



Your Expanded Lifespan

Why you may be 15 years younger than you think you are

How long are you and I going to live? None of us knows, of course, but this number is important for a variety of planning issues—including, of course, how long your money will have to last in retirement. Actuarial tables tell us how long people will live on average, but that isn't much help for planning a specific person's life, and the averages conceal a lot of variation.

Living today is a huge advantage over living in the past, and living in a developed nation is a benefit as well. As you can see from the chart, most children born in the late 1700s had a life expectancy below age 35; today, the global average is 70, and people who make it to age 65 have a good chance of living to 85 or longer.

If you're above the national average in wealth and income, and especially if you have certain lifestyle characteristics like regular exercise and no tobacco usage, then there's a good chance you'll live longer than these averages.

There's a website that can help you get a better feel for your expected lifespan; it's called Living to 100 (www.livingto100.com). The site asks you a series of questions including your birthday, gender and marital status, and some interesting questions related to the number of new relationships you've developed over the last 12 months, the way you cope with stress and some of the sources of stress you're currently experiencing, your normal sleep habits and your education level.

There are questions on nutrition, your height and weight, how often you eat red meat and sweets, and at the end, you are told how well your answers match up with the tendency to live a long life. At the end of a tutorial on your answers and suggestions for improvement, you get a calculated life expectancy, and a list of things that could add as many as ten years to that life expectancy.

Chances are, you'll be surprised at how long you're expected to live, and astonished at the possibilities suggested in the list of potential changes to your lifestyle. That means that you've managed your life and your health intelligently, and the extra years could be an unexpected bonus. Of course, it also means that you should take a second look at how much you've saved and the possibilities of using your skills and experience to earn income during retirement.

Bottom line: you may discover that you have 15 more years to live than you expected based on your experience with your parents, which means you can start thinking of yourself as 15 years younger when you look at your options and personal timeline.

Sources:

- <https://www.livingto100.com>



Gifts Of Stock

What's a better gift for a young person than a savings bond or a gift card?

When you talk with people who have made a lifelong habit of saving and investing, often you'll hear them say that somebody—often a grandparent—gave them a few shares of stock at a young age. Following the stock, learning about the company and seeing the dividends reinvested got them interested in a whole new mysterious economic realm that many people never learn about.

The problem, of course, is that it's not always easy, in this day and age, to give a few shares of stock. Instead of printed shares, we have electronic ownership, which is why websites like givashare.com and uniquestockgift.com can charge twice as much for a stock and a printed certificate as you would pay for the same share if you went online through a discount brokerage firm. Buying a share directly means creating a new custodial account for the young child, and then executing a brokerage transfer or creating a UGMA account.

Recently, the idea of giving a share or two of stock has gotten a lot easier, with a website called SparkGift (www.spartkgift.com/#). You click on the site, and over the next two minutes, you select a recipient, provide an email address and Social Security number, select an investment—it could be Disney, Tesla, a Vanguard index fund or any ETF, anything that is publicly traded—and a dollar amount. The person on the other end of the email opens the message and creates the account. At that point, your payment executes the trade, and the securities end up in an account in the child's name. You can use a credit card to make the purchase.

According to the site, the average gift size is \$75 to \$100, and the giver will be charged \$2.95 plus 3% of the gift size, equivalent to the transaction costs at a discount brokerage firm. Some children have gone so far as to establish their own gift registry, specifying the stocks they're interested in—like Disney, Mattel, Apple or Electronic Arts—which encourages them to research the companies behind the brands they like.

Rather than a gift card that will be spent immediately, the stocks will demonstrate investment appreciation over time—and might even help your kids or grandkids with retirement planning someday.

Sources:

- <http://time.com/money/4067454/giving-shares-stock-sparkgift/?xid=tcoshare>
- <https://www.sparkgift.com/#>
- <http://thereformedbroker.com/2015/10/12/the-greatest-gift-you-can-give-a-young-person/>



Look Before You Move

Look before you move

Each year, thousands of people retire and immediately move to a state that assesses lower income taxes, on the theory that they will save money and make their dollars stretch further. Then they discover that they would have been better off at home, either because of a tax trap, or because they didn't consider the source of their income when they calculated their state tax bill.

Certain states—like California, for instance—exempt money received from private pensions and IRA distributions from taxation, which may reduce the state tax bite to near zero. Some states exempt government and military pensions as well. So many retirees might discover, after moving, that they would have paid less in state taxes in the state they relocated from.

The biggest potential tax trap is capital gains on their existing home. Consider a couple who move to another state, and decide to rent out the house they currently own. Eventually, they decide to sell that house and put the money into their retirement account.

But hold on: if they haven't used the house as their principal residence for at least two of the five years prior to the sale, they lose the \$500,000 capital gains exclusion on their tax form. The difference can be enormous on a valuable home.

Another unexpected tax bite is property taxes, which vary by municipality in unpredictable ways. If you're considering a move, you should research not just the cost of buying a home in the new location, but the property tax bite, which could be higher than the income taxes you would otherwise have paid. And if you think the bill is unreasonable, consider the fact that most assessment information is now required to be available online, so you can consider how to appeal it.

The bottom line: look before you leap. And don't forget to consider such "soft" factors as the network of friends you have in your current location, and proximity to family.

Sources:

- http://www.forbes.com/sites/ashleaebeling/2015/10/06/7-tax-tricks-for-homeowners/?utm_campaign=Forbes&utm
- <http://www.financial-planning.com/news/practice/help-clients-avoid-pitfalls-of-a-retirement-paradise-2694326-1.html>



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Don't Forget About Year-End Investment Planning



As the year draws to a close, there might be a slew of tasks on your to-do list. One task to consider is setting up a meeting with your financial professional to review your investments. If you take the

time to get organized now, it may help you accomplish your long-term goals more efficiently. Here are some steps that might help.

Evaluate your investment portfolio

During the meeting with your financial professional, review how your overall investment portfolio fared over the past year and determine whether adjustments are needed to keep it on track.

Here are some questions to consider:

- How did your investments perform during the year? Did they outperform, match, or underperform your expectations?
- What caused your portfolio to perform the way it did? Was it due to one or multiple factors?
- Were there any consistencies or anomalies compared to past performance?
- Does money need to be redirected in order to pursue your short-term and long-term goals?
- Is your portfolio adequately diversified, and does your existing asset allocation still make sense?

Addressing these issues might help you determine whether your investment strategy needs to change in the coming year.

Aim for balance

During the portfolio review process, look at your current asset allocation among stocks, bonds, and cash alternatives. You might determine that one asset class has outperformed the others and now represents a larger proportion of your portfolio than desired. In this situation, you might want to rebalance your portfolio.

The process of rebalancing typically involves buying and selling securities to restore your portfolio to your targeted asset allocation based on your risk tolerance, investment objectives, and time frame. For example, you might sell

some securities in an overweighted asset class and use the proceeds to purchase assets in an underweighted asset class; of course, this could result in a tax liability.

If you own taxable investments that have lost money, consider selling shares of losing securities before the end of the year to recognize a tax loss on your tax return. Tax losses, in turn, could be used to offset any tax gains. When attempting to realize a tax loss, remember the wash sale rule, which applies when you sell a security at a loss and repurchase the same security within 30 days of the sale. When this happens, the loss is disallowed for tax purposes.

If you don't want to sell any of your current investments but want to change your asset allocation over time, you might adjust future investment contributions so that more money is directed to the asset class you want to grow. Once your portfolio's asset allocation reaches your desired balance, you can revert back to your previous strategy, if desired. Keep in mind that asset allocation and diversification do not guarantee a profit or protect against loss; they are methods used to help manage investment risk.

Your financial professional can help you understand how your investments may be affected by capital gains and other taxes. You can learn more about current tax laws and rates by visiting www.irs.gov.

Set goals for the coming year

After your year-end investment review, you might resolve to increase contributions to an IRA, an employer-sponsored retirement plan, or a college fund next year. With a fresh perspective on where you stand, you may be able to make better choices next year, which could potentially benefit your investment portfolio over the long term.

Note: *There is no assurance that working with a financial professional will improve investment results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.*

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Don't Forget About Year-End Investment Planning

Think Twice Before Counting on a COLA

Dealing with Medical Billing Issues

How do I change or revoke a will?



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Think Twice Before Counting on a COLA



Will you receive a Social Security COLA in 2016?

The Social Security Administration has announced that, because of low annual inflation, Social Security recipients will not receive a cost-of-living adjustment (COLA) in their benefit checks in 2016. (Source: Social Security Administration press release, October 15, 2015)

***Source: 2015 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, p.32**

The rising costs of food, gas, electricity, and health care can strain anyone's budget. The situation is even worse if your living expenses increase while your income stays the same, because your purchasing power will steadily decline over time. That's why cost-of-living adjustments, or COLAs, are especially valuable to retirees and others living on fixed incomes.

A COLA is an increase in regular income you receive (such as a Social Security or pension benefit) that is meant to offset rising prices. It's important protection because price inflation has occurred in most years during the last 40 years. However, a COLA may not be payable in years when inflation slows or declines.

How COLAs work

It's easy to think of a COLA as a "raise," but a COLA is meant to help you maintain your standard of living, not improve it. For example, let's say you receive a \$2,000 monthly retirement benefit, and the overall cost of the things you need to purchase increases by 3% during the year. The next year, you receive a 3% COLA, or an extra \$60 a month, to help you manage rising prices.

That 3% COLA doesn't sound like much, but without a COLA, inflation can seriously erode your retirement income. Assuming a 3% inflation rate, in just 10 years, the purchasing power of your monthly \$2,000 benefit would drop to \$1,520; in 25 years, the purchasing power of your benefit would be only \$963, less than half of what you started with.

Who receives COLAs?

Social Security is the major source (and in some cases the only source) of inflation-protected retirement income for many Americans. COLAs are also commonly paid to retirees who are covered by state or federal pensions. However, most private pensions do not offer COLAs.

Less commonly, employers may offer COLAs as part of compensation packages. For an additional cost, you might also be able to purchase riders for certain insurance policies (such as disability income and long-term care policies) to ensure that the benefits you receive keep pace with inflation (subject to contractual terms, conditions, and limitations).

When there is no Social Security COLA

Social Security COLAs are officially announced each October and reflect the annual increase in the average Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The average CPI-W for the third calendar quarter of the last year a COLA was payable is

compared to the average CPI-W for the third calendar quarter of the current year. Any percentage increase that results is the COLA for that year and will be payable to beneficiaries beginning in January of the following year. However, beneficiaries will not receive a COLA if there is no increase in the average annual CPI-W.

No COLA for Social Security beneficiaries also means no increase in two Social Security limits: the contribution and benefit base (also called the Social Security wage base) and the retirement earnings test exempt amounts.

The contribution and benefit base is the cap on the annual amount of wages and self-employment income subject to Social Security payroll taxes. The retirement earnings test applies only to people under full retirement age (FRA) who receive Social Security benefits and also have earnings from work. If your earnings from work exceed a specific annual limit--the retirement earnings test exempt amount--part of your Social Security benefit will be withheld. (There are actually two different earnings test exempt amounts. One limit applies before the calendar year you reach FRA, and a higher limit applies in the year you reach FRA, up until the month you reach FRA.)

Medicare beneficiaries are also affected. A "hold harmless" provision in the Social Security Act protects most Social Security beneficiaries from increases in their Medicare Part B premium when there is no Social Security COLA. However, about 30% of Medicare beneficiaries are not protected by this provision, including those subject to income-adjusted Part B premiums, those who are enrolled in Medicare but not receiving Social Security benefits, and those who are newly entitled to Medicare.* If you fall into one of these groups, you may pay a substantially higher Medicare Part B premium when no COLA is payable.

Putting COLAs in perspective

As important as COLAs are, they are still vulnerable to cutbacks. For example, pension plans that are underfunded may view reducing COLAs as a relatively simple way to cut costs, and some plans have attempted to eliminate COLAs altogether.

Consider taking additional measures to account for the effect of long-term inflation. For example, use realistic inflation and investment return assumptions when planning for retirement, maintain a diversified portfolio that reflects your time horizon and tolerance for risk, and consider investments that have historically held their own against inflation.



Dealing with Medical Billing Issues



Over the last two years, nearly one-third of privately insured Americans received a surprise medical bill for which their health plan paid less than expected. (Source: Consumer Reports National Resource Center, March 2015)

It's a common occurrence these days--you receive a sky-high medical bill in the mail. Maybe the bill is for medical services or treatments that you thought were covered by your insurance. Or perhaps you have difficulty understanding exactly which medical procedures you're being charged for, or what the medical billing codes on your hospital bill mean.

The fact is, due to the complex nature of today's medical billing industry, it's difficult for many consumers to know exactly what they will end up having to pay for medical services or treatments. Fortunately, there are some things you can do to make it easier to deal with any medical billing issues that may arise.

Understand what your insurance does and does not cover

Your first step in tackling a medical billing issue is to find out exactly what your insurance does and does not cover. Review your health plan's coverage brochure or contact your insurer to find out about your health insurance plan's coverage exclusions or limitations, expenses that are fully or partially covered by your plan, and the ramifications of using an out-of-network provider.

Another helpful tool is an explanation of benefits (EOB). Once a medical claim is processed by your health insurance provider, you should receive an EOB. The EOB will provide you with a variety of information, such as the dates and type of services provided, the amount that was billed by the medical provider to the insurance company, what the insurance company paid to the provider, and the amount that wasn't covered and for which you are responsible. Review your EOB and compare it to your medical bills. If you find any discrepancies, contact your medical provider's billing department.

Keep an eye out for common billing errors

Unfortunately, errors are a common occurrence in the medical billing industry. As a result, it's always important to request an itemized bill, as opposed to just a summary of charges, from your medical provider. An itemized bill is critical when it comes to identifying billing errors because it will detail each medical procedure for which you are being charged.

Once you've received your itemized bill, check to make sure that all of your identifying information (e.g., address, date of birth), dates of service, and insurance information are correct.

In addition, be alert for common billing errors, such as:

- Being billed separately for services that are already covered under previously bundled fees
- Being billed for extra time in the operating room or more anesthesia
- Being billed for a more expensive charge than necessary (also known as "upcoding")
- Charges for canceled procedures
- Charges for duplicate procedures
- Incorrectly coded procedures

If you find an error on your bill, contact the billing department of the medical provider to request a corrected insurance claim and/or bill. Be prepared to explain the mistake to the billing representative and provide copies of billing records that illustrate the billing error.

Don't be afraid to negotiate

If it turns out that you do owe money, it's important to know that medical bills may be negotiable. If you have a large medical bill, it may be worthwhile to negotiate with your medical provider. Depending on the amount you owe, you may be able to lower your balance or arrange a payment plan that spreads out the amount you owe over a period of time.

Consider getting professional help

Some medical billing issues may be too difficult to resolve on your own. If you are unable to determine what you owe or negotiate a resolution with a billing department, consider enlisting the services of a medical billing advocate.

Medical billing advocates are typically paid an hourly rate. They can be extremely effective in helping you deal with a variety of medical billing issues, such as identifying billing errors and/or assisting you with negotiating a lower balance. For more information on medical billing advocates, visit the Medical Billing Advocates of America website at www.billadvocates.com.



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How do I change or revoke a will?

Your will does not take effect until you die. You can create a new will or revoke or amend an existing will up until your death.

A will remains valid until properly revoked or superseded. Revoking your will must be done very carefully. Most state laws require that the will be revoked by a subsequent instrument (a new will) or by a physical act (e.g., destroying or defacing it). This means the will must either be burned, torn, or canceled with the intent to revoke. You might, for example, write REVOKED across the will and sign and date the revocation.

You can amend (change) your will by executing a codicil. A codicil is a separate, written, and formally executed document that becomes part of your will. More specifically, a codicil is a supplement or addition to a will that explains, modifies, or revokes a previous will provision or that adds an additional provision. A codicil generally should be used only for minor changes to your will. You should execute a new

will if there are many changes or a major change.

A codicil should generally be executed with the same formalities as required for a will. In general, the codicil must be signed, dated, and witnessed in accordance with the laws of the appropriate state.

The codicil should be attached to the will it is amending. Be sure to draft, execute, and attach a copy of the codicil to each copy of your will.

Although a new will usually must be contested in its entirety, some states will allow a codicil to be contested on its own. If it is found to be invalid, only the changes contained in the codicil will be voided and the remaining will provisions remain valid.

Some states provide that provisions in a will may be revoked automatically upon marriage or divorce. It is generally a good practice to review your will and make changes as needed upon marriage or divorce, or for any other major changes in your life.



What do I need to do to create a will?

A will is a legal document that is generally used to describe how you want your estate to be distributed after your death.

It might also be used to name an executor for your estate or a guardian for your minor children. It is generally a good practice to name backup beneficiaries, executors, and guardians just in case they are needed. Even though it's not a legal requirement, a will should generally be drafted by an attorney.

In order to make a will, you must be of legal age (18 in most states). You must also understand what property you own, who the family members or friends it would seem natural to leave property to are, and who gets what under your will.

Generally, a will is a written document that must be executed with appropriate formalities. You should sign the document (or direct someone else to sign for you in your presence). The will should also be signed by at least two witnesses who are of legal age and understand what they

are witnessing; some states require three witnesses. The witnesses should not benefit from any provisions in the will. Some states also require that a will be notarized.

Some states allow a will that is entirely in your handwriting, known as a "holographic" will. Some states allow a "nuncupative" will, which is an oral will you dictate during your last illness, before witnesses, that is later converted to writing.

Note that certain property is not transferred by a will. For example, property you hold in joint tenancy or tenancy by the entirety passes to the surviving joint owner(s) at your death. Also, certain property (e.g., life insurance, qualified retirement plans, IRAs, Totten Trust accounts, Payable on Death accounts, Transferrable on Death accounts) passes directly to the designated beneficiary at your death, bypassing the probate process.

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