WEEKLY FOCUS

Choosing an Executor

Most of us recognize the importance of creating a thorough, well-reasoned estate plan. But we may not give adequate thought to choosing an executor. It’s all too easy to default to a relative without objectively weighing their qualifications or the challenges they may face. Because of the importance and potential complexity of the executor’s role, it’s wise to answer multiple questions before making your choice.

Will they be around? You probably shouldn’t select someone who is older than you or in questionable health. To be on the safe side, name an alternate in case your primary executor is unable to fulfill the role. This is usually a better option than co-executors. Although it seems sharing responsibilities could lighten the load, it can often complicate decisions, paperwork and banking activities.

Are they local? An executor who lives outside the area can find it difficult to maintain property, check mail or make court appearances. And some states don’t allow out-of-state executors unless they are primary beneficiaries. Other states may require them to obtain a bond to protect the estate.

How capable are they? A business or legal background is helpful but not necessary. Executors can, and often should, work with an attorney and an accountant. Honesty, intelligence, discipline, organizational skills and the ability to communicate well are essential.

Are they willing? Never name an executor without asking their permission.

Are they still the right choice? Just as you do with beneficiaries, it’s important to review your decision periodically in case something has changed. Perhaps there has been a divorce, or the person you designated has developed a health condition.

Should you consider a professional? You may want to name a third party executor if you have a blended family, your family dynamics are difficult, you want to make things easier for a bereaved spouse or you don’t have a suitable relative or friend. The National Association of Estate Planners and Councils (naepc.org) and the National Academy of Elder Law Attorneys (naela.org) provide directories of professionals who can help. Executor fees vary from state to state but often run one to five percent of the estate.

Estate planning can be very involved, and it’s crucial to get it right. We are happy to work with you, your attorney and tax professional to find solutions for your situation.

FINANCIAL FACTS

Not Enough Inflation — The consumer price index has reached at least 2 percent on a trailing 12-month basis in only three of the last 50 months, i.e., May 2012 through June 2016. The Federal Reserve’s target rate of annual inflation for the United States is 2 percent (source: Department of Labor, BTN Research).

In the Bank — As of Aug. 1, only three banks have failed YTD in the United States, the fewest number of bank failures as of Aug. 1 in any calendar year since 2007 (source: Federal Deposit Insurance Corporation, BTN Research).

2016 Comeback — Of the 22 stocks in the S&P 500 index that fell at least 45 percent in the previous year, 11 have gained at least 20 percent YTD through July 31 (source: BTN Research).
**THE MARKETS**

U.S. stocks slipped Friday after all three major indexes hit record highs on Thursday. Investor confidence was dampened by a report showing unexpectedly flat U.S. retail sales growth in July. For the week, the Dow rose 0.33 percent to close at 18,576.47. The S&P gained 0.12 percent to finish at 2,184.05, and the NASDAQ climbed 0.23 percent to end the week at 5,232.89.

<table>
<thead>
<tr>
<th>Returns Through 08/12/16</th>
<th>1 Week</th>
<th>YTD</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Industrials (TR)</td>
<td>0.33</td>
<td>8.43</td>
<td>9.61</td>
<td>9.06</td>
<td>13.37</td>
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<tr>
<td>NASDAQ Composite (PR)</td>
<td>0.23</td>
<td>4.50</td>
<td>3.74</td>
<td>12.55</td>
<td>15.85</td>
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<tr>
<td>S&amp;P 500 (TR)</td>
<td>0.12</td>
<td>8.32</td>
<td>7.04</td>
<td>11.26</td>
<td>15.60</td>
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<tr>
<td>Barclays US Agg Bond (TR)</td>
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<td>5.58</td>
<td>4.18</td>
<td>3.21</td>
</tr>
<tr>
<td>MSCI EAFE (TR)</td>
<td>2.85</td>
<td>1.88</td>
<td>-4.36</td>
<td>1.73</td>
<td>5.67</td>
</tr>
</tbody>
</table>

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested in directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding “1 Week” returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.*