

June 11, 2019



## First Benefits Group, Inc.

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**June 14, 1777 is the date the United States adopted the American Flag by resolution of the Second Continental Congress.** Established in 1949 by President Harry S. Truman, the week of June 14 is designated as "National Flag Week." (June 12-June 18 in 2016).

**During National Flag Week, the flag will be displayed on all government buildings.** Some organizations hold parades and events in celebration of America's national flag and everything it represents.

**The flag is a symbol of what is great about America.** The flag represents democracy and the right to free speech which includes the ability to innovate. World War II outcome would have been much different without American ingenuity, resources, and innovation.

**Innovative Thinking requires us to look at situations in a different ways and opposite directions.**

**This newsletter is our attempt to capture this innovative thinking when dealing with your money and financial future.**

Terry O'Brien, Fran Lane, Gary Hickerson

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## Upcoming Events

### **Medicare: Clearing Up the Confusion**

Every Wednesday in July @ 11:00 a.m.

### **Social Security: Optimizing your Retirement Benefits**

Tues July 16 and Thur July 18 @ 4:00 pm

### **Understanding Long Term Care**

Wednesday, July 17 @ 12:00 p.m.

All seminars are held in our office

RSVP 941.361.3057 x9



## Innovative Ideas About Money

**1. What's in your wallet?** Best to take a peek and flush-out the hazards

- Old Medicare Card – Most likely your Social Security number is listed.
- Wad of Cash – Invites someone to confront you at gunpoint.
- Social Security Card - Too easy for identification theft.
- Spare Keys – likely to have an unexpected visitor
- Passport – same reason as social security card
- Blank Check – free access to your banking account



**2. Be careful about the information you receive from IRS!** If you call them with a tax question you might not always get the right answer. The National Taxpayer Advocates office conducted a test by calling agency's toll-free hotline and posed questions on the new tax law changes. Many of the answers were not correct. Check with your CPA for verification of the information.

*Source: Kiplinger's Financial Adviser*

### **3. Worker's Compensation and Social Security do not cover most of Americans disability challenges.**

- In 2017 only one percent of Americans missed work because of occupational illness or injury.
- From 2007 to 2016 only 33 percent of Social Security Disability Insurance (SSDI) had their applications approved.
- It generally takes three to five months from time of application for SSDI benefits to get an initial decision.
- The backlog of appeals for SSDI was more than 850,000 in fiscal year 2018
- The average SSDI benefit for a disabled worker as of February 2019 was \$1,234 a month. This is barely above the poverty level.

*Source: The State of Disability Coverage in America, National Council on Disability Awareness*

**4. According to Kiplinger's Tax Letter of May 31, 2019, the IRS audits continue to spiral downward.** Last year's overall exam rate was 0.5%. It was 70,000 fewer audits than 2017. 81% of those audits were correspondence exams done by mail and usually focused on a few simple issues.

**5. It looks like changes are on the horizon for retirement plans.** There is growing bi-partisan support for three significant changes. The House passed a bill called the Secure Act (H.R. 1499) by a whopping 417-3. The Required Minimum Distribution on qualified plans moves from age 70 ½ to age 72. The second change allows individuals to contribute to IRA's after age 70 ½. The third change abolishes the stretch IRA for non-spousal beneficiaries.

**6. Health Savings Accounts are inching forward on deductions for 2020.** The individual deductible increases to \$3,550 and family coverage goes to \$7,100. You can add another \$1,000 annually if you were born before 1966. These deductibles are available by having a qualified High Deductible Health Plan in place. Remember this is the best financial tax instrument available because it contains the three parts of a perfect tax deduction. Funds deposited into the account are tax deductible, the account grows tax deferred, and the withdrawals are tax free when used for any medically eligible expense.



**7. Are you spending time managing your liabilities?** If you want to increase your cash flow you need to spend as much time managing your liabilities as you do seeking higher rates of return on your assets. Developing strategies to reduce taxes, which, for many, is their largest liability, has a significant impact on increasing the rate of return on your existing assets. Managing liabilities is often overlooked when creating wealth.

**8. There is currently an opportunity for managing liabilities that is being overlooked by many Americans that are retired.** Take a look at today's Federal tax rates. You remain in the 24% marginal tax bracket if you are married and filing jointly until you earn \$325,000. Go back and do a little research on your 401K and IRA deductions. Compare those average tax brackets against today's bracket and determine if your tax deduction brackets were higher than today's brackets. If so, consider withdrawing additional monies from your IRA or 401K. You'll improve the efficiency of your money, increase the rate of return on existing assets, and there is no risk involved. This opportunity may perish in a couple of years.

**9. Mortgage Rates are staying steady in the 4% interest rate!** They haven't always been this low. The average rate over the last 45+ years has been 8.11%. That is twice today's current rate. Remember that rates fluctuate and most likely will rise in the future.

- 2010 Interest Rate 4.69%
- 2000 Interest Rate 8.05%
- 1990 Interest Rate 10.13%
- 1980 Interest Rate 13.74%
- 1970 Interest Rate 7.54%
- Average 8.11%

Carpe Diem!

**10. Going on Medicare? Your first year can be a trial run?** If you enrolled in a Medicare Advantage plan and are dissatisfied with the results, then you have the right to switch to traditional Medicare and a stand alone drug plan at anytime within 12 months from the time your coverage in this plan began. You also have a guaranteed right to buy Medigap supplement insurance, but you must apply for it no later than 63 days after your coverage in the Medicare Advantage plan ends.

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