

# BOGGS & COMPANY

## WEALTH MANAGEMENT

BUILDING OPPORTUNITIES GUIDING GENERATIONAL SUCCESS



# April

## NEWSLETTER

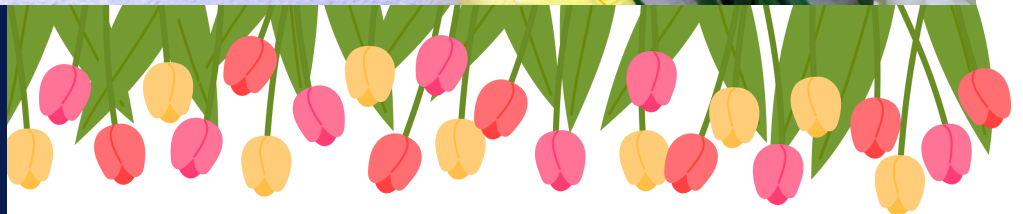


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Welcome to April—It's Financial Literacy Month! This month, we're diving into topics that highlight the importance of planning for you and your loved ones' financial futures. Be sure to check out our featured articles for valuable insights.

Don't miss our *In Case You Missed It* section, where we recap what is happening around Boggs and Company.

As we celebrate Financial Literacy Month, let's continue to grow, learn, and make empowered financial decisions together. Thank you for being a part of the Boggs and Company community!

# »»»» IN CASE YOU MISSED IT »»»»

## Top Teams, Top Insights

*A Look at the Forbes/SHOOK Summit*

In March, Mirjhana, Brenda, and Emily attended the Forbes/SHOOK Top Teams Summit! This annual summit provides a dynamic mix of learning, networking, and professional growth opportunities.



## Supporting Children Through the Power of Music

Boggs and Company proudly sponsored the 2025 CASL Rock Benefit Concert on April 5. All proceeds from the concert went towards supporting CASL (Children's Adaptive Sports League) and their fantastic initiatives for children with disabilities.



**Come and Be a Part of Our Community!**

From local events to impactful projects, our **Community Engagement** website page showcases the spirit that unites us. Explore our community initiatives and ask yourself how you can get involved!



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# SOCIAL SECURITY BENEFITS SET TO INCREASE IN 2025

*Proper financial planning includes forecasting future Social Security benefits*

In a welcome development for millions of Americans relying on Social Security, the Social Security Administration has recently announced a substantial increase in retirement and disability benefits. Starting in 2025, recipients will see a significant boost, with a 2.5% cost-of-living adjustment, translating to an average increase of more than \$50 a month to retirement benefits.

This cost-of-living adjustment (COLA) marks a helpful step in ensuring financial stability for retirees and individuals with disabilities, impacting over 72.5 million Social Security beneficiaries across the nation.

## Historic Increases

These significant adjustments are a testament to the government's commitment to addressing the rising cost of living, especially for those who depend on Social Security benefits as a primary source of income.

## Impact on Recipients

For the average recipient, the 2.5% increase means more than just additional dollars in their monthly budget. It signifies improved financial security, providing a cushion against inflation and ensuring that essential needs are met with less strain. This extra income can contribute to covering healthcare expenses, purchasing necessities, and even indulging in a few luxuries, hopefully enhancing the overall quality of life for retirees and disabled individuals.

## Importance of Social Security Forecasting

Understanding and forecasting Social Security benefits are vital components of financial planning. As demonstrated by the recent COLA adjustments, these benefits are subject to change, and staying informed about these fluctuations is essential for effective financial planning.



## Retirement Planning

For those approaching retirement, accurately estimating Social Security benefits can help plan for additional income streams and bridge the gap between retirement savings and living expenses.

## Budgeting

Knowing the exact amount of the monthly benefit allows individuals to budget effectively, ensuring that essential expenses are covered without relying solely on these funds.

## Long-term Financial Security

Forecasting Social Security benefits aids in long-term financial planning, enabling individuals to make informed decisions about investments, healthcare costs, and potential legacy planning.

## Disability and Survivor Benefits

For those receiving disability benefits, understanding the potential adjustments in benefits can help plan for healthcare and support services, ensuring a higher quality of life despite the challenges faced.

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## The Elephant in the Room

Relying solely on Social Security as a primary source of income during retirement, however, is a very risky proposition, and any good financial professional will likely caution against this for several reasons.

Firstly, the future of Social Security benefits is uncertain. While the government has taken steps to address immediate concerns, the program is projected to face financial challenges due to the aging population and a declining worker-to-beneficiary ratio. With a growing number of retirees drawing from the system and a shrinking workforce contributing, there are concerns about the long-term sustainability of Social Security in its current form.

Secondly, Social Security benefits alone might not be sufficient to maintain the standard of living many individuals desire during retirement. The benefits are designed to replace only a portion of pre-retirement income, and for many people, especially those with higher incomes before retirement, this replacement rate might not be enough to cover essential living expenses, healthcare costs, and other financial obligations. Depending solely on these benefits could lead to financial hardship, forcing retirees to compromise on their lifestyle or struggle with unexpected expenses.

Additionally, the cost of living adjustments made to Social Security benefits might not keep up with the actual rise in living expenses, particularly healthcare and housing costs, which tend to increase at a faster rate than the general inflation rate. This discrepancy can erode the purchasing power of Social Security benefits over time, making it challenging for retirees to keep up with rising costs.

## Planning Matters

The increase in Social Security benefits by 2.5%, coupled with previous historic adjustments, is a significant stride towards supporting the financial well-being of retirees and disabled individuals. Proper financial planning, including forecasting Social Security benefits, empowers individuals to navigate their financial futures with confidence.

However, while Social Security benefits can provide crucial support, they should be viewed as a supplemental income rather than the sole foundation of a retirement plan. Diversifying income sources, such as personal savings, investments, and employer-sponsored retirement accounts, is essential for building a robust financial cushion that works towards withstanding the uncertainties of the future and pursuing a comfortable retirement.

Accordingly, as these benefits evolve, staying informed and seeking guidance from financial experts becomes paramount, helping Americans to better position themselves to make the most out of their hard-earned benefits and enjoy their golden years with confidence.

At Boggs & Company, we're ready to assist you with your financial questions. If you need advice on understanding 2025 Social Security Benefits, feel free to schedule an appointment by contacting us via phone at **(301) 798-7669** or email us at any time at **[info@boggsandcompany.com](mailto:info@boggsandcompany.com)**.

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### **Important Disclosures**

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

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# GENERATIONAL WEALTH AND THE GIFT OF FINANCIAL FREEDOM

Those who receive an inheritance with the passing of a loved one are potentially given the gift of financial freedom if they choose to manage the wealth carefully. Did you know that only about one-third of adults have a prepared will, and about 40% with investable assets of \$1 million or more never discuss their estate plans with their children? The reality, however, is that the percentage of squandered inheritances is troubling. Studies indicate that 70% of inheritances are exhausted by the second generation, and a whopping 90% is gone by the third.

There are a variety of causes for the money to deplete so quickly, including spending sprees on unnecessary expenses (fancy toys, expensive clothes, jewelry, and lavish vacations), poor financial decision-making, taxes, and a lack of communication between parents and children.

While family conversations about legacy and inheritance are important first steps in estate planning, discussing money matters can be stressful and emotional, so it's common for parents to avoid the topic instead. Other reasons that may make parents hesitant to talk to their children about passing down their wealth include:

- **Entitlement** – Children may feel as if they are better than everyone else because they are receiving a significant amount of money.
- **Motivation** – Knowing that one day they will have money passed to them will affect their motivation to pursue their own financial journey.
- **Wealth management** – Parents want children to understand how to manage money and if they know money will be given to them one day, they may be inclined to consider what material things they will buy instead of understanding the value of managing their finances.
- **Understanding the value of a dollar** – Having to work for your own money forces you to understand the value of a dollar and that money isn't made easily.

## At what age should parents and children discuss estate planning and inheritance?

Children can benefit from understanding the emotionally and financially complex world of financial planning as early as their 20s. They can learn the structure, details, and management of an estate plan and the importance of wealth preservation when it is passed down in the future. Being prepared can help to mitigate problems, challenges, and risks that could appear later on.

Beneficiaries that are intent on making their inheritances work for them can take steps toward financial independence by considering the following:

- Resist the urge to spend the money and continue living as you were before.
- Consider safe investment opportunities based on your risk tolerance.
- Consult a financial professional.

## How can parents get started talking to their children about their wealth?

### Transparent communication

Parents should be open and honest with their children about their finances. This can open the door for questions and essential conversations on what the parents expect and hope for when it comes to the financial management of their assets.

### Share values

Both parents and children can share their values and work to align expectations. Once children understand their parent's wishes, parents may be more open to discussing inheritance regardless of the children's age.

### Schedule an appointment with a financial professional

Consider scheduling an appointment with a financial professional who can help you manage your inheritance by creating investment and savings strategies and long-term goals.

### Create a plan

Preparation is critical when it comes to pursuing any long-term goal or strategy. A financial professional has the skills and experience to help both parents and children understand how to manage their finances now, and design a plan for the future with the knowledge that estate and tax law and the market may be completely different than it is today.

Schedule that appointment today and get a head start on working to preserve your hard-earned wealth for generations.

### Important Disclosures

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### Sources

How to Talk to Your Kids About Their Inheritance - Bloomberg, Twilight Of A Golden Age: The Retirement Of A Once-Strong Middle Class | Seeking Alpha, Family inheritance talk: How to help build trust and plan for tomorrow | Wells Fargo Conversations (wf.com)

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