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Information for today's changing times

Newsletter for Santa Clara County ▪ June 2015 ▪ Courtesy of SarahCare of Campbell

Avoid Medicare Problems

by Robert Carlson

If you fail to fully grasp certain Medicare rules, you could end up paying unnecessarily high premiums for the rest of your life. Four common and costly Medicare misconceptions and mistakes include**:**

■ **Thinking that your Social Security retirement age is the same as your Medicare-enrollment age.** Over the years, the age at which people become eligible for "full" retirement benefits has increased. If you were born between 1943 and 1954, for example, your full retirement age is 66, not 65. Trouble is - many people think this full retirement age also applies to Medicare.

■ **Thinking that it doesn't matter which option you choose to pay for Part B.** Medicare enrollees can have their Part B premiums automatically deducted from their Social Security benefits or they can pay for them separately. What most people don't realize is that paying with Social Security deductions could save money.

■ **Thinking that you don't need to sign up for Medicare as long as you're covered by an employer.** People who are covered by group health insurance plans when they turn 65 – often assume that they do not yet need to sign up for Medicare. But this is correct only if the employer has 20 or more employees. If your health coverage is provided by an employer with fewer than 20 employees – – this coverage automatically becomes "secondary" to Medicare when you turn 65.

■ **Not realizing that a high income you had a few years ago could unnecessarily increase your Medicare premiums this year.** The Medicare system imposes higher Part B and Part D premiums on people who have modified adjusted gross incomes above $85,000. But the income figure used from two years earlier – your 2013 income, for example, affects your 2015 Medicare premiums.

Source**:** Bottom Line

Insurance Each Decade

by Robert Cruz

Your insurance needs can change each decade.

◙ **20s** - If you live in an apartment, chances are your landlord's home insurance does not cover your belongings. Buying a renter's policy would protect your stuff in the event of a fire or theft.

◙ **30s** - When you buy your first home, the bank is going to require that you buy home insurance. You'll need to decide between policies that pays actual cash value or replacement cost. Replacement cost is typically more expensive, but if your home were to burn down, for example, this policy would ensure you have enough money to rebuild.

◙ **40s** - As you get older, your family is going to rely on your income more. Make sure your life insurance adequately protects them in case something bad happens to you. If you are remarried, make sure your beneficiaries are up to date.

◙ **50s** - If you have a decent savings account, you might want to buy policies with higher deductibles. If you are fortunate enough to be able to buy a summer home, get it insured and keep in mind the impact weather can have.

◙ **60+** - When you retire, you might drive less frequently. Some insurance companies offer discounts for drivers that use various devices installed in a car that record driver information such as speed and distance traveled.

Source**:** C & T

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Long-Term Care Features

Your **Long-Term Care (LTC**) path is or will be unique to you. It is a *range of services and supports* you may need to meet your *personal care needs*.

Most LTC is *not* medical care, but rather assistance with basic personal tasks, sometimes called **Activities of Daily Living** (ADLs), such as**:**

- ♦ Bathing ♦ Dressing ♦ Eating
- ♦ Using bathroom ♦ Incontinence caring
- ♦ Bed or chair transfers

Other LTC assistance with everyday tasks, sometimes called **Instrumental Activities Daily Living** (IADLs) including**:**

- ▪ Housework
- ▪ Managing money
- ▪ Taking medication
- ▪ Caring for pets
- ▪ Shopping for groceries and clothes
- ▪ Responding to emergency alerts such like alarms
- ▪ Preparing meals and then cleaning up
- ▪ Using telephone or other communications devices

There are a number of factors that affect the possibility that you will need care, including**:**

Age - The older you are, the more likely you will need LTC.
Gender – Women outlive men by about five years on average, so they are more likely to live at home.
Disability – An accident or chronic illness that causes a disability is another reason for needing LTC.
Health Status – Chronic conditions, high blood pressure, and family history increase need for LTC.
Living Arrangements – If you live alone, you're more likely to need paid care than if you're married.

To find **local facilities**, contact**:**
Eldercare Locator, Home Health Compare, Nursing Home Compare, and/or Medicaid Offices.

Source**:** U.S. Dept. of Health & Human Services

Planning for Retirement

Here are the top 10 things you need to know as you plan for retirement.

1. Save as much as you can. The sooner you begin saving, the more time your money has to grow. Gains each year build on the prior years, and the best way to accumulate wealth.
2. Set realistic goals. Project your retirement expenses based on your needs. How you want to live in retirement, how much it will cost, how much you must save to supplement Social Security.
3. A 401(k) is one of the easiest ways to save. Contributing money to a 401(k) gives you an immediate tax deduction and tax-deferred growth on your savings.
4. IRA tax advantaged types. (1) traditional IRA offers tax-deferred growth, where you pay taxes on your investment gains only when you make withdrawals. (2)Roth IRA, by contrast, doesn't allow for deductible contributions but offers tax-free growth when you make withdrawals.
5. Focus on your asset allocation. Divide your portfolio between stocks and bonds will have a big impact on your long-term returns.
6. Stocks are best for long-term growth. Stocks have the best chance of achieving high returns over long periods, but *are more risky*.
7. Don't move too heavily into bonds. Over 10 to 15 years, inflation easily can erode the purchasing power of bonds' interest payments.
8. Making tax-efficient withdrawals. Once you're retired, your assets can last several more years ***if*** you let tax-advantaged accounts compound for as long as possible.
9. Working part-time in retirement. It keeps you socially engaged and reduces the amount you must withdraw annually once you retire.
10. Other creative ways. Relocate to an area with lower living expenses, or transforming your home equity into a reverse mortgage.

Source**:** Money CNN

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~ Unclaimed Money ~

By Don Taylor

If a bank loses touch with you for a period of time -- and how long depends on state law -- it will eventually turn the money in your account over to the state's unclaimed property fund. According to HelpWithMyBank.gov, a website operated by the federal Office of the Comptroller of the Currency, most state unclaimed money programs look at whether there has been any customer-initiated activity or contact within the last three to five years.

The site also says that before sending the account balance to the state, the bank is usually required to try to find the customer. Banks may publish the names of the account holders in a local newspaper. Alternately, banks may send a letter to the last known address of the account holder. The bank will turn the account balance over to the state if there's no word from the account holder.

Which state to check? The bank should send the money to the unclaimed property division of the state from the account owner's last known address. The money remains yours -- you just have to chase it down. It's fairly easy to do using your state's unclaimed property site. Once the bank has turned the money over to the state's unclaimed property fund, it's out of the bank's hands. Still, you shouldn't be out of luck. In general, a state holds the money for the account owner until it's claimed.

Source**:** Bankrate

Scam Alert: *Pyramid Schemes*

In *Pyramid Schemes*, the money collected from newer victims of the fraud is paid to earlier victims to provide a veneer of legitimacy. The victims themselves are induced to recruit further victims through the payment of recruitment commissions.

Pyramid schemes are marketing and investment ***frauds*** in which an individual is offered a distributorship or franchise to market a particular product. The real profit is earned, '*not'* by the sale of the product, but by the '*sale of new distributorships'*. This eventually leads to a point where the supply of potential investors is exhausted and the pyramid collapses. At the heart of the scheme is a representation that new participants can recoup their original investments. Promoters fail to mention that this is mathematically impossible for everyone to do, since some participants drop out, while others recoup their original investments and then drop out.

Avoiding Pyramid Schemes:

- Be wary of "opportunities" to invest your money in franchises or investments that require you to bring in subsequent investors to recoup your initial investment.
- Independently verify the legitimacy of any franchise or investment before you invest.

Source**:** Federal Bureau of Investigation
