



Managing Your Money

STAN'S WORLD — THE CHALLENGES OF AGING IN PLACE

As America's population ages, we'll likely see more articles about aging in place. Wikipedia defines aging in place as "the ability to live in one's own home and community safely, independently, and comfortably as they age, regardless of age, income, or ability level." Aging in place should be viewed as a dynamic concept, potentially entailing multiple modifications to allow for safe living as physical abilities change.

If you're a senior, you may have already taken steps to live safer. Many of us can recite some of the more obvious safe practices: no throw rugs; handrails by steps; grab bars in the shower; ample lighting, especially at night; no cords lying across the floor; if alone, daily check-ins with a neighbor or relative; don't buy a puppy who will turn into a large dog (oops!); et al.

When Pearl and I moved to Westfield, we came from a house with a large, screened porch. The house we moved to has stairs leading down to a patio. Early in our tenure here, Pearl visited the building department to ask about building a screened porch. She was told we couldn't build one because our house was built on X percent of our lot, and X percent was the maximum coverage allowed. End of discussion.

Eighteen years later, we're more conscious of those steps leading down to our patio, especially when carrying food. For safety reasons, and to help us to age in place, we recently inquired about building a deck, a deck that would have the same footprint as the existing patio. I called the zoning officer, who quickly calculated we couldn't build a deck because of the building coverage on our lot. I said we don't want to build more; we just want to build above what we already have.

I then learned that in Westfield, anything above ground falls into the formula for building coverage on a lot. We can probably build a patio that could hold an orchestra because it is on the ground, but we can't build a deck because it's above the ground. The zoning officer was very polite and thorough in her explanation, and she suggested we consider applying for a variance.





STAN'S WORLD – THE CHALLENGES OF AGING IN PLACE (CONT'D)

A variance is an exception to zoning laws. On a case-by-case basis, you present your unique circumstance to a board of adjustment and ask the board to grant you an exception to the zoning regulations. In our case, we're trying to live a safer life while we attempt to age in place. Carrying food down steps so we can eat on our patio is, frankly, a fall waiting to happen.

So, what have we learned about getting a variance?

- We need an attorney to prepare our application for a variance to be presented to the town zoning board. The attorney charges a fee for services.
- We learned from the attorney that we need an engineer to discuss drainage and present the site plan to the board. The engineer charges a fee for services.
- We learned from the engineer that obtaining a variance for a deck requires elevation drawings and various dimensions best handled by an architect. The architect charges a fee for services.
- We learned from the architect that the board would want to see the paths and walkways we installed amongst our landscaping, a drawing best handled by a surveyor. The surveyor charges a fee for services.
- The engineer told us that when a board approves a variance, we can build whatever we want within that footprint, whether a deck or a porch. Hearing that, we told the architect to draw plans for a screened porch, the same porch we originally sought 18 years ago.

If communities care about their senior population aging in place, they'll have to make it a little easier for us to stay. More innovative communities have already taken steps in that regard, with one notable example being accessory housing.

With accessory housing, small homes or in-law apartments can be built for seniors on the lot where their adult children reside. This can be a lifesaver for elderly parents and a progressive way for government entities to bend existing regulations for the public good.

A contractor once told me that if we want to build a deck, we should just build it, permits be damned. His words: "Everyone does it." We didn't follow his advice because it clearly violated town regulations. On the other hand, looking back, I wouldn't have carried plates down those damn steps for the past 18 years.



THIS AND THAT...

A collection of good planning and investment points we thought worth passing along:

- Check your beneficiary forms...yet again:** Many of us have old IRA or 401(k) accounts or life insurance policies that have been around for dozens of years. In almost every instance, you probably listed someone as your beneficiary. In some cases, however, that someone may no longer be an important player in your life. For some, that person may have even pre-deceased you. For others, things can be more complicated. To wit..."Jeffrey Rolison and Margaret Sjostedt dated in the 1980s. Now, almost 40 years after they broke up, she stands to inherit his \$1 million retirement account. The reason she might get the money is that in 1987, Rolison listed Sjostedt on a handwritten form as the sole beneficiary of his workplace retirement account. He never changed the beneficiary designation and died in 2015." While Rolison's brothers are fighting his employer to have the designation voided, the funds sit in a money market account collecting interest, nine years after Rolison's death.¹
- Lean Into the Market's Patterns²**

MARKET MOVES

DON'T SWEAT THE SMALL STUFF

Recognizing common market tendencies can help you keep your cool. Below, the frequency and severity of various types of downturns from 1945 through 2022.

| Market Drops | Occurrences | Average decline | Months to the bottom | Months to recovery |
|----------------------------------|-------------|-----------------|----------------------|--------------------|
| Pullbacks (5.0% to 9.9%) | 61 | -7% | 1 | 1.5 |
| Corrections (10.0% to 19.9%) | 23 | -14 | 4 | 4 |
| Bear markets (20%+) | 13 | -33 | 13 | 27 |
| Garden-variety bear (20% to 40%) | 10 | -27 | 10 | 14 |
| Mega meltdown (40%+) | 3 | -51 | 23 | 58 |

SOURCE: CFRA, S&P Global

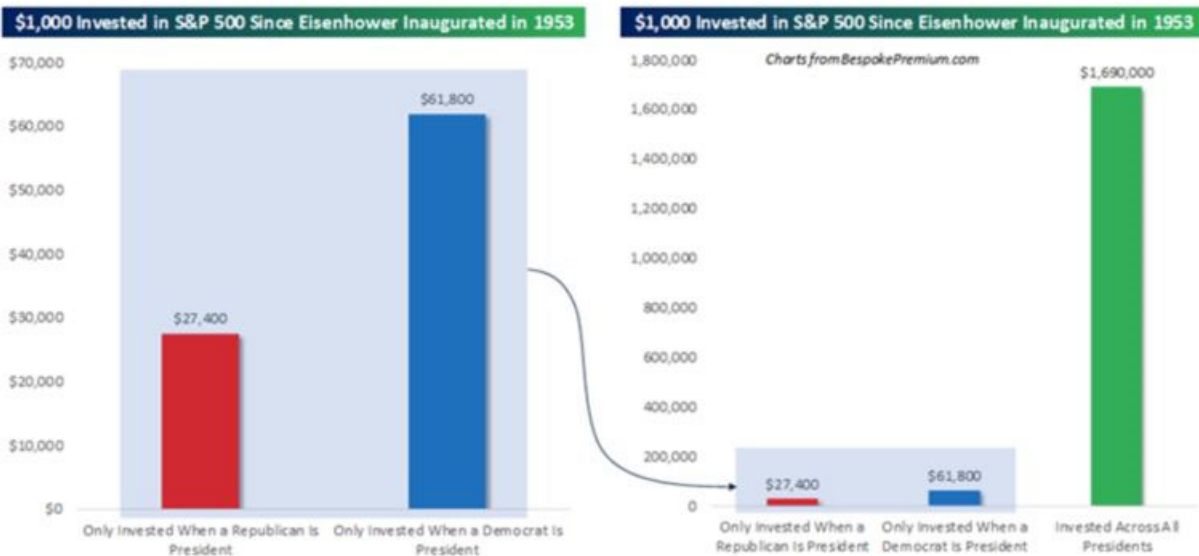


THIS AND THAT... (CONT'D)

- **A few easy steps to better protect your checking and savings accounts and credit cards³:**
 - * Make sure you have a complex and unique password to access your account online.
 - * Set up two-factor authentication if you haven't already done so. An example of two-factor authentication is a unique code being texted to your phone whenever you want to log into your account. If a hacker gets hold of your password but doesn't have your cell phone to receive the text, the hacker won't be able to access the account.
 - * Set up alerts so you get immediate notification about deposits, withdrawals, and charges above a pre-determined dollar amount.
 - * Only log into known websites, such as those stamped on your credit card or printed on your bank statement. Googling phone numbers and websites may lead you to bad actors who can manipulate you once they have you on the line. (5) Don't respond to emails, texts, and pop-ups, purportedly from your bank or credit card company, regardless of how urgent they appear. There's a high probability they are attempting to hack your accounts. (See Item #4 above for your next step when you receive a random communication from your bank, credit card company, or even Schwab.)
- **Markets aren't as political as you may think⁴**

Don't Get Political

Letting political beliefs get in the way of "Buy and Hold" has been extremely costly to investors. Going back 70 years, \$1,000 invested in the US stock market only when a Republican is President would be worth \$27,400 today. \$1,000 invested only when a Democrat is President would be worth double that at \$61,800. But that \$1,000 would be worth \$1.69 million today for those who put politics aside and stayed invested regardless of who's in charge in Washington DC.



Past performance is no guarantee of future results.



FISCAL CHAOS CAN PRECEDE ALZHEIMER'S

If you have senior parents, you may think discussing money with them might be difficult. Add cognition issues, and you have truly zeroed in on the third rail of senior concerns.

Cognitive loss in seniors is a very sensitive topic. Not only is it sensitive to discuss with a senior, but it's even more sensitive for seniors to discuss amongst themselves. Thus, a New York Times article titled "Alzheimer's Takes a Financial Toll Long Before Diagnosis, Study Finds"⁵ was especially eye-catching.

The article referred to a study jointly conducted by the Federal Reserve Bank of New York and Georgetown University, which studied data from Medicare records and Equifax, the credit bureau. "What they found was striking: Credit scores among people who later develop dementia begin falling sharply long before their disease is formally identified."

"The research adds to a growing body of work documenting what many Alzheimer's patients and their families already know: Decision-making, including on financial matters, can begin to deteriorate long before a diagnosis is made or even suspected."

"People who are starting to experience cognitive decline may miss payments, make impulsive purchases or put money into risky investments they would not have considered before the disease." Especially troubling: "People in the early stages of the disease are also vulnerable to scams and frauds..."

While the researchers noted that "their findings should be a warning to older Americans and their families that they should prepare for the possibility of an Alzheimer's diagnosis," there are steps that can be taken to mitigate future problems with personal finances.

- If you're a senior, be open about your finances with your children. If you don't have adult children or would rather not discuss this topic with them, enlist the aid of a trusted friend.
- If you're a client, sign a trusted contact form that will allow us to contact a family member or friend if we detect any unusual behavior. While we're obviously not experts in mental health, an observed unusual behavior or comment could initiate a conversation with a loved one. If you'd like to sign a new form (or update an existing one), please contact us, and we can help you make the appropriate updates.
- If you have certain policies that are subject to cancellation if not paid on a timely basis (e.g., long-term care, life insurance, a rental agreement), tell the other party (e.g., the insurance company) you want to have a trusted family member or friend notified if you are late on a payment. Imagine the devastation if someone held a long-term care policy for dozens of years and then missed one premium payment. Hundreds of thousands of dollars of benefits would likely be forfeited. (Third-party designee forms are quite standard among many financial companies.)



FISCAL CHAOS CAN PRECEDE ALZHEIMER'S (CONT'D)

If you're a senior, forgetting to add the occasional check to your bank ledger probably shouldn't be grounds for you to suspect you're in cognitive decline. But if you take an action that is truly out of character, it might be time to have a serious discussion with a family member or close friend. The goal is not merely to see if you need help but to ensure your assets aren't squandered.

Finally, please, please, please **contact us immediately** if you ever encounter a situation that is either troubling or perplexing and can result in financial harm. There is virtually NEVER a situation that cries out for an immediate financial response. If you feel pressured to do something, stop and email or call us. The people who commit fraud are very good at what they do, and if they catch you on an off day, the damage they can do can be devastating.



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Managing Your Money is compiled entirely by Stanley F. Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

Did we mention? If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.

CLIENTS: Please remember to contact S.F. Ehrlich if: a) there are any changes in your financial situation or investment objectives, b) you wish to impose, add or modify any reasonable restrictions to our investment management services, or c) you've changed your permanent residence.

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¹ Ebeling, Ashlea. "His Ex Is Getting His \$1 Million Retirement Account. They Broke Up in 1989." The Wall Street Journal, 8 June 2024.

² Decker, Michael, and Nellie S. Huang. "Lean into the Stock Market's Patterns." Kiplinger's Personal Finance, 20 Aug. 2023.

³ Bennett, Karen. "Expert Advice on Protecting Your Bank Accounts from Hackers." Bankrate, 23 Oct. 2023, www.bankrate.com/banking/protect-accounts-from-hackers/.

⁴ "Don't Get Political." Bespokepremium.com, April 30, 2024.

⁵ Casselman, Ben. "Alzheimer's Takes a Financial Toll Long Before Diagnosis, Study Finds." The New York Times, 3 June 2024.

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