Put Thanksgiving Lessons to Work in Your Financial Plans

Thanksgiving is almost here. Over the years, this holiday has taken on a variety of meanings, most of them centered on *family*, *caring* and *sharing*. You can carry these same values past Thanksgiving into your daily life – and you can certainly incorporate them into your financial strategies for taking care of your loved ones.

So, here are a few suggestions:

• ***Protect your family.*** If something were to happen to you, could your family pay the mortgage? Could your children still afford to go to college someday? To protect your family's current lifestyle and long-term goals, you may well need to maintain adequate life and disability insurance. Your employer may offer these types of protection as employee benefits, but the coverage might be insufficient for your needs. Consequently, you might need to supplement your employer-paid insurance with additional policies.

• ***Invest in your children.*** If you have young children, and you'd like to see them go to college someday, you may want to start putting money away toward that goal. You can save and invest for college in a variety of ways, but one popular method is through a 529 plan, which offers high contribution limits and potential tax advantages. Plus, a 529 plan gives you significant control and flexibility: – if you establish a plan for one child, but he or she decides not to go to college, you can name another child as the recipient.

• ***Be generous.*** You don't have to be a millionaire to make meaningful financial gifts to your family. For example, if you have grown children, consider helping them fund their IRAs. You can't contribute directly to a child's IRA, but you can write checks to your children for that purpose – though, of course, they are then free to do whatever they want with the money. It's not always easy for a young person to "max out" on an IRA, which has an annual contribution limit of $5,500 for workers under 50, so any help you can give your children in this area should be greatly appreciated.

• ***Safeguard your own financial independence.*** Almost certainly, one of the most undesirable outcomes you can imagine is to become financially dependent on your grown children. Even if you save and invest diligently throughout your working years, you could still be vulnerable to financial dependency if you need an extensive period of long-term care, such as a nursing home stay. These costs can be enormous, and Medicare typically pays only a small percentage, and usually for just a limited time. To protect your financial freedom, you should explore ways of addressing long-term care costs. A financial professional can explain those alternatives that may be appropriate for your situation.

• ***Communicate your wishes to your family.*** At some point in your life, you will need to draw up your estate plans, which could include a will, a living trust, a durable power of attorney, a health care directive and other documents. To be fair to your children and other family members, and to avoid hurt feelings, you should clearly communicate your plans and your wishes while you are still around.

Thanksgiving means more than turkey and football. And if you can successfully apply the lessons of this holiday to your financial plans, both you and your family will have reason to be thankful.

This article was writen by Edward Jones for use by your local Edward Jones Financial Advisor.