May 14, 2019

MONEY

Its All About the Benefits

First Benefits Group, Inc.

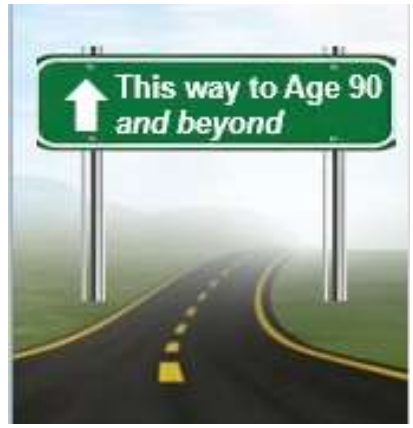
Once again we are shown that life is a series of expected and unexpected events. The 2019 Kentucky Derby ended with a historic disqualification as race stewards ruled that winner Maximum Security left his lane and cut off another horse. Second place Country House was named the winner of the race.

Do you have the proper financial protection in place to carry you through both expected and unexpected events? Check out the ideas below.

Terry O'Brien, Fran Lane, Gary Hickerson

Visit our Website

Upcoming Events



Medicare: Clearing Up the Confusion
Every Wednesday 11:00 a.m.

Social Security: Optimizing your Retirement Benefits
Tues June 11 and Thur June 13 @ 4:00 pm

Understanding Long Term Care
Wednesday, June 12 @ 12:00 p.m.

All seminars are held in our office
RSVP 941.361.3057 x9

Innovative Ideas About Money

1. Do you want to make a significant charitable deduction and satisfy your Required Minimum Distribution in your IRA? You can transfer $100,000 directly from your IRA to a charitable institution and get the full $100,000 tax deduction. You must be at least 70 ½ years old. The contribution counts toward the requirement of your required minimum distribution.

2. Are you familiar with some of the changes in Medicare for 2020? According to Congress, starting in 2020 Medicare Supplement plans that pay the Medicare Part B deductible will no longer be sold to those newly eligible. This change is part of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

- If you already have Medicare Supplement Plan F (or Plan C, which also covers the Part B deductible), you can generally keep it.
- If you are eligible for Medicare before January 1, 2020, you may be able to buy Medicare Supplement Plan F or Plan C.
- If you qualify for Medicare on January 1, 2020 or later, you may not be able to buy Medicare Supplement Plan F or Plan C.

Source: ehealth medicare

3. Do you have the proper medical coverage protection to handle a hospital stay? Consider these statistics. This may be a good time for a review to insure you are adequately protected:

- The average age of a hospital inpatient is approximately 52, with 24% of inpatients being age 45-64, and 38% age 65 years and over.*
- The average inpatient hospital stay for people age 46-64 is 5 days, and 5.5 days for people age 65 and older.**

**DeFrances SJ, Hall MJ. 2002 National Hospital Discharge Survey. Advance data from Vital and Health Statistics; No. 342. Hyattsville, Maryland: National Center for Health Statistics. 2004.*

**DeFrances SJ, Hall MJ. 2002 National Hospital Discharge Survey. Advance data from Vital and Health Statistics; No. 385. Hyattsville, Maryland: National Center for Health Statistics – 1,2007. DeFrances CJ, Hall MJ. 2005 National Hospital Discharge Survey. Advance data from Vital and Health Statistics; no 385. Hyattsville, MD: National Center for Health Statistics - Table 1,2007.*

4. What are your chances of getting audited by the IRS? Kiplinger says the more money you make the higher probability of getting audited. "The overall individual audit rate may only be about one in 167 returns, but the odds increase as your income goes up. IRS statistics for 2017 show that individuals with incomes between $200,000 and $1,000,000 and no Schedule C attached had a 0.8% audit rate. It's 1.6% for Schedule C filers. Report $1 million or more of income? There's a one-in-23 chance your return will be audited."

5. Can you continue to contribute to your Health Savings account once you reach age 65? In most cases you cannot continue making contributions, but there is one exception.

- You can continue contributing to your Health Savings Account as long as you don't apply for Medicare!
- Once you elect to take Social Security benefits you will automatically be enrolled in Medicare.
- Once enrolled in Medicare you will not be eligible to make additional contributions to your Health Savings Account.
- There is no cost for Medicare Part A
- Most Americans are paying $135.50 per month for Medicare Part B
- You will not need to apply for Medicare Part B if you are employed full time and are receiving group benefits with an employer that enrolls more than 20 employees.

6. A couple of important items on Social Security:

- Social Security was intended to be social insurance, a good foundation for retirement, and never the sole source of income.

- Pension plans are not as common in the workplace as they were 30 years ago. More and more people are finding Social Security as their sole source as income, and that is not a good thing.
- There are benefits for workers. In addition, there are benefits for spouses and survivors after a worker's death.

7. What is the money lesson we can learn from Tiger Woods with his win at the Masters? His final round of golf was based on consistent and mostly error free golf. His competitors made a coupe of serious miscues that cost them the championship. Tiger played it safe on many of the holes. The lesson? There is more to be gained by avoiding losses then picking apparent winners. Make sure you play it safe with at least some of your money.

8. It is important to know that not all inheritances are tax-free. In a recent court decision (Schermer, TC Memo. 2019-28) it was determined that lump sum distributions by a widow from her deceased husband's IRA are taxable as income. The reason is that the husband would have been taxed on the payouts if the funds has been distributed before death. Remember, Uncle Sam does get his money!

9. Your best day emotionally (having your house free and clear) may be your worst day financially. Why? Life is a series of expected and unexpected events. What if you need cash and cannot access the equity in your house? It happens. The time to make arrangements for the cash is when you don't need it and you qualify. There is a possibility you won't qualify when you need it. The equity in your house is yours if you qualify to access it. Home Equity Lines are an excellent source of funds and you only pay interest on the monies being used.

10. Interest rates are increasing but mortgage interest rates are still historically low. 30-year fixed are around 4%, and 15-year fixed are around 3.5%. In 1989 those same rates were 11% and 10.5%. This might be a great time to lock-in those low rates.

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