Please note: This is a transcription so there may be slight grammatical errors.

Hello, everyone. And welcome to today's webinar, "Navigating Financial Matters Together." I would now like to introduce Eddie Welch, Managing Director and Head of Wealth Management at CAPTRUST. Go ahead, Eddie.

- Hello everyone, and welcome to the fourth quarter CAPTRUST Wealth Client Webinar. Delighted you're here. I think we have some really great content for you today. As usual, we're gonna begin with Mike Vogelzang, our Chief Investment Officer, to comment a little bit more on the market side. Hey Mike, great job on the video as always. And then after that, Kristen Heaney and one of our colleagues from the New Orleans office, Andy Wisdom, will be joining us to talk about "Navigating Financial Matters Together." Really great topic. I think you're going to enjoy. Both of these folks have a lot of experience in this area. But let's start, Mike, if we might, with markets and the economy. It's been a really, really tough year. You and I have been at this a while now, and well, you mentioned in the video. We just haven't seen this sort of environment in our careers. Bonds have always been the anchor to windward, right? Well, that's something you could count on when stocks are going down. Not so in 2022. Just talk a little bit more about that. Maybe give us a little more color around what happened and what do you see from here?

- What's interesting is, in the video I talk about a number of reasons why the markets are down. I think it actually boils down to two main things. There's so much noise in today's world and today's market. Watching CNBC and Bloomberg Television today and all the chatter and the noise, and it's just hard. And I'm in this stuff up to my elbows every day, and it's hard to sort out the signal from the noise. This comes down in my mind to two different things. One is that, for the last 10 years, we've really had inflation under control. We've had a very sort of quiescent inflation. 2%, one and a half, two and a half. It's been very, very easy to manage. The Federal Reserve have been able to do their job mostly with quantitative easing. And we've come to expect a very loose and easy financial situation. Well, that changed suddenly, a relatively unexpected and virulent spike in inflation. We went from one and a half, one and three-quarters, all the way up to eight, 9% inflation over a very short period of time. And it's so easy to look in the rear view mirror and say, "Well, anyone could have seen it coming." But the fact is, the markets were all surprised. Markets and the central banks around the globe were surprised by the size and the spike of inflation. And by the way, we don't know yet where it's gonna end. So that was number one. And then number two, because of the deflation and the quiet period we had for the last decade, we've had wonderfully good markets. And they were both, both stocks and bonds, were priced to perfection. So suddenly you have this inflation spike and with bonds and stocks both priced for perfect financial conditions, and suddenly we didn't have them. And you see what happens, You have both stocks and bonds down double digits to say the least and quite a bit more.

- So inflation, haven't seen this sort of inflation since the early '80s.

- Yeah, yeah, '70s, yeah.

- Yeah, so do we get better from here? Does it get worse?

- The Federal Reserve is, they had a, Jerome Powell had a press release today or press conference today. They talked a lot about that. And of course, that's what everyone wants to know. I would point out two things. One is that, so far, the inflation and its duration and its height has simply surprised everyone, including the Federal Reserve. We thought inflation, the Federal Reserve I mean, the royal we, thought inflation was gonna peak at around four or 5%. Well, then it rallied all the way to eight or 9%. And the Fed has been behind that curve the whole way. So the challenge now is the Fed has increased interest rates from effectively zero to basically 4% today, three and three-quarters, and probably another 75 basis points coming in December. So that is an enormous amount of aggressive medicine to cure inflation. We're starting to see the leading indicators of inflation, things like housing, things like supply management. The supply chains have loosened up. Lots of the both demand and the supply issues that caused inflation are beginning to weaken. What we haven't seen yet, Eddie, is the unemployment begin to soften. We have not seen the employment picture. So with that said, we think inflation should begin to behave, but it may prove more resilient than we think at the moment.

- Let me throw you a little bit of a curve ball here. Forgive me, but I'm guessing that a lot in our audience would be interested in your opinion on real estate prices. You mentioned that just a moment ago with rates now, mortgage rates over 7%. Inventory is still short. So it's a little bit of a conundrum. Thoughts on maybe residential real estate prices in particular.

- We expect weakness in residential real estate prices. We're seeing everything but that at the moment. And there's the signs of things like, well, the houses that come on the market are staying on longer. They're not selling the first weekend for 10% above asking. We're seeing a very tight inventory, but clearly prices are beginning to soften at the very margin. We're seeing rental prices beginning to fade, which is a good indicator of home prices. The real problem we have with supplies, of course, and let me caveat all this by saying real estate's local. So it really matters, there's the environment we're all in, but real estate comes down to the local market. But the fact of the matter is a third of all potential buyers for home real estate, for residential real estate, have been taken out of the market by interest rates going from 3% to seven. And so that can't but hurt the demand. And so, yeah, maybe we'll get a little better outcome on the really high end or in the middle markets. But certainly this stuff all sort of impacts potential buyers all up and down the spectrum. So we expect to see some weakness in real estate.

- So the markets in general, let us specifically focus on the stock market. Has the damage been done? What do you expect from that?

- Yeah, that's hard. That's the tough question. We think, the number we're quoting is sort of between 80 and 90% of the damage is probably done. And when we say probably, we're now 20% or so after today's pretty aggressive selloff after the Fed's meeting, our lows were about 25% down. If we get down close to 30%, I think we'd be very, very interested in aggressively investing. Until then, we're sort of watching carefully to see what happens. Let me just add a really interesting or a almost a random thought that I had today that I was chatting about with our investment committee as the Fed was talking. It's a very frustrating environment to be in today as an investor because we're not really focused on fundamentals. What we're really focused on is this big parlor game of trying to figure out how the Fed can impact prices with an incredibly modest change in a phrase. It's crazy actually, if you think about it. And so today's order was, let me give you an example. They released a statement at 2:00 PM Eastern Time. That statement seemed to be pretty bullish and pretty dovish on Federal Reserve policy. And as a result, the market was up quite a bit. Chairman Powell gave a press conference at 2:30, and he completely dashed those dovish hopes. And the market began to sell off about halfway through his press conference. And the market ended up down two and a half percent today. There's nothing fundamental change today, except what the Federal Reserve was saying. And we are all just, we being collectively the investment community, are just hanging on every word this man says. That strikes me as not an investment cycle. That's just trying to bigger the fool question, right? Who could interpret and guess what he's gonna say next. So it's a very frustrating environment for investors.

- Well, and that on the heels of the Fed saying they were going to be more transparent, and they are. But now we're really paying attention and reacting to every syllable it seems like. So 2023. You mentioned in the video that we may see some, may see a recession in 2023. But hopefully a lot of that's already priced in, just kind of in general for the markets and the economy as a whole. I know you don't know, I'll caveat it for you.

- Thank you.

- No one does. But what are you thinking? I know your investment team talks a lot about this.

- Yeah, we do. So without getting too wonky here, the real issue is going to be what happens to corporate earnings in 2023. Right now, they're probably too high, so they're gonna continue to come down from their estimates. Estimates are around 230, 240 a share for the S&P next year. And if you divide that by the price, it's around 16 or 17 times earnings. So it's not particularly expensive, maybe even 15 and a half. So not too bad. But the problem is if those earnings fall to $200 a share instead of 240, that's gonna be painful. And so we may see some more pain. It feels like most of that has been priced in. So that's why I say 80 to 90% of the damage has been done. About 10 or 15% down from here, we would be very aggressive almost no matter what's happening. So again, it gives you a sense. We're sort of now, we haven't changed our posture. We're still defensive in our market positions. But what we're now doing is waiting for that sort of big draw down. And then we're gonna get aggressive. Like now we don't know what's gonna happen, but I like these prices. So we'd give it another 10% down or thereabouts, and then start to get more aggressive. We're being very timing sensitive just because we are, and we sort of have to be in our job. For long-term investors, I think if you've got a three to five or even a 10-year horizon, this is a pretty good opportunity, a really good opportunity actually to start putting some money to work in the investment markets.

- I think that's really great advice. Thank you. Any final thoughts before we bring on our next guest?

- No, and I won't try to annoy anybody by saying "Go, Phillies," but, in the World Series, in case we have any Astros fans on the call. But no, there's no. The markets have given us a handful this year, and we've just never quite seen anything like this. And with this duration. We hope it's mostly done.

- Well, we appreciate the way you and your team communicate on such a regular basis. Thank you. And by the way, our first quarter webinar will be strictly on the markets, the economy, those sorts of things. So we'll spend the entire hour really doing a deep dive into that. Michael, of course--

- I hope no matter what happens that this tape is no longer available so people can't hold me accountable.

- Oh, it's recorded. It's recorded.

- Three months from now.

- Very good. Thank you, Mike. Stick around, we may have some questions for you at the end if you would.

- You got it.

- Great. So if I could, I'm going to bring on our guest, Kristen Heaney. And Andy Wisdom, joining us from our virtual green room. Hey, folks.

- Hello, there. Good to be with you.

- Hey, Eddie.

- Hey, Andy. Well, let me introduce Kristen to start with. Kristen is with Legacy Capitals. So Legacy Capitals is a partner with CAPTRUST. We partner with them to deliver family governance services, family coaching services, helping our clients kind of think through how to communicate with the next generation, and really a lot of things even beyond that. Kristen herself has a Master's in Social Work from the University of Michigan and is a wealth legacy coach and an author. And I'm gonna read the title, Kristen, so I don't get it wrong, but "In Three Generations: "A Story about Family, Wealth, and Beating The Odds." Great title, great book, well done. Welcome, Kristen.

- Thank you, Eddie. I appreciate it.

- And my colleague from New Orleans is Andy Wisdom. Andy has a long career in working with families along many lines, but really specifically today, he's gonna share his wisdom, no pun intended, on how he helps families communicate better and navigate financial responsibilities together. So let we begin by saying, and Kristen and Andy, I bet you guys would agree with this, that most families have a family CFO, someone who is responsible for financial matters, takes the initiative, is really engaged, not across the board, but in my experience at least, we've seen that most families have one person who typically handles financial matters. And that's fine, but there could be some complexities there. I can remember, let me share a quick story. I remember it was probably eight or 10 years ago now. Had a client, in this case, the husband was the financial, was the CFO of the family. The wife was not overly engaged. There were some children there in the picture as well. And this story actually got to me second, maybe even third-hand. But the wife said to the husband, again, the family CFO, "What do I do if something happens to you?" And he responded to her, "Call, Eddie." And so, first and foremost, it was very gratifying for me as an advisor. Andy, I know you would agree. That's what we're trying to achieve with our clients is to be that quarterback for their financial affairs and really that first call. So quite gratifying to be sure. But more importantly, she asked that first question. She started the conversation about what do I do? And coincidentally that question led to another question, which actually led to some pretty complex estate planning we helped them with. She became very engaged in the family's financial matters and really was quite informed as a result of it. But it started with that question. Kristen, I know you have a personal story as well. I've heard it actually on numerous occasions 'cause we've done a lot of this sort of thing together. I'd love for you to share that story with us. Would you mind?

- Yeah, I'd be glad to. 'Cause I understand what it is to be disengaged, and if I could draw that a little further, throw myself under the bus, maybe even reluctant or disinterested. And I've moved from that place. But I lost my dad young. It wasn't necessarily a partner situation, but I lost my dad while I was still in college. And because my parents were divorced, I guess in a way I was the one, and of course my brother as well, who might have been a little more informed because that sure threw me into a really crazy situation. A situation that was very overwhelming. Not a great time to be learning financial literacy, to be better understanding the landscape of the family wealth that I would be inheriting, which included invested assets that I actually didn't know existed because he was really good about wanting to raise us with the same values that he had and to not be entitled. So that meant that I didn't know the language of investments at all. And I also inherited our family foundation, executive directorship of the family foundation. And I also didn't really know much about that. So being placed into a position where I was the decision maker in this environment where I didn't understand the language was certainly not ideal. There was a financial literacy learning curve, there's no question, but also there was a whole nother language I needed to understand, a whole financial map that I didn't yet understand. And so understanding that's 20 some years ago now, how I can move from being disinterested and disengaged to really being interested in what y'all shared today in kind of having some skin in the game. If I can do it, I feel like anyone can do it, Eddie.

- Well, and now you're coaching others, so well done. Good for you. I'm sorry you had to learn from that tragic situation, but well done. Andy, we were prepping for this webinar, and I was struck by the personal story you shared as well. Do you mind offering that to our audience?

- Sure, and before I do, I would say to draw a parallel between your example, Eddie, of your client taking the time proactively in what is a non-stress environment, to learn those different disciplines and begin to educate themselves, the non-financial spouse, versus Kristen's where she has to do the very same thing but under a traumatic circumstance. And the difference really is night and day. And so it really adds a little bit to the urgency of why it, we all want to kick these cans down the road. It's a natural instinct, but it really, really helps to do this when the pressure is not on. My story's not unlike Kristen's in that I also lost my father early. I was 12 years old. And you can imagine that's a traumatic, and I would say an unlucky event. It was May 26th of 1981. It was about 30 days before the 1981 tax package took effect, which allowed for one spouse to pass to another spouse all of their assets tax-free or at least tax-deferred until the second spouse died. At that moment, the state exemption was I think $180,000, and the maximum estate tax rate was 70%. So you think you find yourself to be extremely unfortunate to suffer a trauma. And then all of the complications that Kristen described and then real hardship following, merely from the event that somebody died and frankly died slightly unprepared. And one of the things I resolved in my life to do as a result of that is, and of course when you're young, you're not sure whether you'll get married and have children, but I did both and I have three children, but I resolved to never let my children or my spouse ever find themselves in this situation. If I were to get hit by a bus, which is my preferred metaphor, or to otherwise die young, that they would never have to deal with this situation. And I think it's a good goal, but you can see that that type of experience really can shape not only what you do for the rest of your life, your career, but it almost becomes a bit of a calling and a bit of a vocation to serve others in that way.

- Right, well, good for you. Well done as well. You've had a wonderful career and helped many, many people I know. So Kristen and Andy, I want you to think about this question as well. In reality, what does it really typically look like in a family relationship? What does a normal family look like when it comes to sharing or maybe not sharing this financial responsibility?

- Well, I think what you've described is kind of how we do it. I know I'm married, this is how I do it with my spouse. Someone's generally in charge of the laundry. Someone's generally in charge of the kids' sports schedule. I think we'd go crazy if we didn't make some order to how we roll the responsibilities of doing life. But I think it's a mistake to do this with financial decision making because it's an area that's just simply too broad. There's too many aspects. And I think it's too important to have the voice of both of the individuals. And I think there's a stereotype that we associate with this, and it's that it's more often the female partner who's disengaged. I think that stereotype, the trend seems to be changing with regard to that. And I think as we look into the future, what we know from the statistics is that females are likely to be the majority wealth owners as the next generation turns over, in part because we tend to live six to eight years longer, and in part because of the great wealth transfer that's happening from the baby boomers. So I think right now it's essential for us to equip specifically females. But I also wanna highlight that it's not always a female partner that's the disengaged one. I think as we're too clearly defining the roles with regards to the financial decision making and kind of keeping one person away from the details of that, you're really losing out on the potential voice, and having that other person sort of in the car. I like the car analogy. To have the other person sitting in the passenger seat knowing where you're going, kind of sharing their vision for what you're typing into the GPS and what your destination is not outside the car or even in the backseat.

- Yeah, well said, and you're so right. The numbers are really quite startling. Not startling, that's not the right word. They are stark. Women will inherit the majority of the 30 trillion in assets that's going to pass from not one generation, but one spouse to another, really by 2030 is what the statistics will show. So that is happening as we speak. So that's, you're spot on there. Andy, anything you would add to that?

- Well, hard to add on to what Kristen just said because she really captured it very, very well. I, in my own experience and with clients, what I tend to focus on in if you think in the financial silo alone is the idea that alignment, and let's be candid, families can be complicated, but alignment and transparency generally solve all of the problems or at least set the stage for all of the problems to be solved. Because two people can come together with the same set of goals, and then they can, and if they can then be transparent about the challenges and issues and things that have to be done to achieve those goals, their odds of success go way up. It's lack of transparency that can really interfere with some of that. So we really look to try to create alignment among our clients, and that can even be multi-generational. I've had some interesting experiences with several generations in one family, but creating that alignment and then creating transparency about what the challenges are and what the solutions can be.

- Well, let's pull on that thread just a little bit more then because again, like you, I've had situations over the course of my career where there is not alignment. One spouse is a spender. Another spouse is, the other spouse is a saver. One's conservative, one's more aggressive. One's philanthropic, maybe the other is not. Any tips, Andy, that you would offer or thoughts you would offer that might help drive more alignment in a relationship where there is little.

- I think, well, one is the recognition that it's not always, there's not necessarily a steady state. It's a constant dialogue. And that allows you to be dynamic in your approach because you may spend more money as a young person. You may spend less as an old person. People do change over time. So I would say the key is to let it be dynamic and to constantly have those conversations because people do change their views over time, or at least they can. And so as long as you're having those conversations, I think you can get used to where all those different fault lines exist, and then how you wanna approach them together.

- So how do you start those conversations? Should they be done at home? Is it in your experience maybe wise to seek out someone like you to sort of be a bit of an arbitrator there? How have you handled that in the past?

- Well, what I've done, so in a sense it's a little unfair because I'm the professional lurking under the surface in my household. But I think a model would be for the two spouses to get awareness that we have an issue. That we want to think about things like minimizing tax burden in the event one of us or both of us die. But to recognize, so to go from recognition that we have an issue to then thinking, doing a quick inventory of whether you, whether either or both of you, have the ability to work through some of those issues yourselves. And then realize, if you don't, then you bring in the outside professional. And they can be investment advisors like CAPTRUST. They can be outside counsel. Sometimes they can be both, and sometimes that really helps, particularly in a dynamic environment today. The Fed's raising rates today. There's a lot of discussion about legislative changes. We know that in 2026, the estate exemption amounts are all going to revert back. They're going to go down. So it's a fairly dynamic environment, and sometimes it requires more than one professional.

- Right, okay, I wanna come back to the exemptions in just a moment. Kristen, in your experience, when there is really one family CFO, and they're either not sharing or the other spouse is just not engaged, I know there's some obvious problems, but anything that comes to mind that the audience maybe is not thinking of? In other words, is this a problem?

- Yeah, I would say it's definitely a problem because it's such an important area to be incorporating your unique values that you have in your household into the way that you're approaching your financial decision making. So I think, right out of the gate, and you kind of identified it. It's okay if there are, if one person is a spender and one person's a saver. One's more philanthropic than the other. Actually, I think that's really good because in a way you kind of balance each other out. So to me, it's less about saying, looking at what your issues are. I think that's actually an area of reluctance that people will say, "I don't wanna talk. "I don't wanna get into that. "Let's just let the one person deal with it. "'Cause if I get into that, "we'll just have another thing to argue about, "and we don't wanna do that." That I think you miss out on so much. There's so much that you can be talking about. If you're not ready to tackle some of those how much am I spending issues, you might wanna get into starting with what are your financial goals and what is your vision? And I think what we find is that that actually helps to resolve some of the tension around the areas of sensitivity that couples normally find around money because you've gained alignment. So if you can be talking about, the way that we frame it is, yes, talk about the financial capital, but there's more to be talking about. More for the two of you to be talking about than your approach to investment risk tolerance, for example. You can be talking about financial parenting if you have kids at home, and it's essential that both parents have a voice on that. And so if only one person has a lens on that, is walking in to your office to be able to have conversations with you about your planning for when the kids are launching, then you're really missing out on the voice of the other parent being involved. And I think also for continuity's sake, it's really important as well. You sort of don't know when another person's gonna be hit by a bus, Andy, as you said. And so to have a sense of continuity and the ability to have competence in the leadership of your family, for your kids' sake, if you have kids, for the sake of your own ability to transition effectively. I think to have alignment in all of those areas actually can kind of level out some of the more sensitive topics.

- Yeah, really well put, very well. Along those lines, you mentioned children. Modeling for your children, I would think. I'm getting over my skis here fairly quickly, but I would think that's an important part of it as well. If you can model that sort of behavior for your children, it probably sets them up for a greater chance of success when they're dealing with this on their own, right?

- Oh my gosh, definitely. And I feel like for them to see you even, there's gonna be some conversations that are happening in the house and there's gonna be some conversations happening at the CAPTRUST office. And for them to see you setting financial goals together and tackling some of these financial challenges that you're having in a healthy way is setting them up for success in the future when they're in the driver's seat themselves, so.

- Right, right, well put. Andy, you mentioned exemptions, et cetera. That may be sort of a little bit of a foreign language for some of our audience. At a really high level, break down what you were describing and maybe some changes that are going to be happening because we probably have some people in the audience that these changes could really affect them in a dramatic way. So I think that would be helpful information for 'em.

- Well, they can, so the IRS allows an estate to exempt an amount of money from estate taxes. Back when my father died, it was, I think it was 180,000 or something. It was very, very low. It has gone up since then. And the IRS just released the 2023 exemption amounts, which is 12,920,000 per person, or 25,840,000 for a couple. And one of the things about that is that some people hear a figure like that, and they think, "Well, then I don't need to worry "because I don't have that amount of money." But especially for young people, you really need to be projecting out 30 and 40 and 50 years into the future. Assets grow, and sometimes they grow quite quickly. You might not think you have this problem today, but you will have it later on. And so you need to plan accordingly. And also stay involved and on top of regulatory changes because we know that at the end of 2026, half of that exemption amount is going to go away. So a couple will only have half of that amount, 12,920,000. And there are discussions at any given moment about doing away with exemptions altogether or raising the rates of estate taxes, which the maximum rate today is 40%. So it becomes a valuable tool when planning multi-generational distribution of wealth, if the goal is to minimize taxation. And I think that becomes really important. And I just wanna come back one second to, so Kristen used a great phrase, financial parenting. I think particularly with respect to children and raising children and teenagers whose brains aren't fully formed to try to get them to understand how to act fiscally responsibly can be quite a challenge. And then when you start layering in things like philanthropy and creating trust accounts and education savings accounts and all the different things that are part of this picture, it can be a real challenge.

- Yeah. That was a really good, quick, easy breakdown of the estate tax laws. Thank you for that. So I'm going to guess that, in the audience today, the people that signed up for this webinar are the family CFOs, right? They're the ones that are interested in this webinar. So they're here, they're listening, and at home they have a disengaged spouse. What do we do? What advice would you give them to get their spouse engaged? Anyone wanna take the first cut at that?

- Well, there's a, I feel like before we get started, and there's a million things that they can do, the disengaged spouse, but before we do that, since we know we likely have the CFOs with us to start a conversation, first conversation about this, I wanna kind of encourage you all as the family CFO that in order for them to step into this room, you have to not be filling all of the room up. And so I think to create space for them to have and learn some of these in the context of some of these conversations that they're probably gonna ask stupid questions that make you wanna get under the table as they're addressing your advisors. Have patience with them. They might ask you the same question 25 times. So I think to be really encouraging and patient with them as they're learning is sort of your homework to do. I know they'll probably have more homework than you, but that's one thing that you can do to be supportive.

- That's great, that's great. Andy, what would you add?

- I think that's great advice. And I think what the CFO could say to himself or herself tonight is, after doing an inventory, is what are the challenges that we're facing and what do I think my spouse's level of expertise is? And then just starting the conversation. It just starts with one conversation and being deliberate about it, being intentional in trying to, as we talked about before, create alignment and then talk about goals, and then talk about the strategies and tactics that one would use to achieve those goals. But it really just begins with a conversation. I think the patience point. And I've seen it both ways. I've seen the dominant female, financially-dominant female roles. And sometimes what I've seen in those cases, the male spouse feels sheepish because they feel that society's told them they should know all this, but they don't, in that instance. And so emotions come into it and differing levels of expertise come into it. I think Kristen gave some great advice about patience and educating and really being committed to the idea of taking this journey together. I think that's just, I cannot overstate how important that is going down this path.

- That's great. In my case, it's the cowboy's children have no shoes, right? Because I've not done a lot of this myself. My wife and I were actually just having this conversation last week. But one thing that was really a healthy exercise for us is when we sat down with our state attorney and planned our will. That just, first of all, if you don't have a will, run, don't walk to your attorney's office and be sure that's done. But that's a great way to just begin the conversation. If you do have a will, and maybe it's been in a drawer for 15 years or so, probably given some of the things that Andy just mentioned, probably time to get that out and dust it off and maybe have another conversation. That's just a great tool to use to jumpstart that conversation. 'Cause there's just so many things you have to think about together when you're putting together a will.

- I think that's right, Eddie. I would really stress that very much. I've heard people say, "Well, I don't have enough money to have a will." And very common sentiment. The problem with it is is that a will is how you can gain control over your assets, whether they are large or whether they are small, but it's how you gain control over what happens to them. If you don't have a will, whatever state you reside in comes in, and they have a set of rules. And you might not know that. You might find yourself in a situation where you don't like the state's rules about what happens to your property if you die. So the thing about a will is really being able to control what happens to your assets at your death. I would also add, Eddie, that in addition to a will, it's just good from a hygiene perspective, a financial hygiene perspective, it's good to be thinking about things like health powers of attorney, do not resuscitate orders, whether you have one or don't. But if you think of this, there's an entire continuum of things along those lines. Wills and powers of attorney and things like that. All those things really should be part of the conversation.

- Mm-hmm, all great ideas. And I would even add to that other in case of emergency information, like where you're keeping passwords for your accounts and where there might be security deposit boxes or the key to the safe that's upstairs in your closet. All of those little pieces. If you were hit by a bus, Andy, to be able to have your partner to be able to understand how to access all that information.

- That's right, absolutely right.

- It really is the little things that when you go through something unfortunate, little things done ahead of time can make things so much easier for your spouse. A good password manager, as you mentioned. Knowing the code to your phone, for goodness sakes. Just something really that simple. Having a good password manager is a great first step, but the password manager has a password, right? So be sure that someone has that password, something like the Last Pass you can assign an emergency contact to. Things like monthly recurring payments, things that are just going to, they're just gonna leave your checking accounts for whatever reason. And maybe chronicling those periodically so someone knows, "Oh, that's there, I need to go turn these things off "before they debit my..." 'Cause it could be literally three, five, six months out. And all this money has left an account. So all of those things are really super important. In most cases, one spouse probably has thought about it and maybe the other hasn't, so all good thoughts. I wanna switch gears just a bit here because I'm guessing as well that we, I don't know what the average age of our audience is today, but I would suspect that there are many families who have elderly parents now. And sort of along the same line of thinking. Elderly parents, maybe there's only one parent left. Those are difficult conversations to have. Mom, just wanna be sure I know where your passwords are, or do you have a will or even, sadly, maybe memory's beginning to slip a little bit, and you're noticing some things that maybe they don't realize themselves. That's a really sensitive, touchy topic. Actually have been through that personally. Any thoughts for our audience, Kristen or Andy? Just dive in.

- I would say, same, I've been there. I just lost my mom to Alzheimer's last year. And I think when the topic is hard to bring up, if you're gonna have one person who you want to do this in case of emergency conversation and kind of share some of these, why just target that person? Why not have everyone in the family kind of share that with one another? So it's not all of the focus being on one person's demise. There's an opportunity for everyone to be sharing this with one another. But these conversations can be difficult to have. What we found is that there's some conversations that it's important to have with them and have them included, and then sometimes it gets to a point where you all need to kind of plan their care on their behalf, sort of knowing what their values and vision is for the end of their life. And so while you still have their mental capacity, just be mining that when you're in the car, but share your part too. Share with them what you would like to have happen so that all the focus doesn't feel like it's on them.

- So maybe make yourself a little vulnerable first before you have that conversation.

- Yeah, absolutely.

- Andy, what are your thoughts?

- Well, I think that's very well said. I've done the same with my mother. I was lucky in that she was delighted for me to take over her financial affairs. That's not always the case. People don't want to hand over their driver's license. They don't want to hand over control of their financial assets, particularly if they've been in control of them for a long time. One of the things I think about are what are the triggers. Because there are people who can maintain control of their financial lives well into their 80s, even into their 90s. But I would say it's rarer. It's more of the exception than the rule. And sometimes the trigger points are actually quite painful because they involve things like falling for scams or making financial mistakes and things like that that you then have to sit down and say, "You're damaging yourself, and I think you need help." And then you can sort of get into that conversation. But they can be quite sensitive. But nevertheless, I think they need to be, you need to have those conversations when the circumstances warrant.

- Yeah, that's really good. So a couple of questions have come in. Let me get to those. One is a little technical, Andy. I'll give it to you. Do you recommend gifts of greater than $17,000 per year in order to begin to get money out of your estate? Any thoughts around that?

- Yes, I think if you can afford it, there are a couple of ways. Of course, during your lifetime you can give up to the IRS exemption without paying any tax. You just have to file a declaration on your tax return that you gave above, it says 17,000. But if you can afford the 17,000, I think it's a really helpful tool because it could be 17,000 per parent, per child. So if you have three children, it starts to add up very quickly and can be a very powerful wealth transfer tool. Another thing to think about if you are a grandparent is, let's just say for instance your grandchildren were attending a private school. You are allowed to pay the tuition of your grandchildren attending private school without regard to the $17,000 limit. It is actually an additional amount that can be passed down. It's sort of passed in the form of intellectual capital. You're paying school tuition, the child is learning, but relieves a little bit of a burden on the parent, and actually takes money out of the grandparents' estate and puts it into the head of the grandchild, for instance. That is another very powerful, but little known tool outside of big gifts and big, structured planned giving and trusts and things like that. You can, with three or four children, you can find yourself in a position to be able to move hundreds of thousands of dollars every year without touching your exemption amount.

- Yeah, great tip for sure. Kristen, Andy, anything else you would add with respect, let's maybe go back to our original topic, engaging that disengaged spouse. Any final thoughts on this at all?

- I would say you'll make a mistake if you take what you've heard today and plan a meeting before year end with your partner and maybe even with your advisor, and then you don't have another meeting for like 15 years. And I think that's a pattern that people will fall into. And the CFO will think, "Well, I told you all of this." And I'm often in these family meetings where sort of there's another information download. And I remember the wife of our one client said, "Oh, now I understand." He kind of shared, we'll call it the financial map of their resources and kind of how money flows. And when they're gonna give to the grandkids, they do it out of this bucket rather than that bucket. And she said, "Oh, this makes so much sense. "Now I understand." And he was like, "I feel like I tell you this all of the time." And she's like, "We literally had this conversation last over a decade ago." And so I think the CFO can understand if this is not something they're dealing with on a day-to-day basis, it's likely to not stay in their brains. And so sort of like small frequent meetings are gonna be better than one three-hour meeting that feels quite overwhelming.

- That's good. Andy, thoughts?

- I think that's very well said. And I don't want to make this comment. I don't want to, I'm not trying to create fear, but the time to do this... I think people kick this can down the road. The time to start having these conversations is now. You just never know what's coming down the road. I'll conclude with another personal story. In 2015, I knew that I had to do some estate planning. And so I wasn't sure exactly how I wanted to structure my life insurance portfolios. So I went and bought a lot of term life insurance just as disaster insurance. And all of that insurance was put in place, and I discussed it with my wife. And we talked about what would happen if I get hit by bus and so on and so forth. Six months later, I got diagnosed with cancer. I got diagnosed with lymphoma. And the good news is it's in remission, and I'm fine, and I should live a normal lifespan, but I am essentially uninsurable. So if I had waited, if I had kicked that can down the road, I would be uninsurable, and I would've then deprived my family of a very powerful tool to avoid taxes and provide for their financial safety for a long period of time, long after I'm gone. And then you could imagine how lousy I would've felt starting off as a young child wanting to make sure that that never happened to my kids. And then to realize that by delaying as far as I did that I came about six months away from really doing permanent damage from an estate planning perspective. So I don't say that to be a scare monger, but to simply say, take that step, have that conversation, begin that walk, seek alignment, think about your your issues, think about your challenges, start working on strategizing how to overcome them. But don't delay. The time to start is today.

- That's, wow, what a powerful story that was. Thank you for sharing. I would add, Andy, I'm gonna steal this from you, but I can remember having this conversation when we prepped, but know who your round table is. Know who the advisors are. My personal tip would be just you don't have to attend every meeting by any stretch, but go to one meeting a year with your financial advisor, with your CFO spouse. Just show up, gotta see what's going on, listen. That's gonna, I bet, prompt some questions, and from there foster maybe some really good conversations. So just show up every now and then. You never know what happens, right?

- You never know.

- So a couple questions came in while we were trying to wrap it up. So I'm gonna go back and capture those as as well. One is, it's a long question. The short version of this, this was really for Mike. Mike, I think I can answer this for you. They didn't quite understand. The market could go down another 10%, and maybe we would start putting money in now. I think they maybe inferred from that we had advisors taking their clients to cash. A lot of clients in cash right now. That's not the case. I think what Mike was saying is if you have cash on the sidelines, and we get... Yeah, there you are. And we get another pull back, you would probably get fairly aggressive. You wanna take it from there?

- Let me just add to that 'cause that's the right answer. The nuance there is that very often people think, particularly beginning investors, that they either have to be all in or all out. So, "Oh, I don't like stocks so I'm going "to sell everything and go to cash." Or, "It's time to be invested, "so I'm gonna put all of it to work." Almost no one needs to do that. And the dynamic is really, the way to be successful is moving in small bites. So when I said that we were defensively positioned in our portfolios, it doesn't mean we don't own stocks. It means we own a few less stocks than we normally would at our target benchmark. But we think about sort of creeping along. And so we, for example, we sold about five or 7% of our equity holdings back in August when the market had run up a lot in July. So we cut back our equity exposure, but we didn't cut it all back. We only cut it back a little. What I meant to say by the sort of "Now is a really good time to get aggressive," or for long-term investors, if you have a 10-year horizon, shading the edges is probably not all that helpful or useful 'cause you probably miss as much as you get. If you have a long-term horizon, and you don't have any money in the equity market, this is a great time to put some in, in our opinion. And I wouldn't put it all in, but start to dollar cost average as they call it, where you put in a little bit on every set time period of a quarter of a month. It's a very effective way to reduce some of the market timing risk. But certainly today is a lot better day than last December was to put a whole bunch of money on the market. Hope that helps.

- No, it absolutely does. Two more quick questions. I think we should answer these 'cause it could be confusing. Andy, you said, you mentioned uninsurable. What did you mean by that? Help the audience understand.

- Well, part of the challenge with any kind of life insurance is that you have to be in reasonably good health to get the insurance policy. And once you had a major health challenge, oftentimes the insurance company simply won't write, they won't underwrite your life. And cancer usually being one of them. And I'm 53, so as you get older, it gets more expensive and a little more challenging anyway for reasons that are obvious. But you really do, when you suffer a major health problem, you lose that ability. Now, in my case I was lucky because these term policies are ultimately convertible to permanent insurance without further underwriting. So that's what I've done to protect myself and my family forever, as opposed to say a 20-year term. So I was very, very fortunate.

- Perfect, thank you for that clarification. And then last, and we're gonna wrap it up 'cause we're approaching the top of the hour. Any resources or coaching for end of life planning? Kristen, Andy, anything come to mind that would be helpful?

- We have a workbook tool that we're glad to share for the in case of emergency conversation that we talked about. If you'd like to reach out to your CAPTRUST advisor, we'd be glad to share that with you. It's not necessarily like end of life about funeral and things, but it is about wanting to share your wishes and sort of the passwords, what to do with my car, my art, the vacation house, all of those sort of details.

- Okay, thank you. Very helpful. Okay, we are at the top of the hour. We will wrap it up. Thank you, everyone, for being here. I hope you have a wonderful evening and hope this has been helpful to you. You can let us know because there will be a survey that will appear immediately as we end here. It will only take just a couple of minutes. Thank you very much in advance for completing that. It helps us as we prepare for these. This is your time. We do this for you. and we want this to be good use of your time. So your feedback is really super helpful in that regard. Kristen, Andy, Mike, thank you all. I hope you all have a great evening as well. Terrific content, great presenters. Good night all.

- Thank you.

- Thank you, all. Take care, everyone.