

Welcome to the Estate Planning Workshop

Vivalon

connection works wonders

RIDES MEALS CLASSES CARE ADVICE

Our Program will start at about 4 pm



Life Transitions: Navigating Major Life Changes Through Strategic Financial Planning

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WestHill Financial Advisors, Inc.

Today's Agenda

Three of Life's Most Challenging Transitions:

- Divorce: Dividing assets and restructuring your plan
- Retirement: Transitioning from accumulation to distribution
- Loss of a Spouse: Adjusting emotionally and financially

Divorce

The right guidance can turn a difficult transition into a new beginning.



Financial Planning through Divorce

How Financial Planning Can Help

Many people make financial decisions one at a time, without seeing how they are connected. A financial plan brings all the pieces together so you can make more informed, confident decisions.



Primary Financial Decision Maker

Stepping into a New Role

What bills have to be paid?

I have to get a new CPA, but who?

I have to get back to my lawyer this week and I don't know what I want.

Can I afford to keep this house?

Who will watch the kids if I have to work?
Can I afford daycare?

Can my investments generate income for me?

All my accounts need new logins, but I just don't have time!

Can someone help me?



Divorce: A Time of Transition



Getty Stock

The Emotional & Psychological Aspects of Divorce

Emotional Aspects

- Grief & Loss
- Anger & Resentment
- Anxiety & Fear
- Guilt & Shame
- Emotional Rollercoaster

Psychological Responses

- Reduced self-esteem
- Physical manifestations
- Unresolved trauma



Managing the Emotional Side



- Recognition
- Patience
- Supportive People
- Self-Care
- Feel Your Feelings
- Forgiveness
- Consider Professional Help
- Focus on the Future You Want

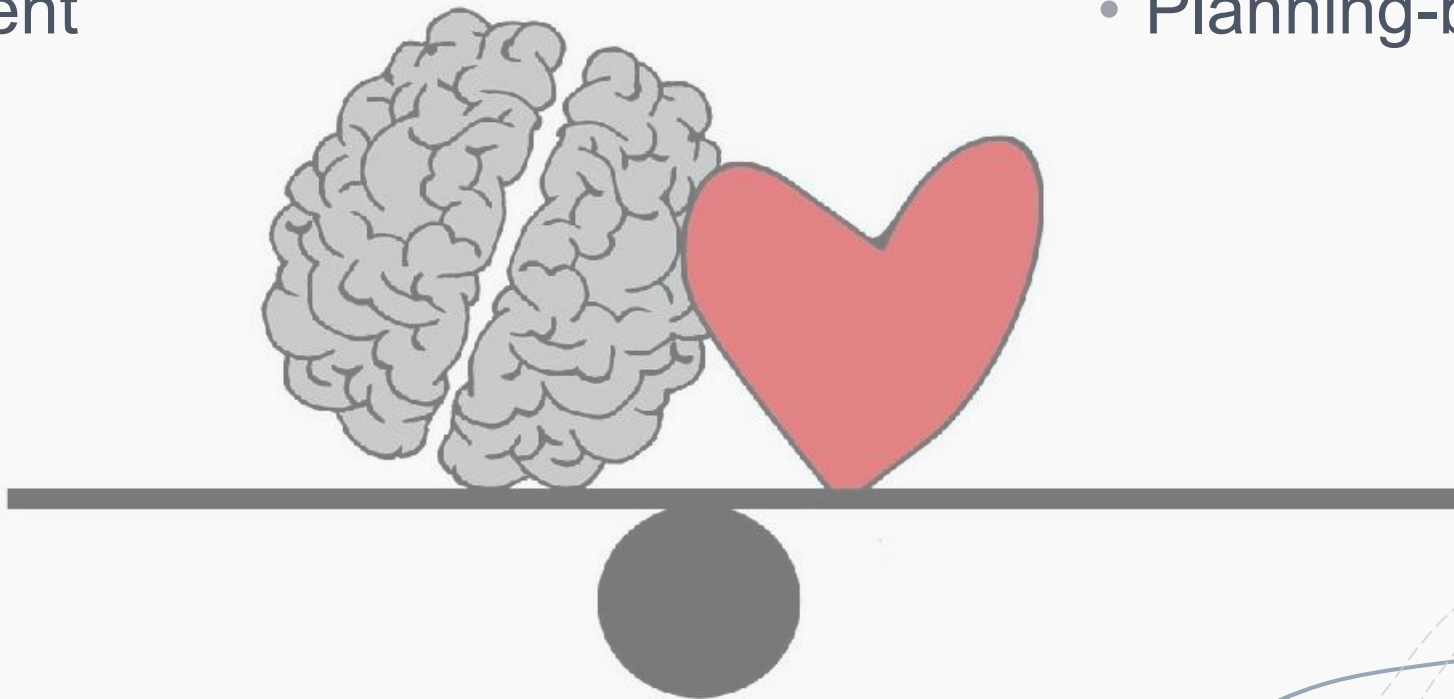
Nonfinancial Factors in Financial Decision Making

Emotions

- Anger
- Guilt
- Appeasement
- Uncertainty

Optimum Financial Behavior

- Don't act emotionally
- Don't rush
- Planning-based decisions



Behavioral Economics & Divorce Decisions

System 1 & System 2 Thinking

- Fast & reflexive vs. slow & thoughtful
- Use the right system at the right time

Status Quo Bias

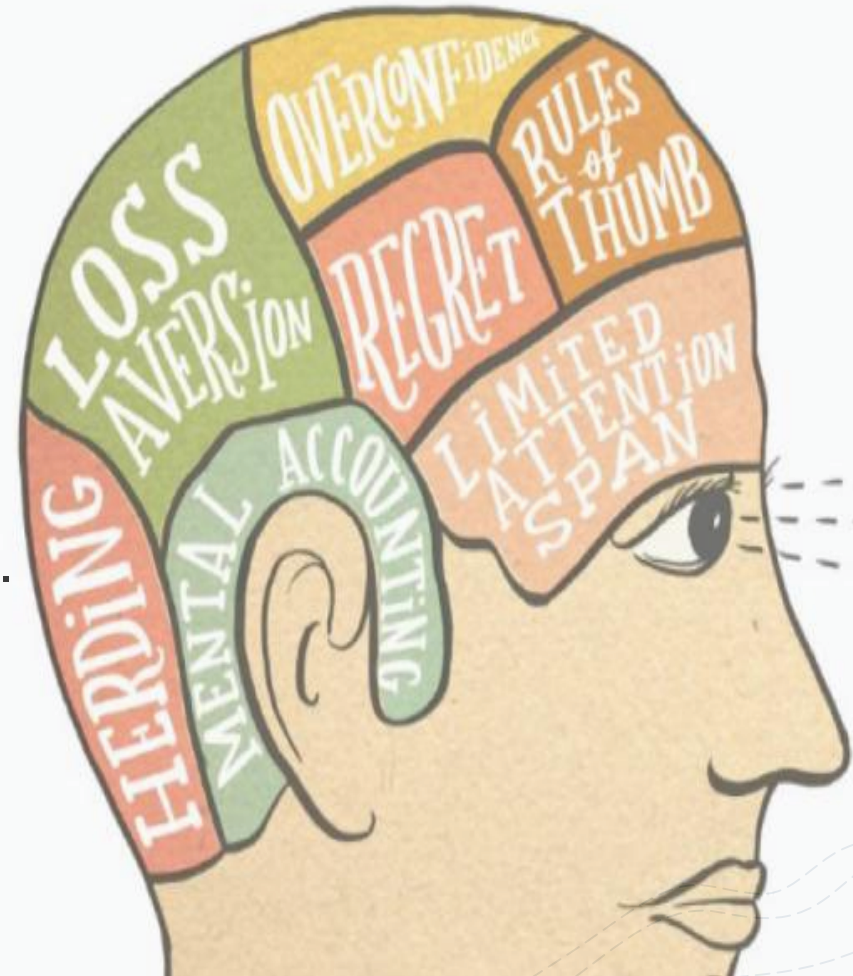
- Holding on to what is familiar.

Loss Aversion

- We measure gains & losses from a reference point.
- Our reference point is subjective.
- Losses are much more painful.

Endowment Effect

- We ascribe a higher value to things we own



Working through Financial Decisions in Divorce



Going Deeper in the Financial Planning Discussion



Slow Down

This stage requires slowing down, calming emotions, and thinking long-term.



Housing Horizon

How long will you need a large home? How old are your kids?
Do you want to stay in the area without nearby family?



Work & Income Plan

Will you start or continue working? What income and benefits do you expect? Will childcare be needed?



Life Goals

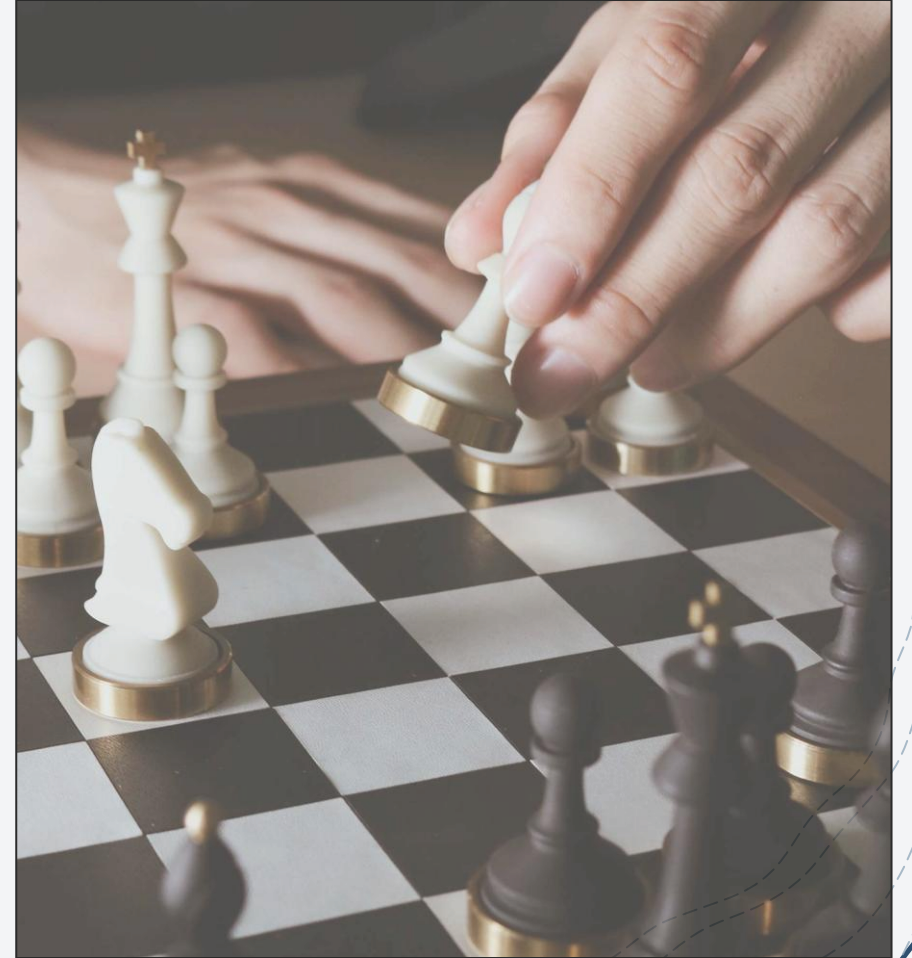
What are your long-term goals—travel, legacy, retiring early, business, remarriage?



Their Priorities

What are you willing to compromise on? What are your non-negotiables?

Common Immediate Decisions



Housing Decisions & Considerations



Questions to Address Early

- Decide whether to keep, sell, or rent the home during the settlement process.
- Emotional vs. financial trade-offs involves balancing attachment to the home with long-term plans, affordability, liquidity needs.

Long-Term Cost & Cash-Flow Impact

- Assess whether ongoing mortgage, tax, insurance, and maintenance costs remain sustainable on a single income.

Tax Considerations

- Understand how the timing of the property's sale may affect a client's capital gains tax, potential step-up or loss of tax basis adjustments pre- vs. post-divorce.*

**Property must still be in the joint name, and both individuals must meet the 2 out of the last 5-year residency rule (IRS 121). Tax filing status does not matter.*

Keeping the House with Adjusted Income

Two Incomes

Gross Income Per Year	\$300,000
Mortgage	\$53,964
Real Estate Expenses	\$21,500
% of Income	25%

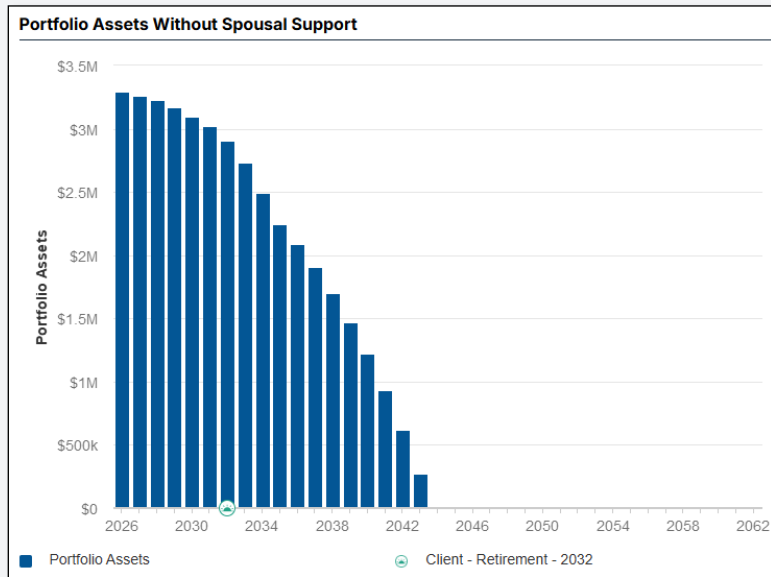
One Income

Gross Income Per Year	\$115,000
Mortgage	\$53,964
Real Estate Expenses	\$21,500
% of Income	66%

Spousal Support Considerations

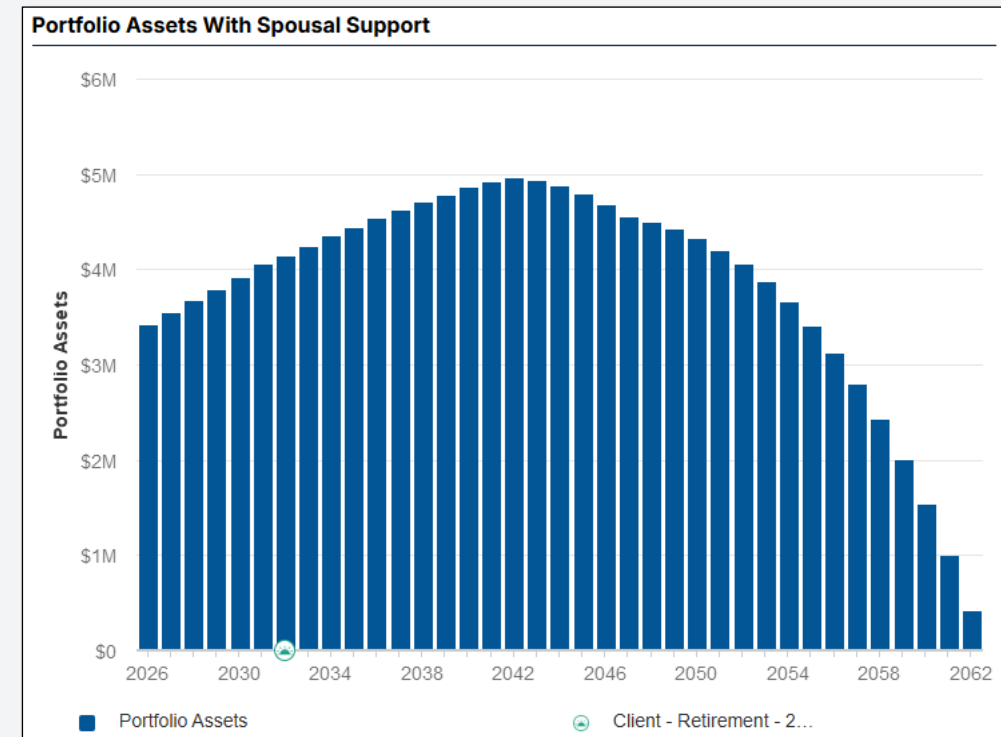
Without Spousal Support

Plan does not support long-term financial stability.



With \$138,000 Annual Spousal Support

Plan supports long-term financial stability.



Asset & Liability Division

Decisions & Considerations



What to Identify

- Property, investments, savings, and high-value items.
- Brokerage and investment accounts may fluctuate in value.

Liquidity & Cash Flow

- Ensure access to cash for living expenses, legal fees, and initial transition costs.
- Evaluate whether selling or reallocating assets supports stability .

Long-Term Planning Implications

- Asset mix impacts retirement timing, investment strategy, and tax exposure.
- Different cost bases and tax treatments make “equal” assets unequal over time.
- Division choices influence future estate planning and beneficiary structures.

Net Worth Statement | As of February 3, 2026



ASSETS	Client	Total
NON-QUALIFIED ASSETS		
<i>Cash Alternatives</i>		
Checking	\$26,925	\$26,925
Savings	\$50,000	\$50,000
<i>Taxable Investments</i>		
Fidelity Brokerage	\$1,000,000	\$1,000,000
Schwab Brokerage	\$616,484	\$616,484
Total Non-Qualified Assets	\$1,693,409	\$1,693,409
RETIREMENT ASSETS		
<i>Qualified Retirement</i>		
ABC 401(k)–Inactive	\$563,173	\$563,173
<i>Roth IRAs</i>		
Roth IRA	\$1,200,000	\$1,200,000
Total Retirement Assets	\$1,763,173	\$1,763,173
Total Liquid Assets	\$3,456,582	\$3,456,582
BUSINESS INTERESTS		
XYX, Inc	\$600,000	\$600,000
Total Business Interests	\$600,000	\$600,000
REAL ESTATE ASSETS		
Residence	\$1,300,000	\$1,300,000
Total Real Estate Assets	\$1,300,000	\$1,300,000

LIABILITIES	Client	Total
SHORT TERM LIABILITIES		
Credit Card	(\$5,000)	(\$5,000)
Total Short Term Liabilities	(\$5,000)	(\$5,000)
LONG TERM LIABILITIES		
First Mortgage	(\$433,000)	(\$433,000)
Student Loan	(\$125,000)	(\$125,000)
Total Long Term Liabilities	(\$558,000)	(\$558,000)
Total Liabilities	(\$563,000)	(\$563,000)
Total Net Worth	\$4,793,582	\$4,793,582

After-tax investment with a cost basis of \$350,000

Pre-tax dollars with distributions taxed as ordinary income

After-tax investment with a cost basis of \$515,000

Illiquid investment

High interest rate

Interest possibly deductible

Up to \$750,000 balance on a qualifying mortgage is deductible on your tax return

Looking Ahead at Long-Term Decisions

Cash Flow

- Create a realistic post-divorce budget by identifying your expenses.

Savings Plan

- Set aside 3-6 months of expenses for emergencies, plus any known upcoming expenses.
- Pay down high-interest rate debt.
- Contribute to your 401(k), employer-sponsored retirement plan, or an IRA.
- Save for future goals (i.e., tuition).
- Pay off low-interest rate debt.

Risk Tolerance

- Reevaluate your investment asset allocation and risk tolerance to align with your new situation.

Tax

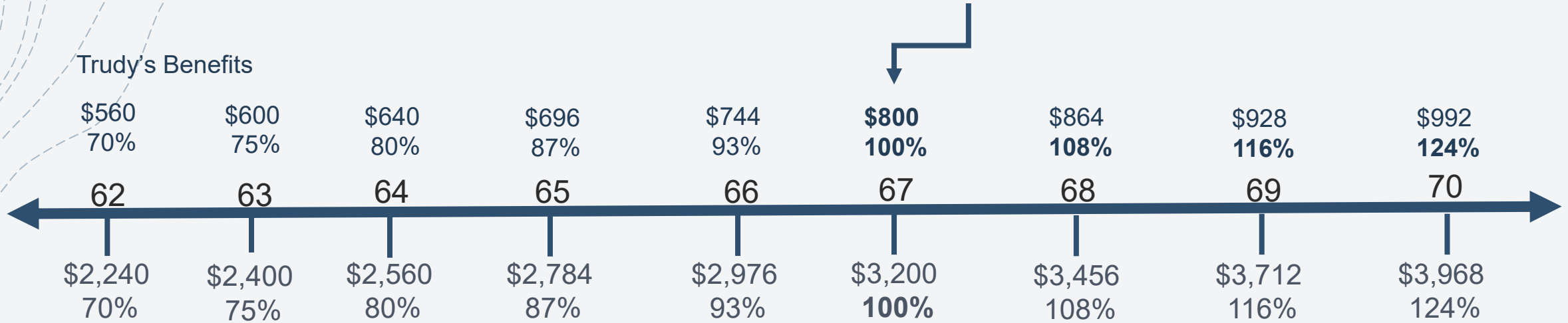
- Determine which parent will claim children as dependents.
- Determine which years you should draw from retirement accounts or after-tax investments.,
- Identify years where you may be in a low tax bracket for other unique opportunities.
- Update your W-4 or estimated tax payments to reflect your new financial status.

Social Security (Ex-Spouse Benefits)

- You may qualify if your marriage lasted at least 10 years, you are currently unmarried, and your ex-spouse is eligible.
- Receive up to 50% of your ex-spouse's full retirement benefits.
- Your ex-spouse is not notified if you claim benefits on their record.

Social Security Case Study

At FRA Trudy's benefits increase to \$1,600/month



Tom's (ex-spouse) Benefits

FULL RETIREMENT AGE (FRA)			
BIRTH YEAR	FRA	BIRTH YEAR	FRA
1943-54	66	1958	66 + 8MO
1955	66 + 2MO	1959	66+10MO
1956	66 + 4MO	1960+	67
1957	66 + 6MO		

Retirement

Retirement isn't a finish line—it's a transition that benefits from thoughtful planning.



Retirement Planning Overview

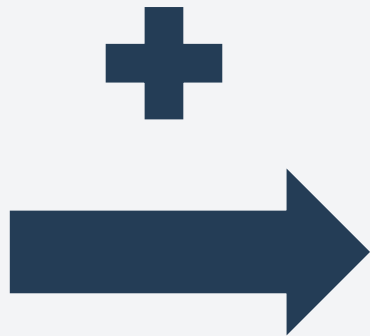
- Distribution Planning
- Tax Opportunity Window
- Claiming Social Security
- Life Expectancy
- Other Financial Considerations
- Thriving in Retirement



Transitioning from the Accumulation Phase to Distribution Phase of Life

*Pay Checks
Surplus*

*Investment Distributions
Social Security Benefits
Deficit*



**ACCUMULATION
PHASE**



**DISTRIBUTION
PHASE**



Distribution Planning: Where do I pull money from?

Sources of Income / Assets	Taxability	Considerations
Taxable Accounts <i>Brokerage</i>	Capital Gains Tax on Gains Only	Annually review what capital gains bracket you are in to determine if any gains can be harvested in the 0% capital gains bracket
Pre-Tax Retirement Accounts <i>IRAs, 401(k)s, 403(b), etc</i>	Ordinary Income Tax on Full Distribution	Leaving money in here will increase the amount of RMDs later bumping you into a higher tax bracket (incentive to take some out now)
Roth Retirement Accounts <i>Roth IRAs, Roth 401(k)s, etc</i>	Tax-Free	Delaying distributions allows further accumulation of tax-free interest (incentive to use later in retirement)
Pensions	Ordinary Income Tax on Full Amount	Sometimes you can delay benefits and get an increase for waiting
Social Security	Ordinary Income Tax on 50% or 85% of Full Amount	Because only \$0.85 on \$1 of Social Security is taxed, these dollars are more valuable Social Security grows 8% per year by delaying benefits (incentive to wait!)

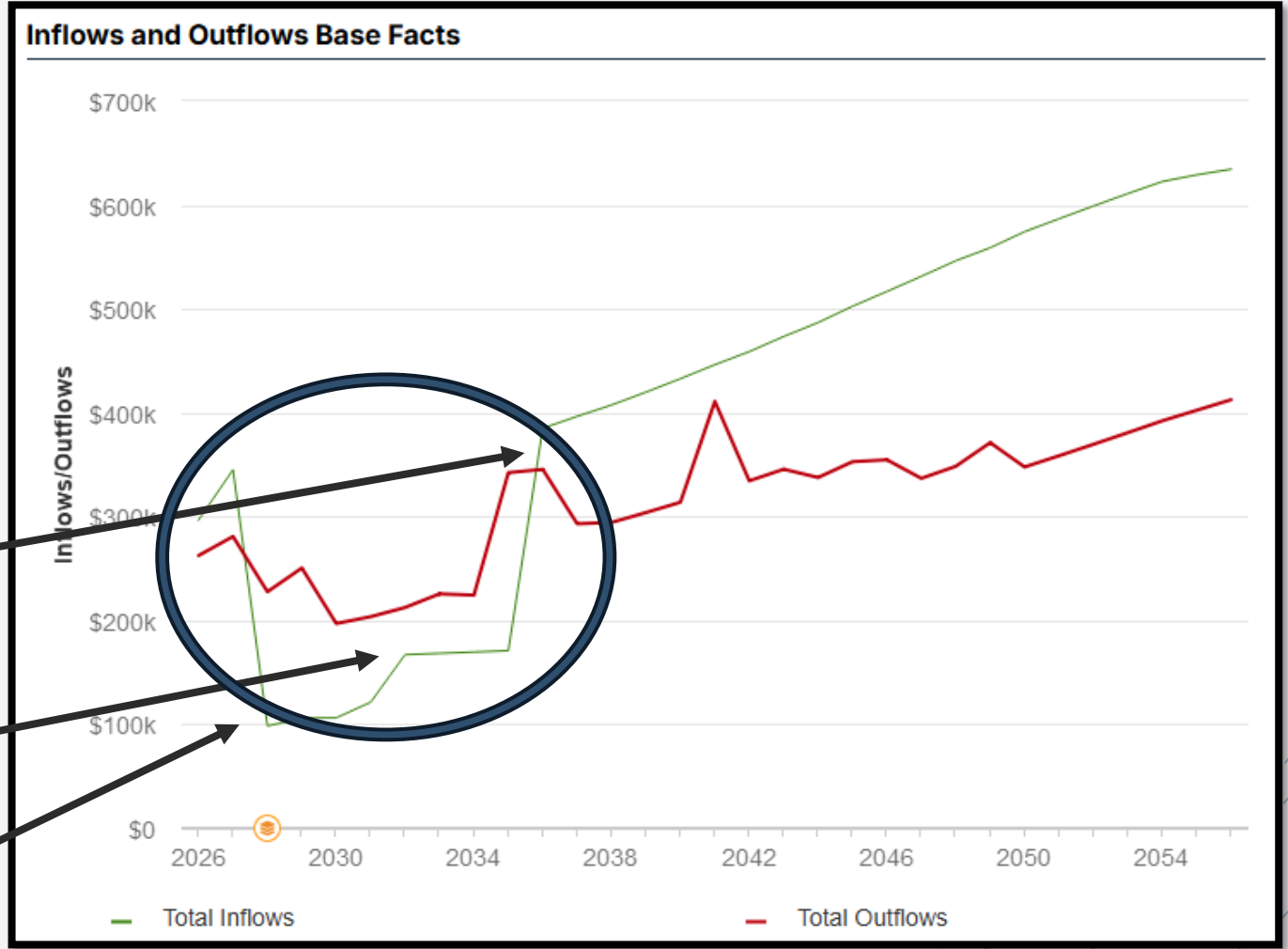
Taking Advantage of the “Tax Opportunity Window”

When fixed income drops and you can choose which assets to pull money from. If done right, you can remain in a low tax bracket while generating the income you need to live on.

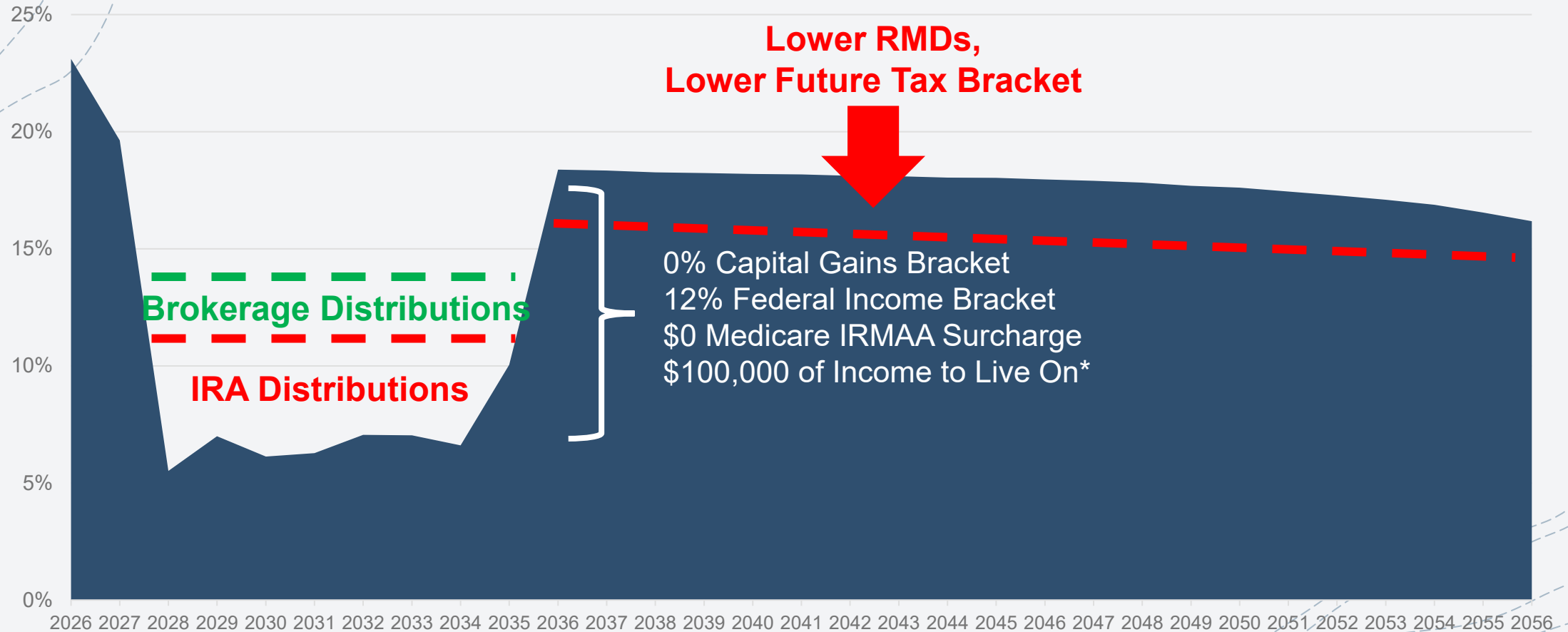
Start taking RMDs
(age 75)

Delay taking Social Security
(age 70)

At retirement income drops
(age 65)

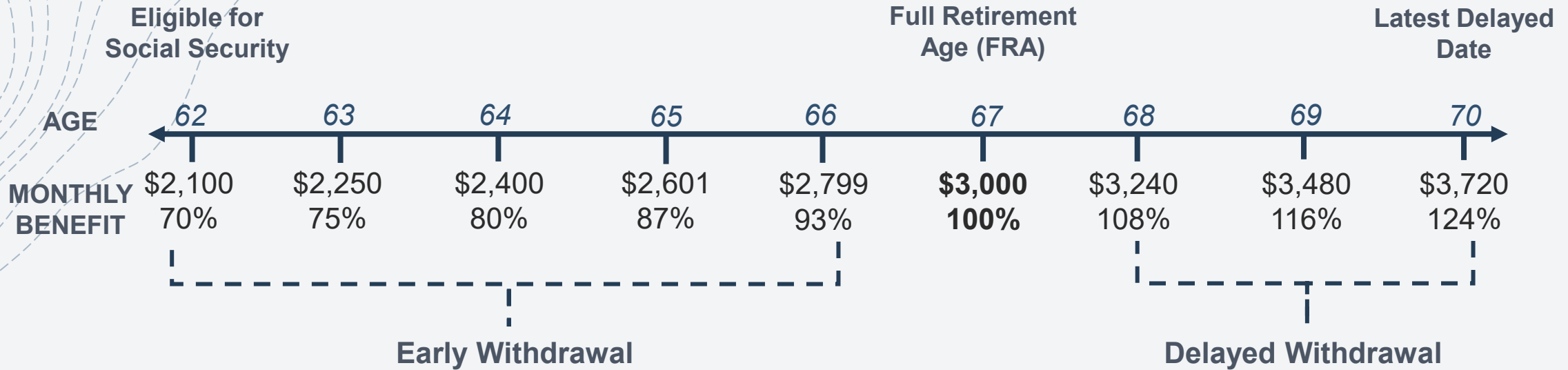


Distribution Planning: Effective Tax Rate



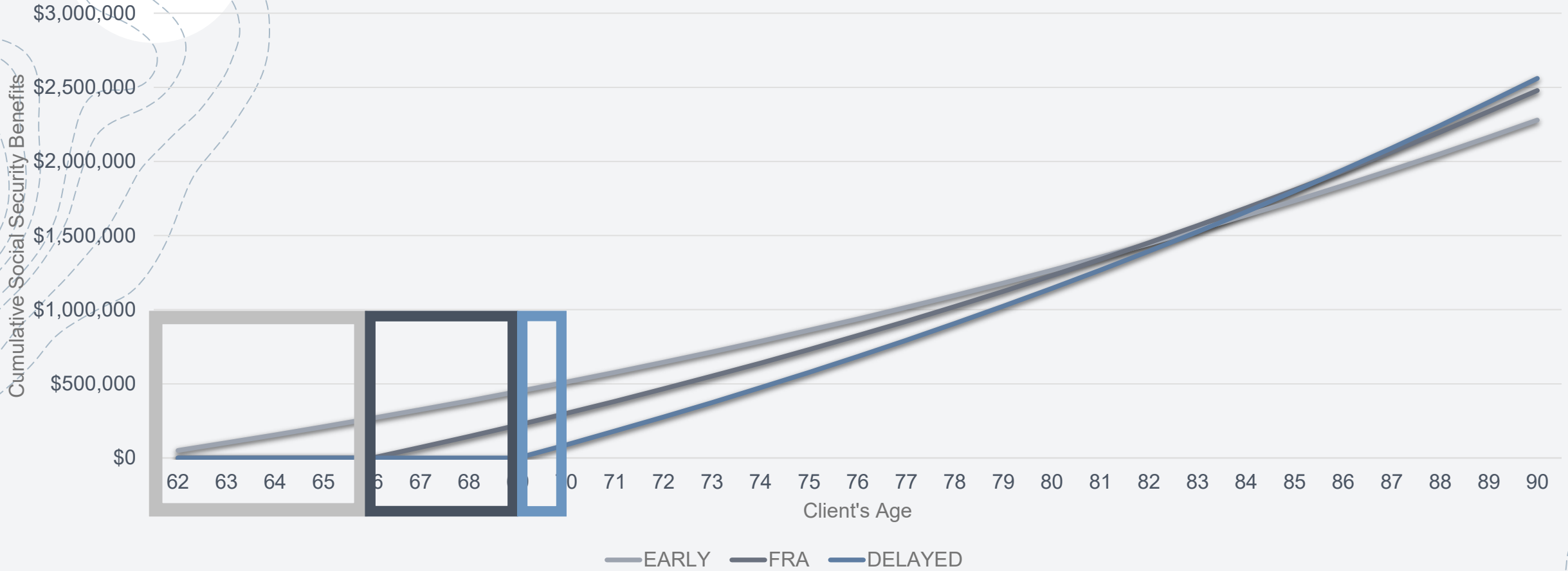
**Figures above are estimates and based on a tax filing status of Married Filing Jointly. These are not meant to be recommendations and should be discussed with a tax professional.*

Social Security Claiming Strategy



FULL RETIREMENT AGE			
BIRTH YEAR	FRA	BIRTH YEAR	FRA
1943-54	66	1958	66 + 8MO
1955	66 + 2MO	1959	66 + 10MO
1956	66 + 4MO	1960+	67
1957	66 + 6MO		

**Claiming benefits is an “irrevocable” decision. You have 12 months to change your mind, but collected benefits must be paid back.*



- Shortened life span
- Poor health

- Age gap between spouses
- Early (pre-65) retirement
- Aggressive investment risk tolerance

- Long life expectancy
- Low investment risk tolerance
- Other assets to withdraw from
- Pensions or other retirement income

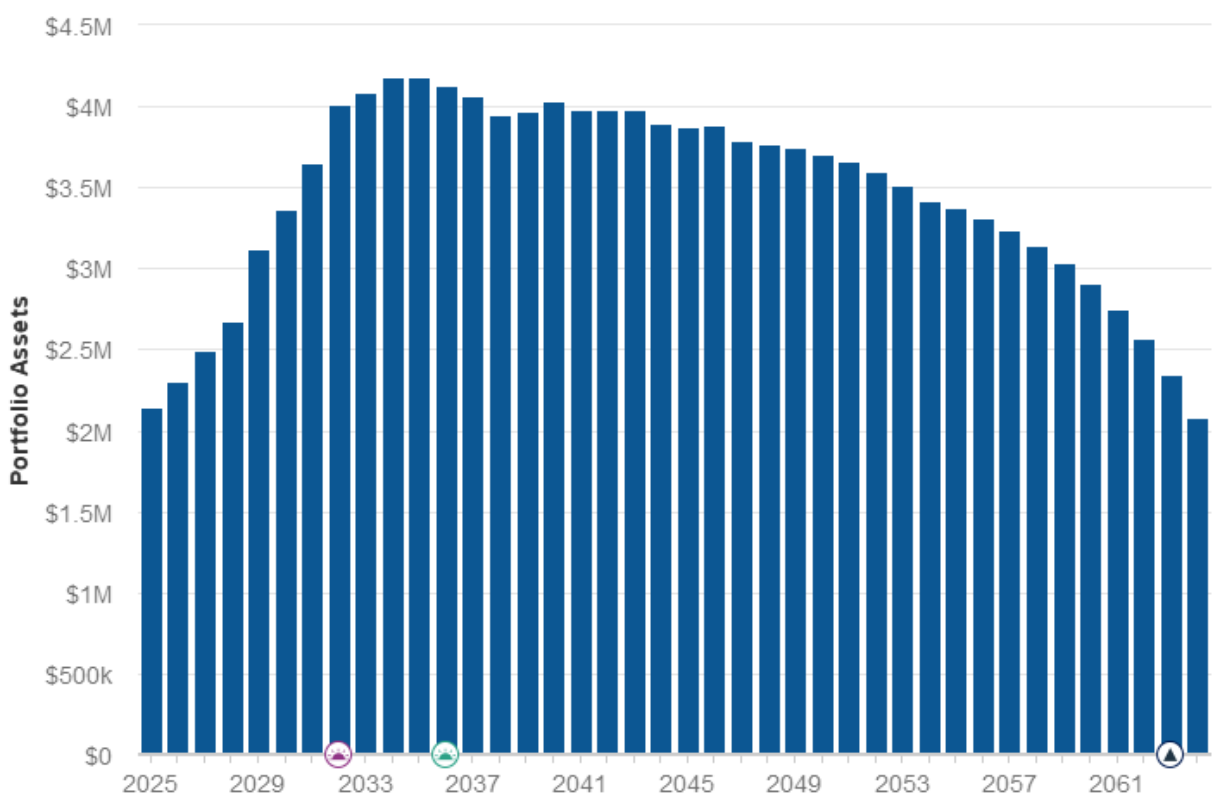
Life Expectancy: *You'll Likely Live Longer than You Think*

Key Factors

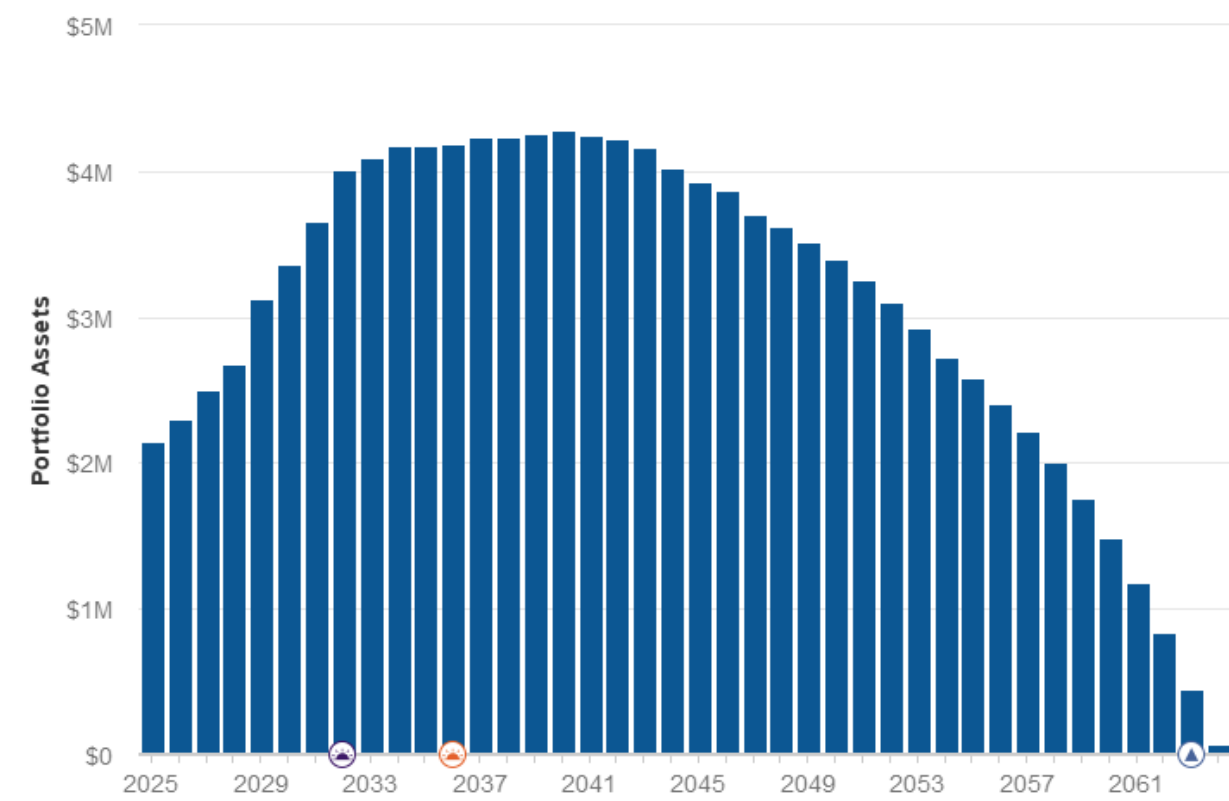
- Education
- Socio-economics
- Marital status
- Access to medical technology
- Lifestyle factors (exercise, diet, tobacco usage, motor vehicle safety)
- Where you live



Portfolio Assets Base Facts



Portfolio Assets Take SS Age 67

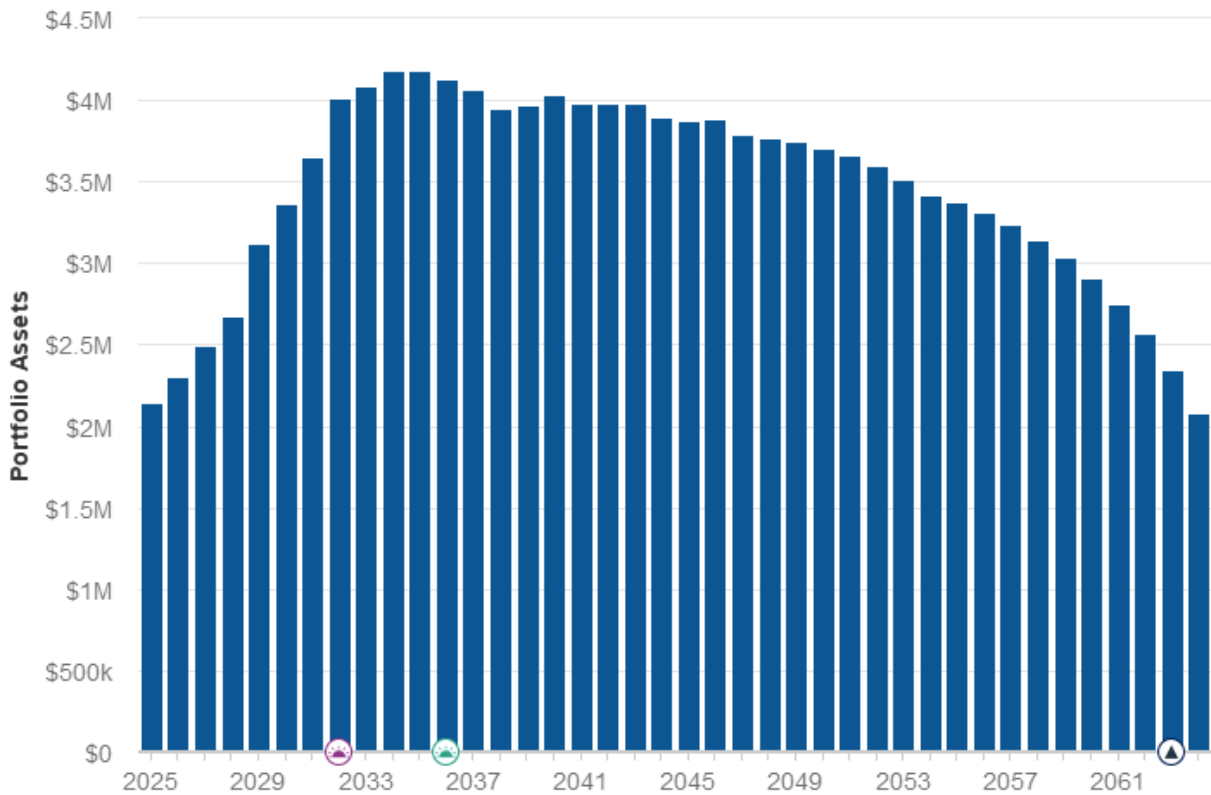


Case Study: Delay (70) vs FRA (67)

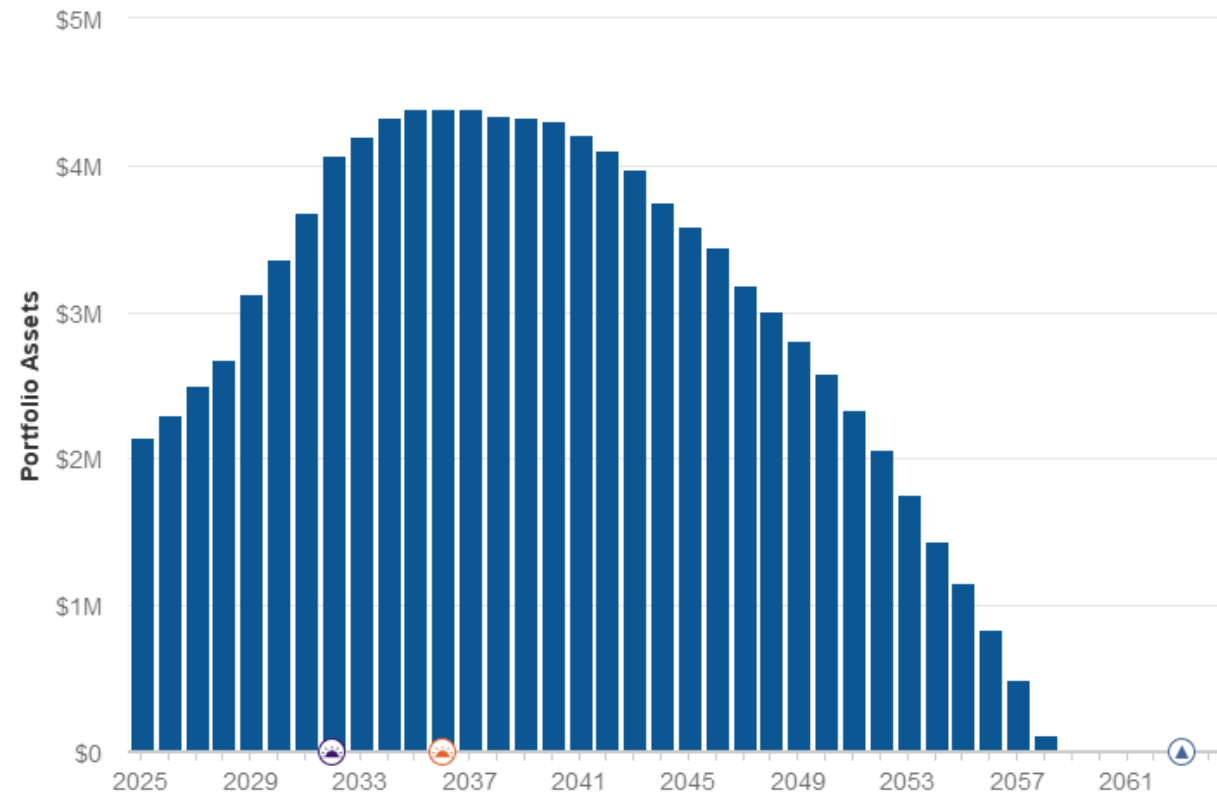
Client Traits: Similar Age, Similar Social Security Benefit Amounts, Live to Age 95

Portfolio Value at Age 95: \$2,083,000 vs \$68,000

Portfolio Assets Base Facts



Portfolio Assets Take SS Age 62



Case Study: Delay (70) vs Early (62)

Client Traits: Similar Age, Similar Social Security Benefit Amounts, Live to Age 95

Portfolio Value at Age 95: \$2,083,000 vs **-\$2,132,000**

Other Retirement Considerations

- **“Golden Years”** – Expenses may be higher in the first 10 years of retirement, then they slow (travel, private medical insurance, college, entertainment)
- **Debt Aversion** – Resist the urge to eliminate good debt in retirement
- **Taxes** – Your tax bracket in retirement may be similar to what it was in your working years, especially if you have pensions or large 401(k)s/IRAs
- **Investment Risk Tolerance** – Becoming more conservative as you glide into retirement (lower returns in exchange for higher stability)

A dirt road winds through a vineyard at sunset. The sky is a mix of orange, pink, and purple, with soft clouds. The vineyard rows are supported by wooden posts and wire, leading the eye down the road towards the horizon.

Live out of your imagination,
not your history.

Stephen R. Covey

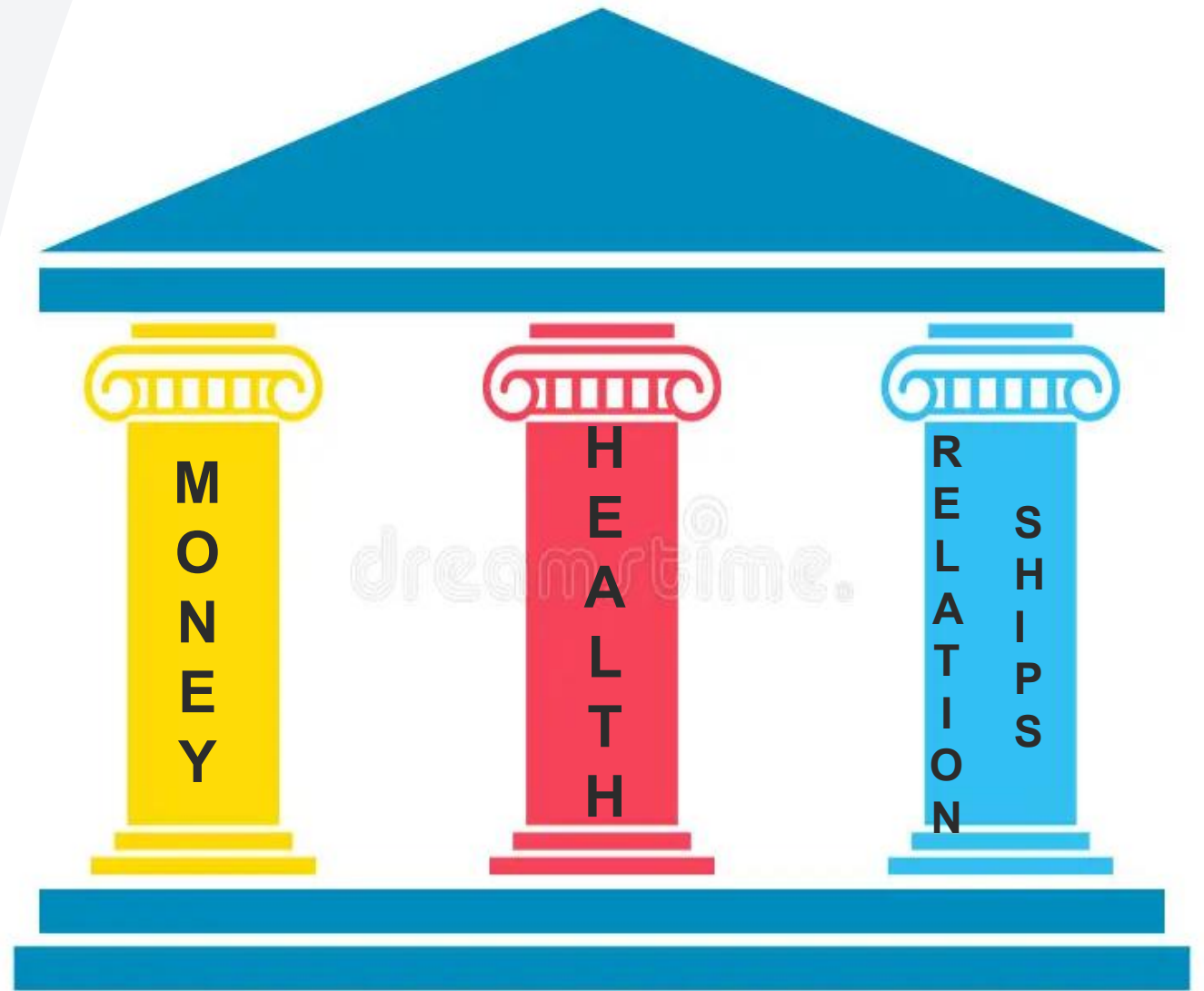
Autonomy in Retirement

The freedom to do nothing

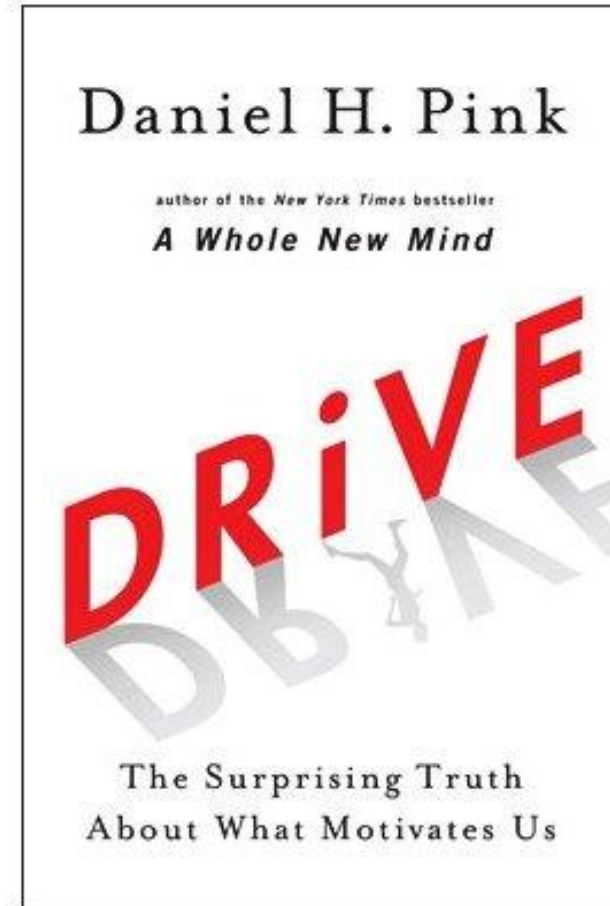
The Retirement Cliché



The Three Pillars Of Happiness in Retirement



Purpose & Meaning



Fundamentals of Volunteer Benefits

- + Meeting “new people, make friends, and develop a **sense of community**” (Anderson et al., 2014, p. 13)
- + Volunteering fills **role identity void** (Greenfield & Marks, 2004; others)
- + Positive link between volunteer hours & **health benefits**-to a point (Van Willigen, 2000; Anderson et al., 2014)
- + Volunteer benefits driven by **fulfillment of altruistic needs** (Post, 2005; Brown et al., 2005)





The two most important days in
your life are the day you are born
and the day you find out why.

Mark Twain

“ quote fancy

Loss of a Spouse

What we once enjoyed and deeply loved we can never lose, for all that we love deeply becomes a part of us.

Helen Keller

Emotional Aspects of Losing a Spouse



- Profound Grief & Trauma
- Complex Emotions
- Mental & Physical Health
- Identity Shift

Moving Forward

- Don't rush decision making
- Create a Routine
- Seek Expert Guidance



Financial Aspects of Losing a Spouse

- Life Insurance Payouts
- Social Security Survivor Benefits
- Continuing Employer Benefits
- Cash Flow Changes
- Investment Adjustments
- Estate Planning Updates



Financial Payouts/Benefits



Life Insurance Payout

Real-Life Example: How Laura Handles Her \$1 Million Insurance Payout



Laura received \$1,000,000 life insurance benefit after losing her spouse.

Overwhelmed and unsure where to begin.

Step 1: Emergency Savings

Laura's fixed monthly expenses = **\$7,000**

She sets aside 6 months of expenses in her emergency savings:

$$\mathbf{\$7,000 \times 6 = \$42,000}$$

Step 2: Upcoming Extraordinary Expenses

Laura plans to renovate her kitchen and help her child with college tuition:

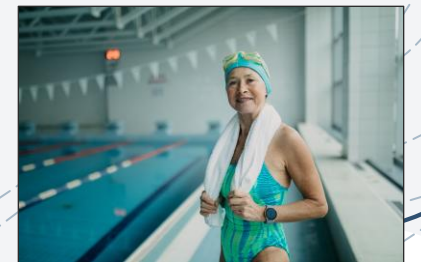
$$\text{Total} = \mathbf{\$38,000}$$

She will add \$38,000 to her savings.

Step 3: Invest the Remainder

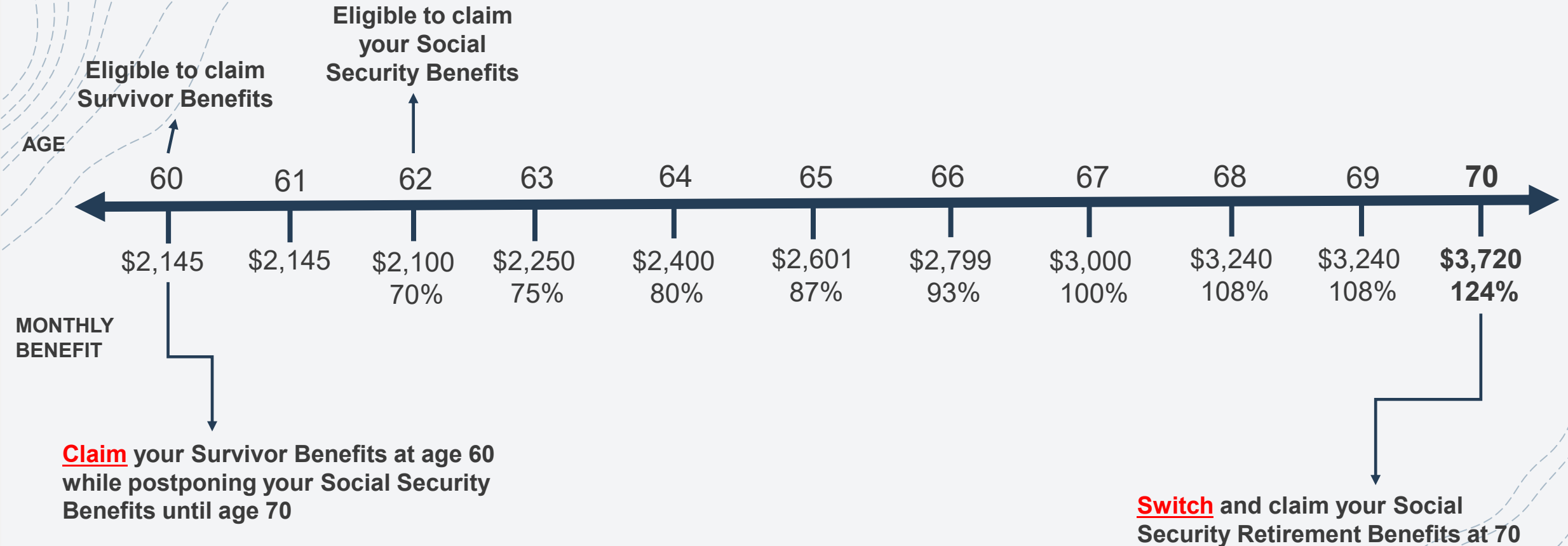
She invests the remaining **\$920,000** in her after-tax brokerage account.

Aligning with her new risk tolerance.



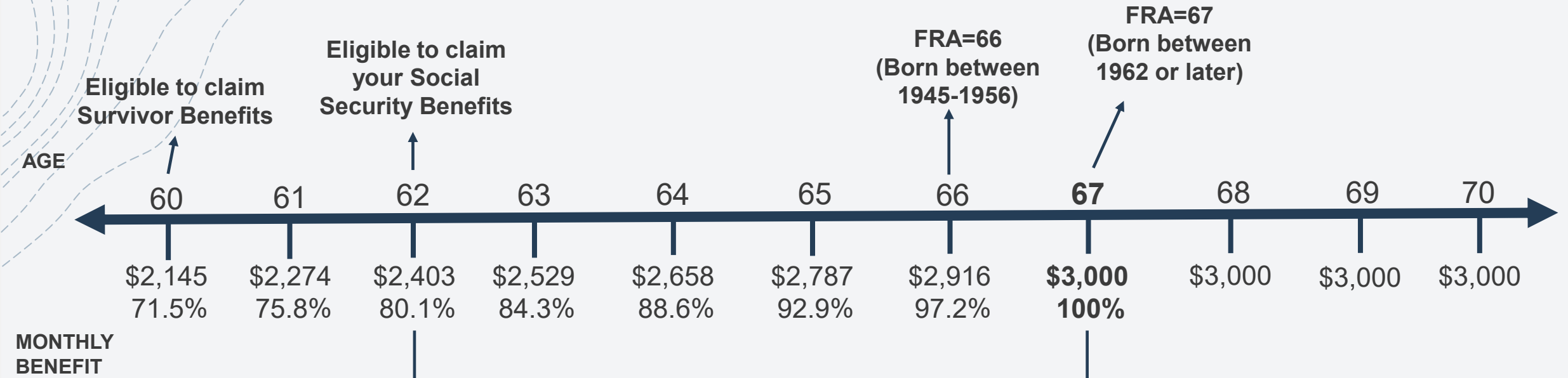
Social Security Benefits

Your Retirement Benefit > Survivor Benefits



Social Security Benefits

Survivor Benefits > Your Retirement Benefit



Claim your Social Security Benefits at age 62 while delaying your Survivor Benefits

FULL RETIREMENT AGE (FRA)			
BIRTH YEAR	FRA	BIRTH YEAR	FRA
1943-54	66	1958	66 + 8MO
1955	66 + 2MO	1959	66+10MO
1956	66 + 4MO	1960+	67
1957	66 + 6MO		

Switch to Survivor Benefits at your Full Retirement Age (FRA) to receive 100%

Other Benefits & Next Steps to Consider:

Employer Benefits

- If you were covered under your spouse's health plan, you and your dependent children may continue through COBRA for up to 36 months after their death.
- Notifying late spouse pension plan or 401(k) sponsor.

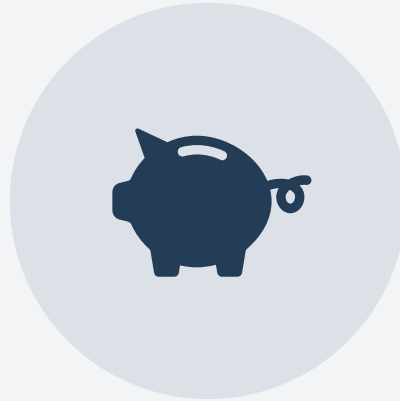
Other Important Reminders

- Get a date-of-death valuation on all properties.
- Review recurring or automatic subscription payments that may be coming out of their/your bank accounts.
- If your spouse required long-term care, verify that long-term care insurance benefits have been paid to the provider and that the policy terms are reviewed.
- Update beneficiary designations on all retirement accounts and life insurance policies.
- Ask for loan forgiveness on credit cards and other personal loans of the decedent.

Within the Next 6-12 Months:



Cash Flow Changes

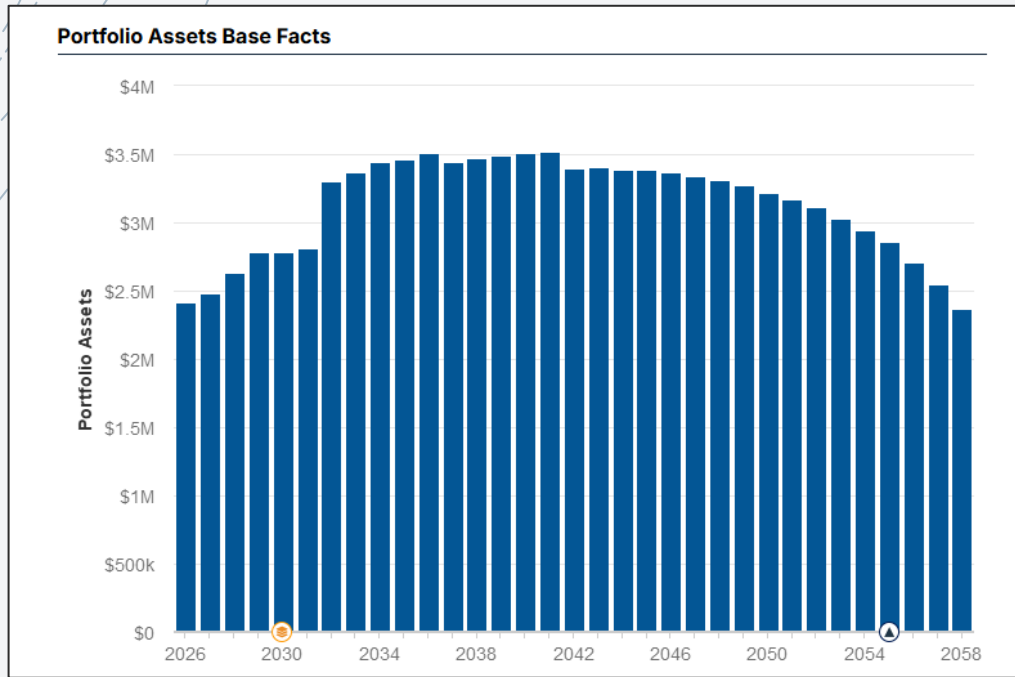


Update Risk Tolerance &
Consolidate Assets

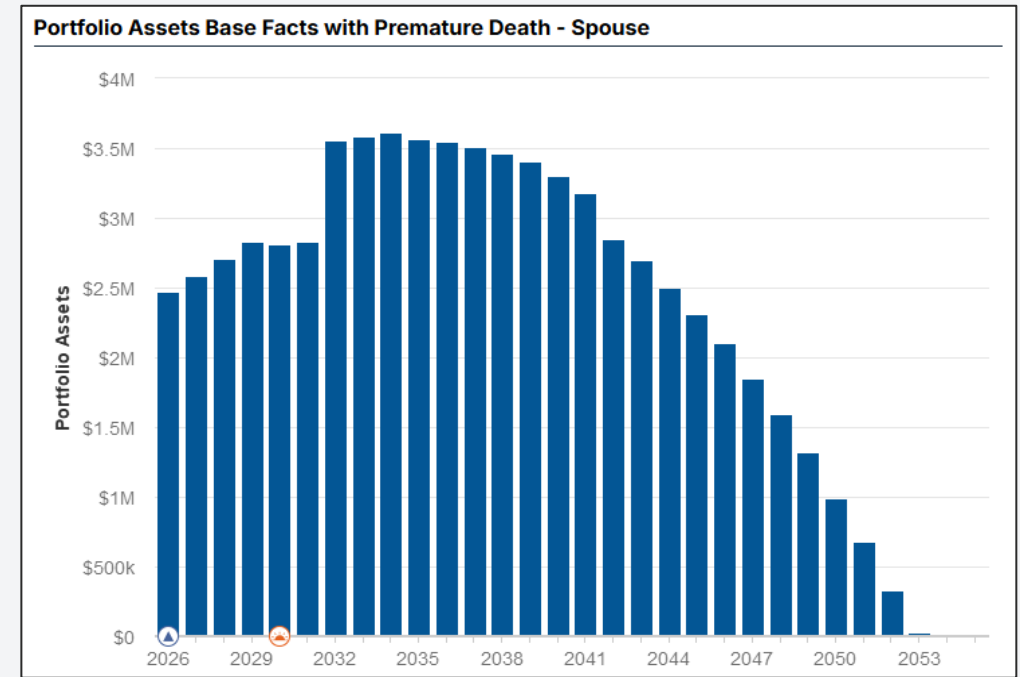


Update Estate Plan

Analyzing Survivor Risk Through Financial Planning



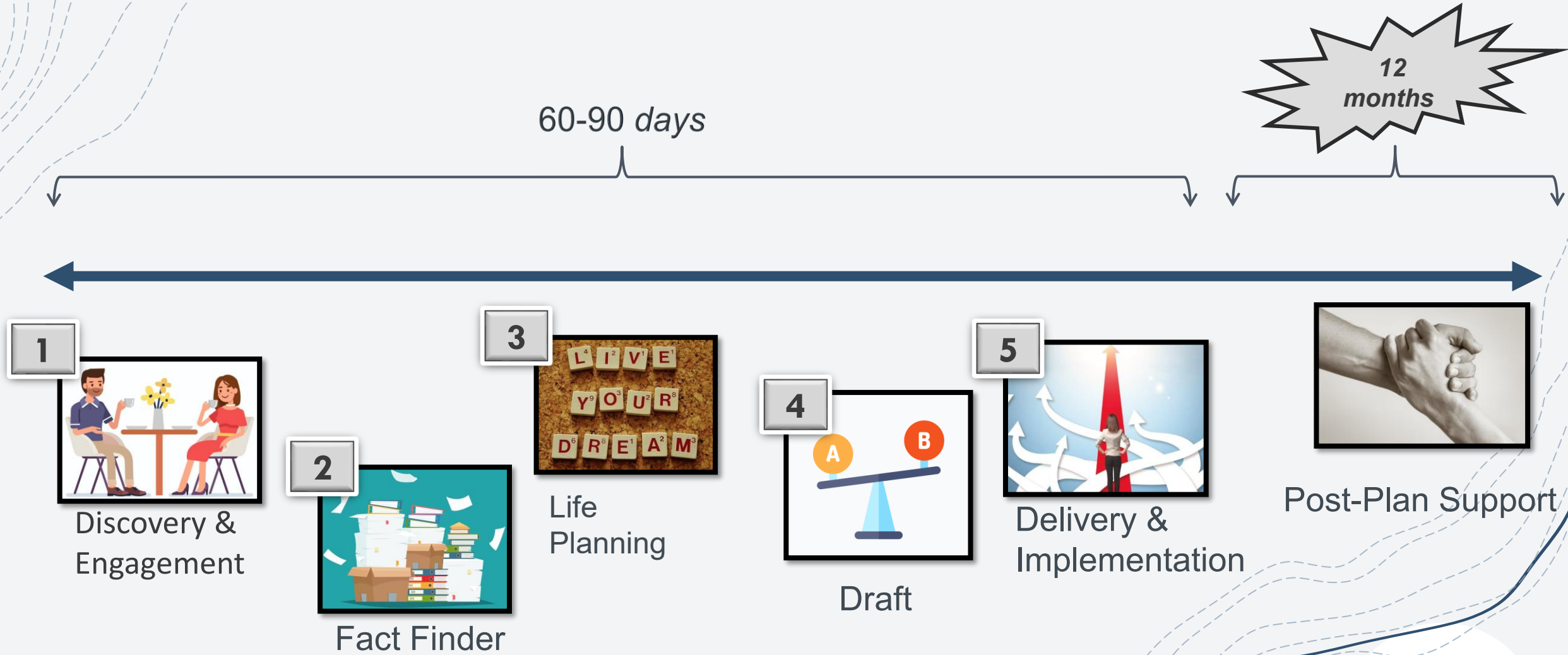
Base Plan
Double income and normal expenses



Premature Death
Single income, reduced expenses (i.e., travel and all personal expenses), and life insurance proceeds

How We Guide Clients Through Transitions

WestHill's Financial Planning Process



About Us

Our Services:



Financial Planning



Investment Management



Qualified Retirement
Plans



Risk Management

Our team volunteering at SF-Marin Food Bank



“You can make it, but it’s easier if you don’t
have to do it alone.”
-Betty Ford

Q & A



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