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ON THIS SHOW:

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SHOW NOTES:

ETFs & Mutual Funds

What is the difference between an ETF and a mutual fund?

With a mutual fund, you have three. You have your 401k, which is an open end fund. You put money in, it goes to a money manager. The money manager makes all the investment decisions on behalf of the fund. When we want our money out, the manager has to return the money to us. They sell the securities, bonds, stocks, cash, etc and remit the money to us. A closed end fund is when you put the money in. When we want to sell it, we have to find a different investor. The third is a unit investment trust where there's really no manager, it's a basket of stocks. You put money in, you buy that basket, and then when you want your money out, you simply redeem that unit investment trust or let it mature. Most of them have a timeframe that's on them.

Exchange traded funds work like the last of those, the unit investment trust where there is no manager. So you've eliminated all, almost all of those expenses. None of the positions inside of the basket are ever resold unless there's a company that gets merged, acquired or goes under. But in passive exchange traded funds, which makes up over 98% of the marketplace, there are some that are active. There's no trading that goes on internally and only the family that owns it. The money managers can control when that's bought or sold. We can control the taxation of it as well. So those are really the differences. We only use exchange traded funds. Every now and then we will use a closed end mutual fund. But remember, the largest holder of exchange traded funds are mutual funds.


Elderly Abuse

Forbes said that the rise of elder abuse is starting to take over child abuse. Whether that's accurate or not, I don't know, but it is clearly an issue that more and more people are paying attention to. Today is actually the two year anniversary of a law that was passed: The Elder



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Abuse Prevention and Prosecution Act. It was to increase the federal government's focus on preventing elder care abuse. I know that we hear these stories all of the time, but apparently in Las Vegas there was a case that was finally decided on two years ago that actually caused this law to come into act.

It must have happened to a lot of different people because she kind of preyed upon an adult community and these people lived in a community. It was actually their own home that they lived in. They did have some health issues. The couple in this court case, the North's, had been married 57 years. Apparently, this gal found out what their vulnerabilities were and she weaseled her way into their lives. She somehow got herself appointed to be their guardian. I'm not sure how hard that is. Court has to appoint it, but a judge swings the gavel, and you can become a court appointed guardian.

Once she gained control over their assets and everything else, she moved them into an assisted living place. It was just awful. It was way less than what their home in this community that they lived in was. She moves them into this assisted living place, and then she goes through all of their money. At the very end of it all, they had to become totally dependent on their daughter.

When you make a major change in your estate plan or in your financial affairs, people go to doctors to check competency. If you're making a major change in your estate plan, I would prepare a document that says that I am fully competent. Let your doctor know that you're bringing that before you come and have him or her ask. It doesn't necessarily guarantee that somebody can't challenge your state, but it's going to be a whole lot harder when you've got a signed thing from that date where the doctor says, yes, he was he was quite competent.


First tip that they give here for seniors: You need to plan ahead to protect your assets and ensure that your wishes are followed. Writing a letter to your trust makes sure that your wishes are followed. It does not help if your trustee or your successor trustees do not abide by what's in there. It is very critical that you have the right person appointed over your trust. One of the reasons I use a trust is because I don't want a judge or a doctor being able to declare me incompetent. They can declare me incompetent, but they can't control my trust. Only the Wise Men that are inside of my trust, as I like to call them, have that capacity. You clearly want to document things, but that by itself doesn't protect you. You want to make sure that you have identified people to say, "Hey, I've agreed to do it. My uncle asked me; here's the notification." Then they will probably have that responsibility.

Try to pay with checks or credit cards so that there's a paper trail instead of having cash. Trust your instincts. A lot of times abusers are so skilled and can come in and act like your friend. If



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you want that list, give Angie a call at (800) 928-4001. She can get it to you as well as some of our commentary.

Credit Score

There are few things more important than your credit score. Your credit score matters for mortgages and some other things like: your insurance, whether it be your homeowner's insurance, auto insurance, or life insurance. It can even affect your job offers. If you are offered a job and someone else is offered that same job and it comes down to the two of you, your score can actually influence whether or not you get the job.

Disclaimer: Joseph Clark is a Certified Financial Planner™ and the Managing Partner of Financial Enhancement Group, LLC an SEC Registered Investment Advisor. He is the host of "Consider This" found on WIBC Saturday mornings from 6-7a.m. as well as three other Indiana-based radio stations. Joe has served as an Adjunct Assistant Professor at Purdue University where he taught the capstone course for a degree in Financial Counseling and Planning.

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