't forget to preorder your copy of the Firefighters' Favorites Cookbook! It is available for \$10 and all proceeds benefit Aluminum Cans for Burned Children. Our first printing is arriving in the middle of July and is expected to sell out, so reserve your copy today at Lineweaver.net/preorder or give us a call at 216-520-1711.

Harvest For Hunger

THANK YOU to everyone who participated in our Harvest for Hunger food drive. LFG's total contribution to the 2013-2014 campaign was over 6000 meals! This contribution helped to set a new record for Harvest for Hunger, who announced in June that this year's campaign generated over 16.6 million meals to help feed the hungry in 21 Northeast Ohio counties.

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medical POAs is like owning little insurance policies which will benefit your loved ones with convenience when they need to help you. POAs also allow you to avoid Probate Court during your lifetime, thus saving your Estate court costs and legal fees. But remember- be careful who you nominate as your agent under a financial Power of Attorney. A local Judge once said: "More crime is committed with POAs than Saturday night specials". Choose your agents after careful thought. If your circumstances readily allow you to nominate an agent under both financial and medical POAs, they are truly a "must have".

This is for informational purposes only and should not be construed as legal advice. For advice regarding your personal situation, please consult an attorney.

MONEYWATCH

DJIA: 16,826.60

YTD: +2.34%

10 Year Treasury Note Yield: 2.53%

6/30/13: 2.48% 3/31/14: 2.72%

30 Year Mortgage Rate: 4.13%

6/30/13: 3.58% 3/31/14: 4.38%

Source: Yahoo Finance

Past market performance is no guarantee of future investment performance or success.

It is not possible to invest directly in an index. Close of Market 6/30/14

GOLDEN OPPORTUNITIES

Tune in to WKYC Channel 3 at 11:30 am every other Sunday to see Jim Lineweaver on the Golden Opportunities show with Armond Budish. Jim and Armond discuss current financial topics in an easy to understand format.

Upcoming shows and topics:

Sunday, July 13, 2014

Should Spouses Hold Joint Property?

Sunday, July 27, 2014

Tools for Charitable Giving

Sunday, August 10, 2014

Creating Family Legacy

Sunday, August 24, 2014

Gifts and Donating Appreciated Stock



ECONOMIC COMMENTARY

by Stephen Yarmesch, AIF®

Riverview Research, LLC

Following the first quarter's stunted performance, Q2 saw the Dow and S&P seemingly set, if not daily, weekly records throughout May and June. The Dow Jones has surpassed 16,900 while the S&P 500 rests just shy of the 1960 milestone. Similarly, Small and Mid Cap Growth equities found greater relevance, rebounding from an earlier March and April swoon.

Second quarter data reflects a rejuvenating economy following a torrid winter that slowed economic activity, illustrated by a revised GDP that contracted by .1% for Q1. Housing softened though home prices remain supported by lean inventories across most metropolitan regions. Manufacturing remains robust as the ISM Index for May rose to 55.4% following April's 54.9%, highlighted by auto sales reaching 1.6 million vehicles for May. Unemployment remains at 6.3% with approximately 217,000 new hires added to non-farm payrolls (Reuters).

Bolstered by the above, Federal Reserve Chair Janet Yellen indicated that the Fed will wind down its monthly bond buying program by the end of this year. Ms. Yellen further noted that though she is confident in the United States continued growth, she still sees slack throughout the economy and will not push to raise borrowing rates until 2015 at the earliest. Her European Central Bank counterpart, President Mario Draghi, lacked her reverie as the ECB initiated a reduction in the prime refinancing rate to .15% and will levy a -.1% rate against overnight bank deposits. The desire is to boost investment, lending as stubbornly low inflation suggests Europe's economic revival has been too meek (WSJ).

Outside of Europe, Japan reported that Q1 GDP expanded 6.7%, driven primarily by personal consumption as consumers bought ahead of a national sales tax increase. China continues to see improvement in manufacturing with May's PMI hitting 50.8 (Investing.com). Exports also continue to rise benefiting from stronger European and Asian demand. Civil strife within Iraq has lifted Brent Oil prices to nearly \$115 per barrel as fear of output interruption grows (Reuters).

Following Ms. Yellen's announcement, 10 YR Treasury yields floated above 2.6%, losing a bit of price resiliency. We remain confident in the US outlook, though worsening Middle East and Ukraine tensions may lead investors to seek refuge in government credits. We are cautious regarding Europe as spiking energy costs may counter stimulative efforts.



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TRIVIA

Do you know the answer?

The first Social Security payment was made on January 31, 1940. How much was it for?

\$22.54

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**"Why can't I deposit leftovers into my IRA?
I'll need to eat something when I retire!"**

EMPLOYEE SPOTLIGHT

Meagan Sadowski, Processing and Client Service



Meagan is the newest addition to the Processing Team. She assists with the processing of new business and helps ensure a smooth transition of transfers and also the establishment of new accounts. Meagan works closely with the other members of our processing team by assisting our clients with general services issues such as beneficiary and address changes, required minimum distributions and withdrawals. Meagan is eager to learn and develop her customer service skills.

Meagan graduated from the University of Toledo with a Bachelor's Degree in Communication and obtained her MBA from Cleveland State in 2013. During the summer, she enjoys visiting her family's lake house on Johnson's Island, boating and fishing.

The Spotlight section also features Lineweaver Financial Group clients. Please consider sharing your story with us! If you have an interesting hobby or have been on an exciting adventure, call Jennifer or email her at Jennifer@lineweaver.net. We would love to hear from you!



If you would like to receive our newsletter through email, please email Jennifer at Jennifer@lineweaver.net