

What I've learned from Financial Experts



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FINANCIAL EXPERTS
NETWORK



Mascot Leia

Tom Dickson

Financial Services since 1982

- **Investment Industry:**

- Institutional Mutual Funds (Federated, Keystone)
- Asset Allocation, Wrap Programs, 401k Education
 - Consultant for Scudder, American Century, Vanguard, Invesco, et al.
- 529 Plans
 - Advisor to PA State Treasurer; Educator for PPS

- **Securities Business:**

- Custody Product Manager for Mellon
- Launched one of 1st Online Brokers

- **Financial Planning:**

- Case Design for Financial Planners
- MoneyGuidePro user since 2012

- **Mortgage Industry**

- Educator for Financial Planners

- **Personal:**

- Real Estate Investor
- Founder, 3 Non-Profit Programs
- Husband & Father of 2 Millennials

LIVE Educational Webinars with Financial Experts

What do you want to learn about?



Student Loans



Special Needs



Health Insurance

Website: www.financialexpertsnetwork.com

Boomer Member Plans



\$7 per month



OR



\$75 for annual fee



FINANCIAL EXPERTS NETWORK

Education from Best-in-Field Experts



The EXPERT in Specialized Area

National Figures and **Undiscovered EXPERTS**

The “**Dean**” of
Financial Planning



Wade Pfau
Retirement Researcher



Kurt Czarnowski
Mr. Social Security



Melinda Caughill
Medicare Specialist





WHEN TO SIGN-UP FOR MEDICARE

Should I enroll at age 65?

DISCLAIMER: *The information provided herein is on an as-is basis and only for general informational purposes. Before making any decisions about your unique financial situation and Medicare, you should consult with a certified financial advisor.*

NOTE: *The source for this article comes from the webinar on this topic given by [Melinda Caughill](#) of [Sixty-Five Incorporated](#), a nationally-renowned Medicare expert, and hosted by [Tom Dickson](#) on the [Financial Experts Network](#).*

Medicare: One of Your Most Important Retirement Decisions

3.6 million people turn 65 each year. Unfortunately, people don't understand how easy it is to make mistakes and how costly and permanent those mistakes can be when it comes to Medicare. Just one mistake can cost you thousands of dollars a year and keep you from getting needed health care services.

This article will focus on one of the most misunderstood and important Medicare issues: ***When to enroll.***

Should I enroll at age 65?

Several factors impact timing - ***these are the critical four:***

- 1) Social Security benefits status, are you getting benefits?
- 2) Employer healthcare coverage, including size of the employer
- 3) Healthcare coverage if you're not actively employed
- 4) Whether or not you are making contributions to a Health Savings Account

Social Security Q&A Guide

2022



Editor
Former SSA Director
Kurt Czarnowski

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Fight Inflation and 9.6% Earn ~~7.12%~~ on Your Tax Refund \$\$

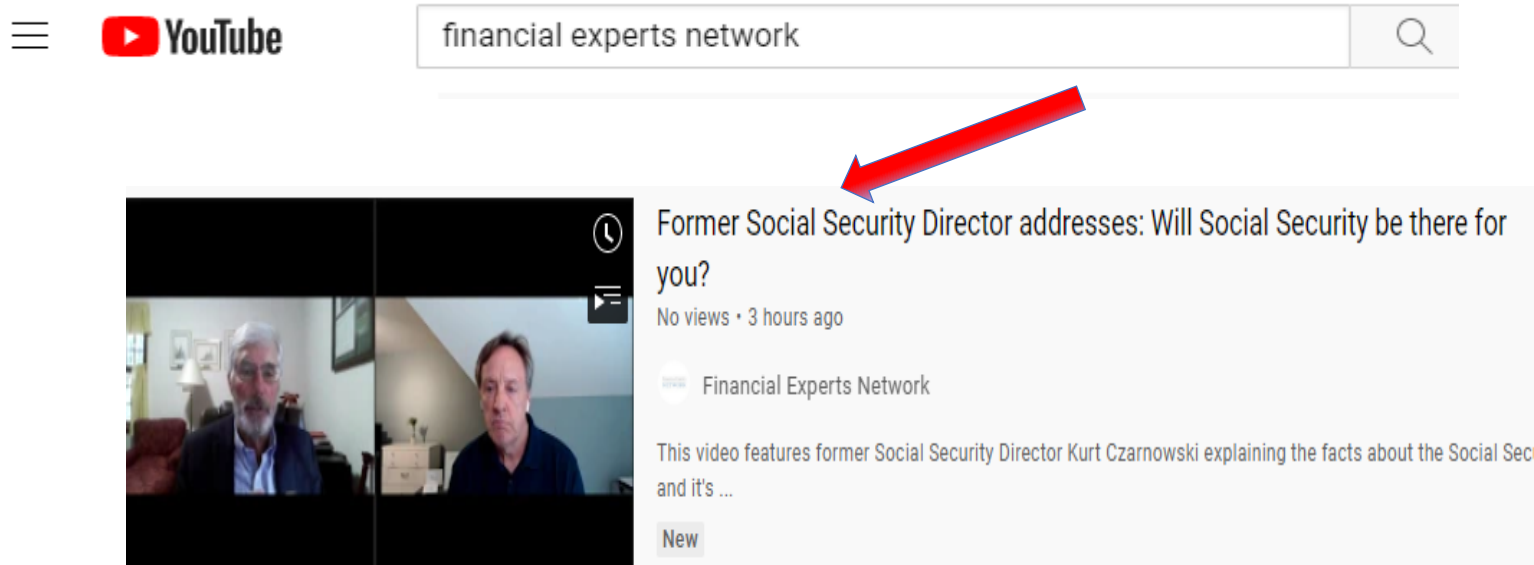


Tom Dickson

Founder

www.FinancialExpertsNetwork.com

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- 2 Subscribe



Questions: Email Tom Dickson:
tom@financialexpertsnetwork.com

24 Financial Expert Highlights on YouTube



financial experts network



<p>How to Apply for Social Security and... when you get your \$</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>5:32</p>	<p>Retirement Q&A WITH FRITZ GILBERT</p> <p>FINANCIAL EXPERTS NETWORK</p> <p>43:21</p>	<p>Will Social Security be there... for ME?</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>30:33</p>	<p>Monthly Payments: Assumes \$400,000 HV</p> <p>62-Year-Old: \$803/Month 80-Year-Olds: \$1,403/Month</p> <p>33:34</p>	<p>Tips on How to Fill out the FAFSA Form</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>10:30</p>	<p>Don't Take Social Security at Age 62 Until You Learn the FACTS.</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>13:39</p>
<p>How to Apply for Social Security Benefits and when...</p> <p>4K views • 5 months ago</p>	<p>Retire Early Tips from Early Retiree!</p> <p>3.5K views • 7 months ago</p>	<p>Former Social Security Director addresses: Will...</p> <p>579 views • 5 months ago</p>	<p>Top Economist changes his view of Reverse Mortgages</p> <p>499 views • 7 months ago</p>	<p>Tips on FAFSA Filing & Optimizing College Financia...</p> <p>370 views • 4 months ago</p>	<p>Don't take Social Security at age 62 UNTIL you learn the...</p> <p>274 views • 5 months ago</p>
<p>12 FAFSA Tips from America's College Financial Aid Expert</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>7:44</p>	<p>College Financial Aid Experts</p> <p>Mark Kantrowitz Joe Messing</p> <p>14:55</p>	<p>Timely Strategies For Back Door Roth IRA Conversion</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>6:24</p>	<p>What to do before you start making student loan payments!</p> <p>Student Loan Expert Financial Educator</p> <p>15:17</p>	<p>Strategy to Offset Taxes From a Roth IRA Conversion</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>15:51</p>	<p>How is my Social Security benefit Calculated?</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>14:25</p>
<p>12 Tips for completing the FAFSA from College Financi...</p> <p>226 views • 4 months ago</p>	<p>The BEST Type of Student Loan and how much to...</p> <p>154 views • 1 month ago</p> <p>CC</p>	<p>Timely Strategies for a Back Door Roth IRA Conversion</p> <p>126 views • 5 months ago</p>	<p>What to do before you make Student Loan Payments</p> <p>115 views • 6 months ago</p>	<p>Tax Savings for Charitable Givers doing a Roth IRA...</p> <p>77 views • 5 months ago</p>	<p>How is my Social Security Benefit Calculated?</p> <p>77 views • 5 months ago</p>
<p>Should you refinance your federal student loan with a private student loan?</p> <p>CAUTION</p> <p>Student Loan Expert Financial Educator</p> <p>13:01</p>	<p>Timely Ideas for Addressing Big Changes to Estate Planning</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>14:21</p>	<p>4. FORECAST YOUR RETIREMENT SPENDING</p> <p>44:05</p>	<p>How Public Service Loan Forgiveness Works!</p> <p>Student Loan Expert Financial Educator</p> <p>6:40</p>	<p>RM Gain to Jim and Sharon if they Live to 100 and Don't Move</p> <p>59:56</p>	<p>Timely Tax Strategies For Business Owners</p> <p>Learn from the Experts FINANCIAL EXPERTS NETWORK</p> <p>10:52</p>

A red pushpin is pinned to the center of the image, set against a background of a clock face. The clock face is out of focus, with numbers like 5, 12, 19, 2, and 10 visible. The pushpin is sharp and in focus, pointing downwards.

Pre-Retirement Planning

Best Practices

Pre-Retirement: Track your Expenses for 1 year

Monthly Spending								
Month:	Jan 2021					Represents automated ACH		
			Fri	Sat	Sun	Mon	Tue	Wed
Day Of Month			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Continued Spending in Retirement			\$0	\$0	\$0	\$0	\$0	\$0
Expiring Spending			\$0	\$0	\$0	\$0	\$0	\$0
TOTAL SPEND			\$0	\$0	\$0	\$0	\$0	\$0
Paycheck			\$0	\$0	\$0	\$0	\$0	\$0
All Other Income			\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INCOME			\$0	\$0	\$0	\$0	\$0	\$0
VARIANCE			\$0	\$0	\$0	\$0	\$0	\$0



Get a Financial Plan


What's your Number? Or How much will you need each month? Goals vs. Cash Flow

Be careful of the 70-80% of last year's income

Stress Test your Plan for Volatile Investment Returns

Your Asset Allocation should match your Spending Goals/Needs

Healthcare can be BIG shock



The 4% Rule

4% of
\$1,000,000 each
year for 30 years.

Can you live off
\$40,000 a year?

DIY Financial Planning

Budgeting/Tracking

- Personal Capital
- Mint/Quicken
- YNAB

Resource: www.doughroller.net

Retirement Calculators

- Personal Capital
- Maxifiplanner.com
- Fidelity
- T. Rowe Price
- New Retirement

Professional Assistance Hourly or Flat Fee



Garrett Planning Network:
<https://www.garrettplanningnetwork.com/>



CFPs through www.Letsmakeaplan.org



Fee-only planners through
www.feeonlynetwork.com



Financial Experts Network:
tom@financialexpertsnetwork.com

Cash Flow Webinar Replay + Materials

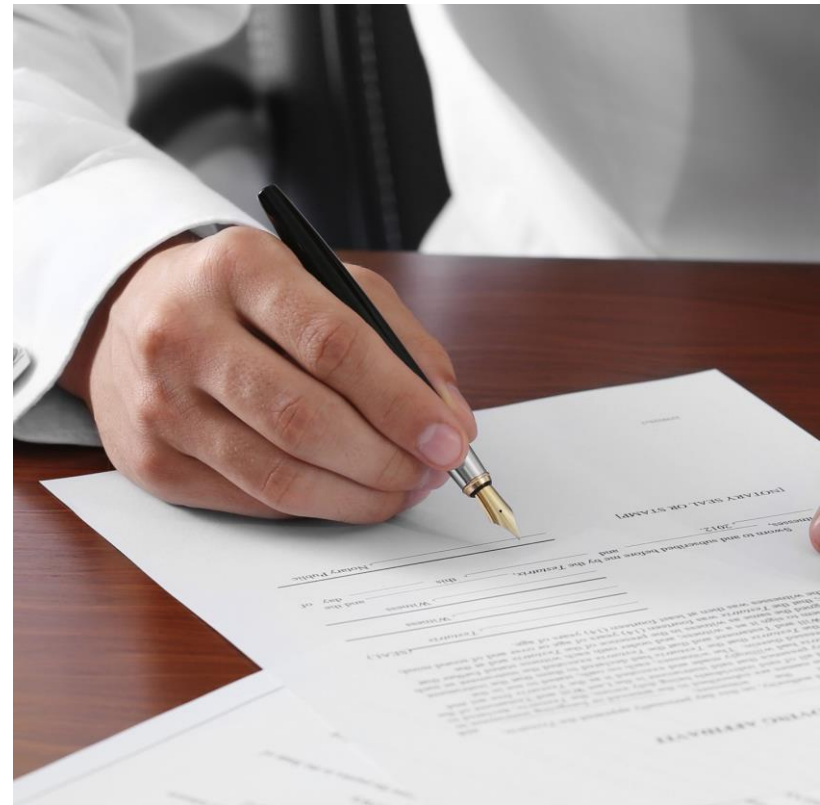
- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: **Cash Flow presented by Melissa Tosetti**

Estate Planning

Not just for the Wealthy

Control of your assets and wishes: The Core Four Documents to consider:

- Last Will and Testament
- Durable Financial Power of Attorney
- Health Care Power of Attorney
- Living Will Declaration



How do your Clients keep control at death?

What is Probate?

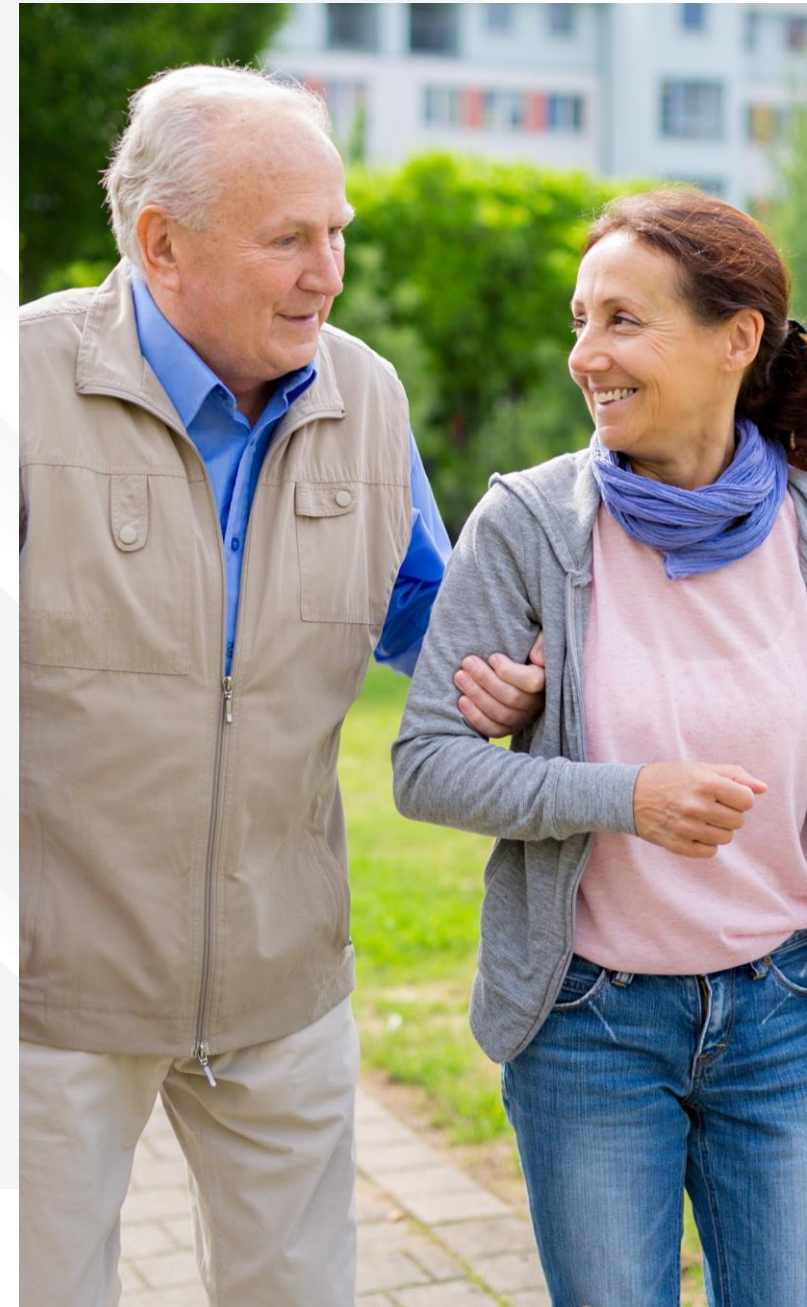
Probate is a judge giving legal permission for assets to be passed on, whether or not there is a last will.

- Court appoints Executor or Administrator
- Inventories
- Accountings
- Probate Bond to insure Executor's Performance



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Why should a client avoid Probate?

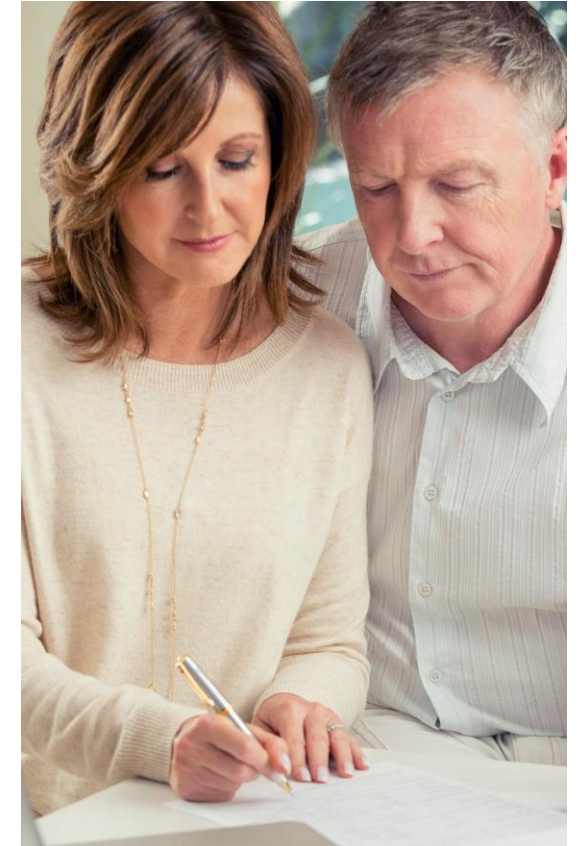
The benefits of avoiding probate:

- First, Probate is not evil and can be useful sometimes.
- However, Probate Avoidance can help with:
 - Lower cost
 - Faster to administer
 - Simpler to understand
 - NOT Public

The Basics of Probate Avoidance

Common Tools to Avoid Probate without a Trust

- Transfer on Death (TOD)
 - Real estate, Stock/Bonds, Autos,
- Payable on Death (POD)
 - Used only with Bank Accounts
- Beneficiary Designation
 - Life Insurance, IRAs/Retirement Funds, Annuities
- Joint and Survivorship (J&S)
 - Real estate, Stock/Bonds, Savings Bonds, Autos



Cash Flow Webinar Replay + Materials

- ➊ Go to: www.financialexpertsnetwork.com
- ➋ Click on Investors and select Past Webinars from Drop Down
- ➌ Search for: **Essential Estate Planning**, presented by **Laurie Steiner**

A row of wooden blocks, some standing upright and some falling over, with one blue block standing upright.

Managing Risk in Retirement

Longevity Risk

Unknown Planning Horizon

Macro/Market

Investment Volatility
Interest Rate Volatility
Public Policy & Taxation
Sequence of Returns

Inflation

Rising Costs of Living

Personal Spending

Health & Long-term Care
Help Other Family Members
Divorce
Fraud/Theft

Managing Volatility in Retirement

- **Spend Conservatively**

(tenure payment, refinance mortgage, Social Security delay bridge)

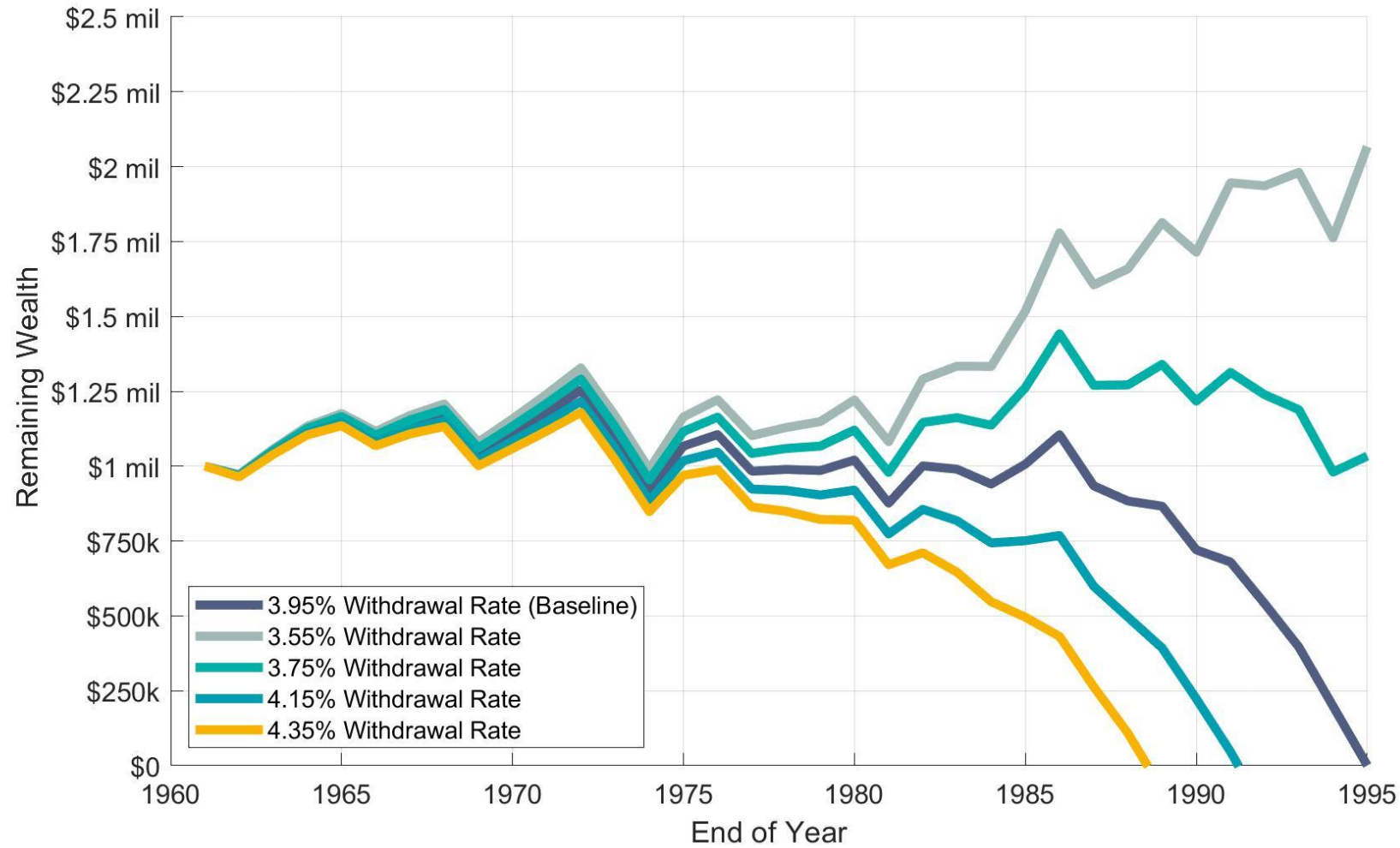
- **Spending Flexibility**

- **Reduce Volatility**

- **Buffer Assets – Avoid Selling at Losses**

(coordinated spending strategies)

Sequence Risk and the Impact of Changing the Withdrawal Rate

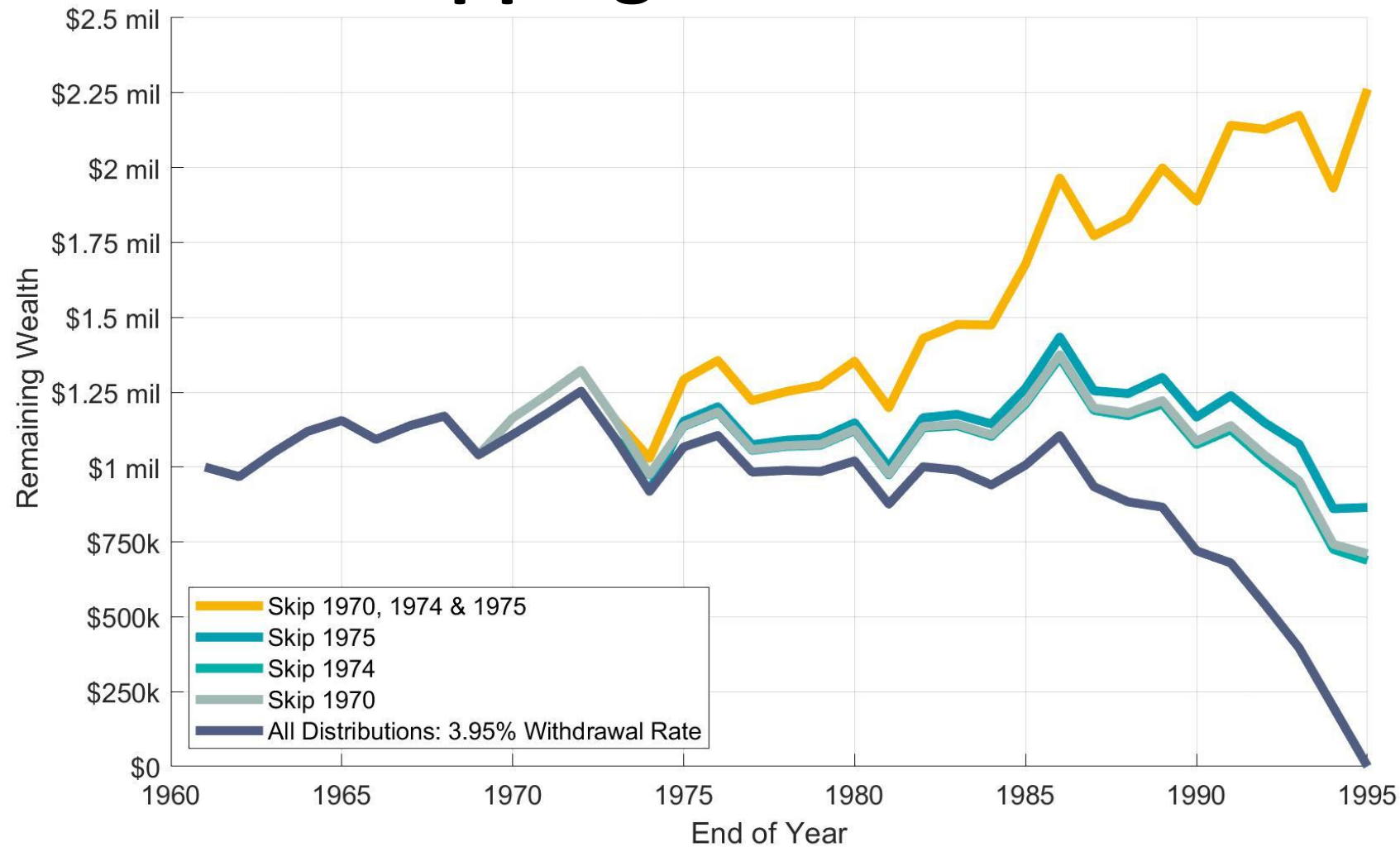


Sequence Risk and the Portfolio Impact of Spending Levels

Inflation-Adjusted Spending Defined as a Percentage of Retirement Date Assets, No Fees

Using Robert Shiller's Data, 1962-1995, Asset Allocation: 60% Large-cap Stocks, 40% 10-Year Treasuries

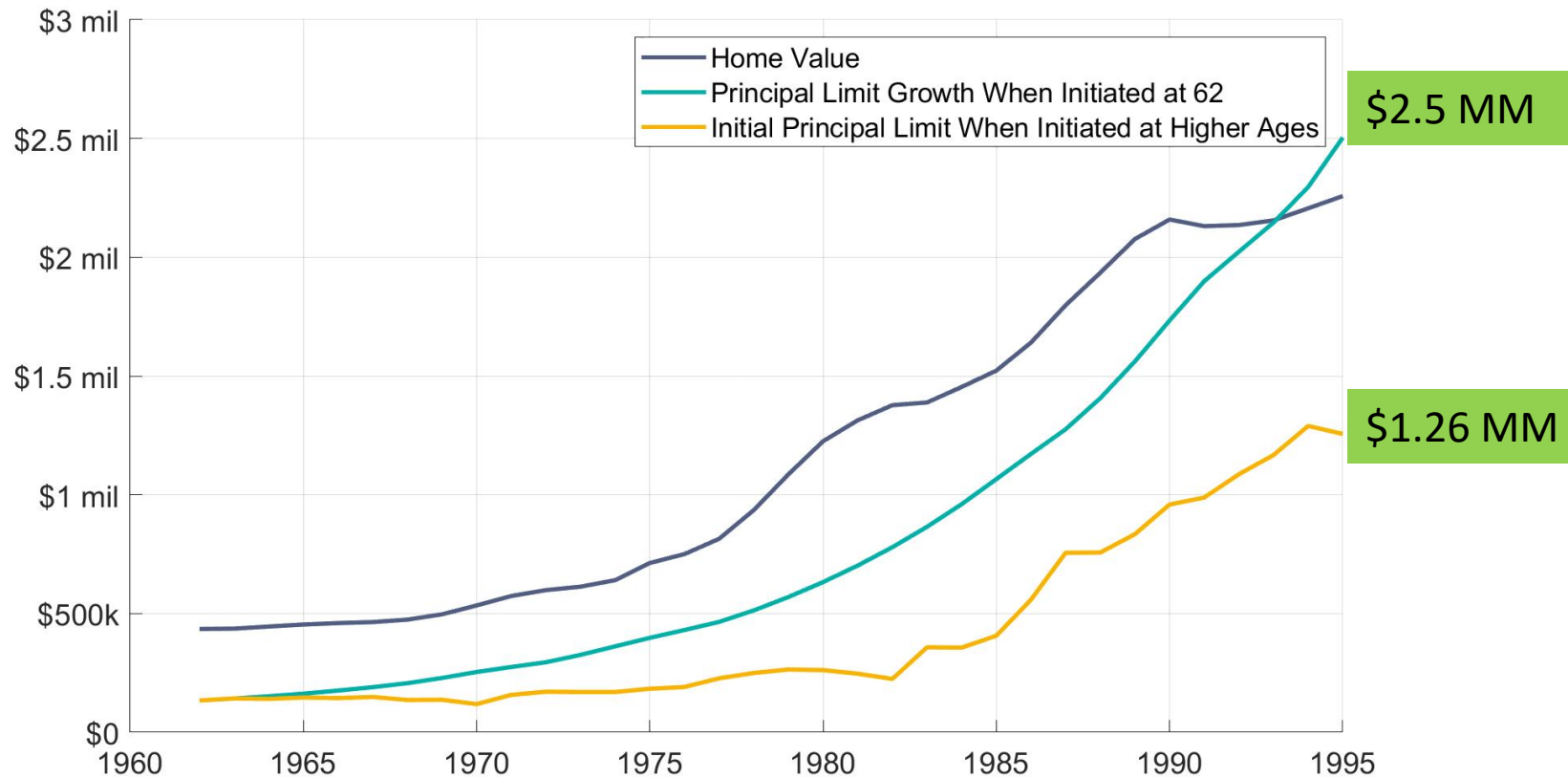
Sequence Risk and the Impact of Skipping Distributions



Sequence Risk and the Portfolio Impact of Skipping a Year of Distributions
Using Robert Shiller's Data, 1962-1995, Asset Allocation: 60% Large-cap Stocks, 40% 10-Year Treasuries

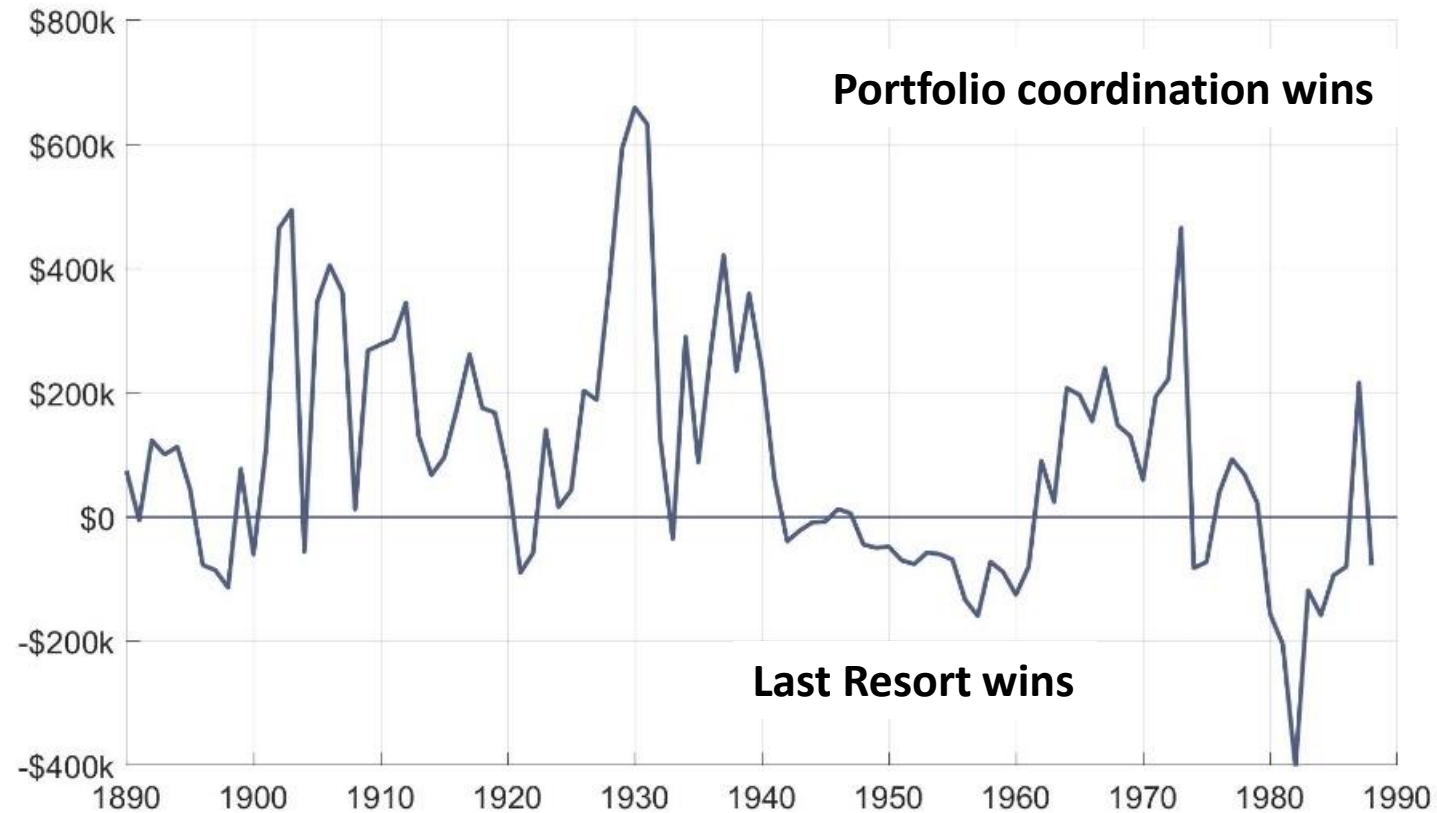
Reverse Mortgage Line of Credit Growth

Comparing Principal Limits Based on When the Reverse Mortgage Opens
For a 62-Year-Old, Market Data for 1962-1995



Age 62 vs. Later Ages
Lender's Margin: 2.125%
Home: \$435,000
Upfront Costs: \$18,600

Comparing the Portfolio Coordination Strategy to the Last Resort Net Real Legacy Wealth (Portfolio Coordination - Last Resort)



3RD EDITION - REVISED FOR 2022



THE RETIREMENT RESEARCHER'S GUIDE SERIES

REVERSE MORTGAGES

HOW TO USE REVERSE MORTGAGES TO SECURE
YOUR RETIREMENT

Wade Pfau, Ph.D., CFA, RICP

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www.Books2Read.com/ReverseMortgages

Webinar Replay + Materials

- ➊ Go to: www.financialexpertsnetwork.com
- ➋ Click on Investors and select Past Webinars from Drop Down
- ➌ Search for: **Reverse Mortgages presented by Wade Pfau on April 19, 2022**

To Roth or not to Roth?

Watch your Tax Bracket

Used to be 5 years or more as young as possible

Outside Funds to pay taxes triggered by conversion

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select **Upcoming Webinars** from Drop Down



When and for Whom Are Roth Conversions Most Beneficial: A New Set of Guidelines, Cautions and Caveats

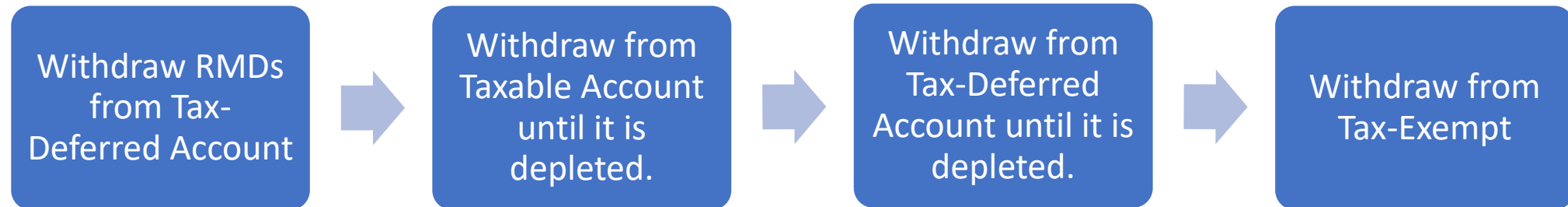
Edward F. McQuarrie, Leavey School of Business at Santa Clara University

[LEARN MORE >](#)

Tuesday, May 10, 2022 at 12:00 PM ET

Which Account should I draw from?

Common Rule Sequence for Retirement Income

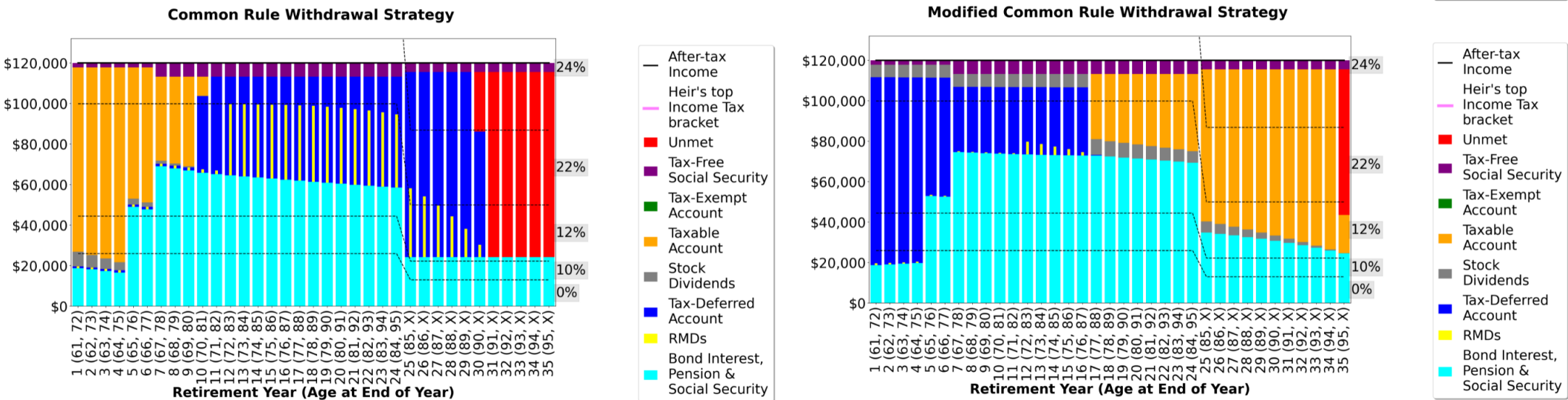


Our optimal withdrawal strategies are NOT sequential, but mixes account drawdowns to maximize either

1. Portfolio Longevity
2. Bequest to an heir with knowledge of their marginal tax rate.

Portfolio longevity increased from 30 to 35 years

See for yourself at <https://apps.etfmathguy.com>



Increased Portfolio Longevity	Tax Alpha
+4.64 years	+0.89% per year

Cash Flow Webinar Replay + Materials

- ➊ Go to: www.financialexpertsnetwork.com
- ➋ Click on Investors and select Past Webinars from Drop Down
- ➌ Search for: **Tax Alpha, Presented by Jim DiLellio on March 1, 2022**

Risk of LTC Care

75% of LTCI claims
begin at Home or in an
Assisted Living setting

- Only 23% of claims
start in a Nursing
Home!

69.5% of LTCI claims
END at Home or in an
Assisted Living setting

- Only 29.5% END in a
Nursing Home!

Traditional LTC Policy

LTC benefit only (unless ROP)
Premiums not guaranteed (usually)
Full LTC underwriting
4 Choices: BP, Amount, EP, Inflation
HSA eligible/ tax deductible
Reimbursement based (may have cash rider)

Linked Benefit Life

LTC benefit + Death Benefit + ROP
Premiums generally guaranteed
May offer more liberal Underwriting
Choose benefit period & inflation
May or may not be HSA eligible/deductible
Cash indemnity or reimbursement based

LTC Rider on Life

LTC benefit comes from death benefit "acceleration"
Premiums may be guaranteed
Usually not HSA eligible/tax deductible
Variety of base policies/ full LTC UW
LTC vs. Chronic Illness
Cash indemnity & reimbursement

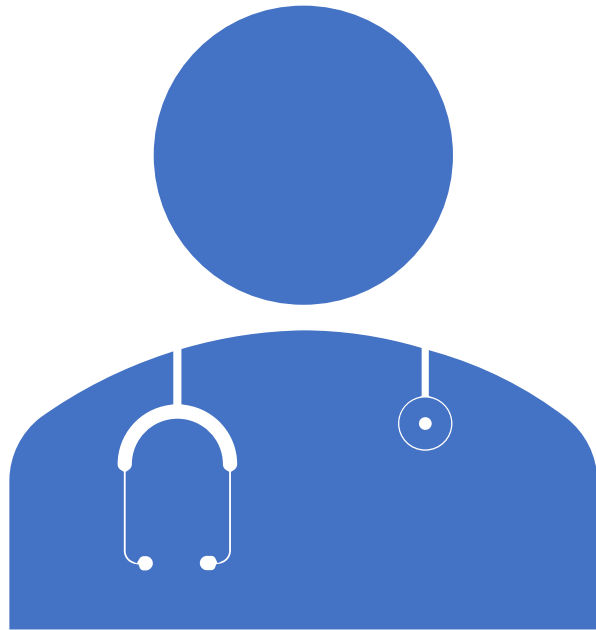
Linked Benefit Annuity

Single premium
Premiums guaranteed
May offer more liberal LTC underwriting
Not tax deductible/ HSA eligible
Currently, reimbursement based only
Uses owner's \$ first, then LTC benefit pool
Limited state/carrier availability

Traditional LTCI	Design	Life Insurance w/Rider
\$290,000 LTC Pool	LTC benefit pool	\$300,000 Face No Lapse GUL
\$6,000 TQ LTC	Monthly Benefit	\$6,000 Chronic Illness
90 days	Elimination Period	90 days
N	Inflation?	N
\$317 (both)	Monthly Premium	\$854 (both)
Y – 3% compound	Inflation?	N/A
\$627 (both)	Monthly Premium	N/A
Y (less claims)	<i>BONUS?: ROP on LTCI</i>	Via Death Benefit
\$507 (both)! (no inflation)	Monthly Premium	\$854 (both)

****FYI – Traditional LTCI includes a \$292,000 pool for each PLUS a third, shared pool of \$292,000!!!****

****FYI – (3) LTCI pools (3) DOUBLE in 24 years @ 3% Inflation = \$1,752,000 Total LTC!!!****



If you want to learn
more about Long
Term Care Insurance...

Work with a Specialist

Look for the CLTC Designation

<https://www.ltc-cltc.com/>

Medicare

Complicated but necessary.

Medicare Coverage: Risk/Reward

Your Health

Financial: Lower Premium vs. EXPOSURE

Who decides? The Insurance Company or your Doctor

Domestic and International Travel

BIG Decision: Risk/Reward

You can get MediGap at Age 65 with NO Medical Underwriting

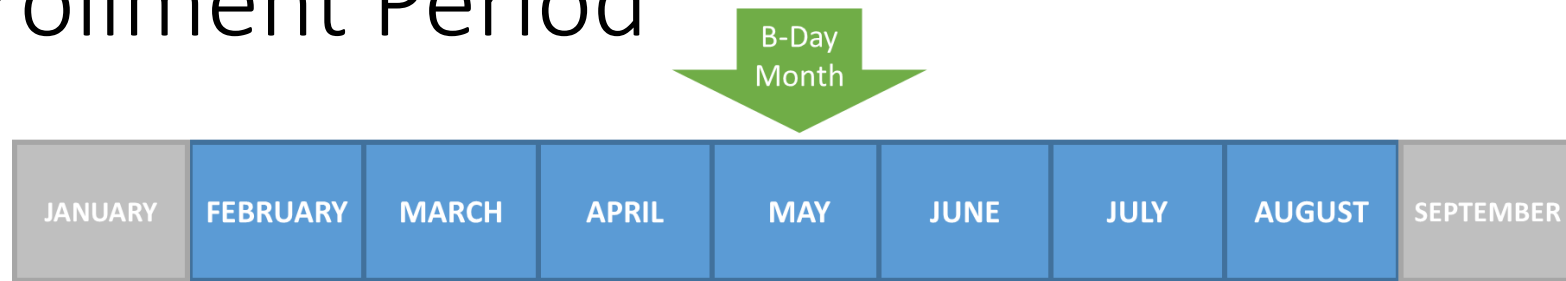
You can always switch to Medicare Advantage during Annual Enrollment
Oct. 15-Dec. 7th

BUT you likely need to go through underwriting if you first choose Medicare Advantage then want to switch to MediGap later

Enrolling in Part A & Part B

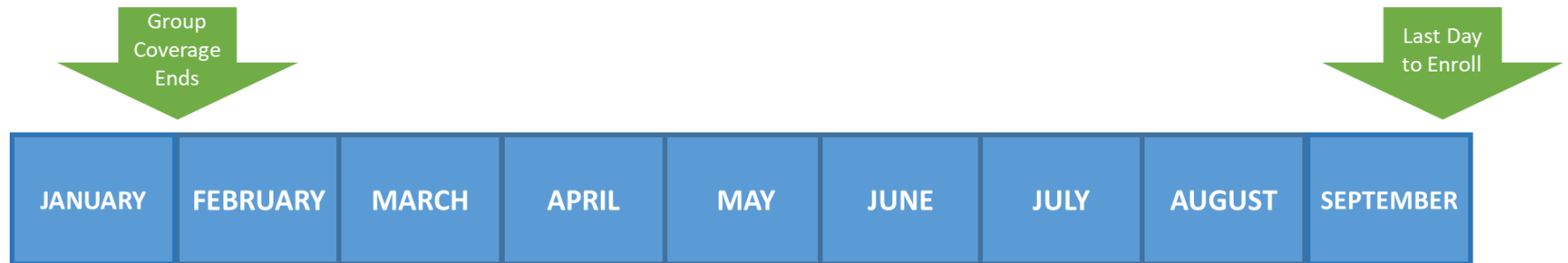
- **Initial Enrollment Period: When you first turn 65**
Basics & timeframe
- **Special Enrollment Period: No longer on Group Health Plan**
Basics & timeframe
- **General Enrollment Period: Missed IEP or SEP**
Basics & timeframe
Possible late enrollment penalty
Considerations

Initial Enrollment Period



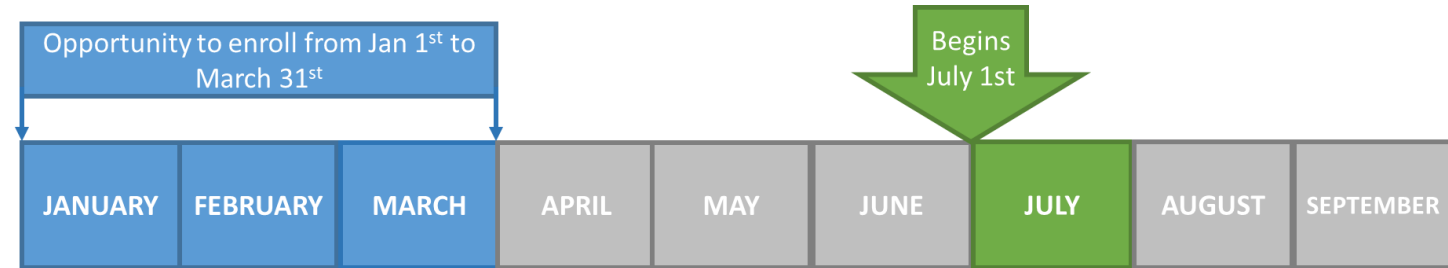
- The Initial Enrollment Period is the first opportunity to enroll in Part A & Part B when eligible for Medicare
 - Either at age 65 or after collecting disability for 24 months
- 7-month period that starts 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65
 - Example: If your 65th birthday is in May, your Initial Enrollment Period starts in February and ends in August (*see top of slide*)

Special Enrollment Period



- A Special Enrollment Period is an opportunity to sign up for Part A and/or Part B for those that did not enroll during their Initial Enrollment Period
 - Client must be working (or a spouse) and covered by a group health plan through the employer or union based on that work.
- Timeframe for opportunity:
 - If past 65 and currently covered under a EGHP based on current employment, they have an ongoing SEP
 - 8-month period to sign up that starts either the month after the employment ends or the month after group coverage ends (whichever happens first)

General Enrollment Period



- The General Enrollment Period is an opportunity to enroll into Part A and/or Part B for those that missed prior opportunities
 - Part A – for those not eligible for premium-free Part A and didn't sign up when first eligible or during SEP
 - Part B – for those that didn't sign up when first eligible or during SEP
- Extends from Jan 1st to March 31st. Coverage begins July 1st, no matter the time of enrollment between Jan 1st to March 31st
- Beneficiaries who enroll in Medicare Parts A and/or Part B during the GEP then have an SEP from April 1st to June 30th to enroll in a MA or PDP

THE ABCDs OF MEDICARE

PART OF MEDICARE

WHAT'S COVERED



Original
Medicare (CMS*)

Partial Coverage for:

Inpatient Hospital Stay
Skilled Nursing Care
Hospice
Home Care



Original
Medicare (CMS*)

Partial Coverage for:

Doctor Visits
Surgery
Lab Tests
Medical Equipment
Preventive Exams



Medicare
Advantage



Private Insurers
and Health Plans

Similar to **Parts A & B** with predictable out-of-pocket costs and more coverage.

Often fully covers:

Wellness Services

Vision Exams

Hearing Exams

Often partially covers:

Eye Glasses

Hearing Aids



Private Insurers
and Health Plans

Helps with the cost of prescription drugs not covered by Original Medicare.

Covers some:

Prescription Drugs



What are the differences between Original Medicare and Medicare Advantage?

Original Medicare

- Original Medicare includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance).
- If you want drug coverage, you can join a separate Medicare drug plan (Part D).
- To help pay your out-of-pocket costs in Original Medicare (like your 20% coinsurance), you can also shop for and buy supplemental coverage.
- You can use any doctor or hospital that takes Medicare, anywhere in the U.S.

☒ **Part A**



☒ **Part B**



You can add:

☐ **Part D**



Medicare Advantage (also known as Part C)

- Medicare Advantage is an “all in one” alternative to Original Medicare. These “bundled” plans include Part A, Part B, and usually Part D.
- Plans may have lower out-of-pocket costs than Original Medicare.
- In many cases, you’ll need to use doctors who are in the plan’s network.
- Most plans offer extra benefits that Original Medicare doesn’t cover — like vision, hearing, dental, and more.

☒ **Part A**



☒ **Part B**



Most plans include:

☒ **Part D**



Doctor & hospital choice

Original Medicare	Medicare Advantage
You can go to any doctor or hospital that takes Medicare , anywhere in the U.S.	In many cases, you'll need to use doctors and other providers who are in the plan's network and service area for the lowest costs. Some plans won't cover services from providers outside the plan's network and service area.
In most cases you don't need a referral to see a specialist.	You may need to get a referral to see a specialist.

Cost

Original Medicare	Medicare Advantage
For Part B-covered services, you usually pay 20% of the Medicare-approved amount after you meet your deductible. This is called your coinsurance.	Out-of-pocket costs vary —plans may have lower out-of-pocket costs for certain services.
You pay a premium (monthly payment) for Part B . If you choose to join a Medicare drug plan (Part D), you'll pay that premium separately.	You may pay the plan's premium in addition to the monthly Part B premium . (Most plans include drug coverage (Part D).) Plans may have a \$0 premium or may help pay all or part of your Part B premiums.
There's no yearly limit on what you pay out of pocket, unless you have supplemental coverage—like Medicare Supplement Insurance (Medigap).	Plans have a yearly limit on what you pay out of pocket for services Medicare Part A and Part B covers. Once you reach your plan's limit, you'll pay nothing for services Part A and Part B covers for the rest of the year.

Coverage

Original Medicare	Medicare Advantage
Original Medicare covers most medically necessary services and supplies in hospitals, doctors' offices, and other health care settings. Original Medicare doesn't cover some benefits like eye exams, most dental care, and routine exams.	Plans must cover all of the medically necessary services that Original Medicare covers. Most plans offer extra benefits that Original Medicare doesn't cover --like some vision, hearing, dental, routine exams, and more. Plans can now cover more of these benefits.
You can join a separate Medicare drug plan (Part D) to get drug coverage.	Drug coverage (Part D) is included in most plans. In most types of Medicare Advantage Plans, you don't need to join a separate Medicare drug plan.
In most cases, you don't have to get a service or supply approved ahead of time for Original Medicare to cover it.	In some cases, you have to get a service or supply approved ahead of time for the plan to cover it.

Travel

Original Medicare	Medicare Advantage
Original Medicare generally doesn't cover care outside the U.S. You may be able to buy a Medicare Supplement Insurance (Medigap) policy that covers care outside the U.S.	Plans generally don't cover care outside the U.S.

Medicare 2022	Medicare Advantage	Medicare Supplement
Coverage	Local or regional network	Nationwide
Doctors	Out of network doctors may not be covered or cost more	Any doctor or hospital
Referrals	HMO (yes) PPO (no)	No referrals
Medical Underwriting	All health condition accepted including ESRD	No underwriting if you apply during initial open enrollment
Copays	Fixed copay each doctor visit or medical service	No copays on all Medigap Plans except plans K, L, and N.
Co-insurance	No	No Medigap co-insurance costs except for plans K, L and N.
Plan Premiums	Lower	Higher
Prescription Drugs	Most HMO and PPO plans include drug coverage	You must add Medicare Part D
Max Out-of-Pocket Limit	\$0 to \$7,550	Medigap Plan K \$6,220 and Plan L \$3,310

Tom's Suggestions:

Review your Policy EACH Year

Medicare Specialist who sells BOTH Advantage and MediGap

- www.BoomerBenefits.com (Texas)

Medicare Advisor, not an Agent: Melinda Caughill

Financial Experts Sponsor: Ritter Insurance

Email Tom for help: tom@financialexpertsnetwork.com

Webinar Replay + Materials

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: **Get Expert Advice on Medicare Enrollment Options**

Presented by: Craig Ritter, Ritter Insurance on Sept. 9, 2020

Immediate Tax Savings for Annual Givers

iCLAT Strategy



THE SOLE Benefit of an iCLAT®

To generate a VERY large “IMMEDIATE” YEAR 1 charitable income tax deduction for your clients!

- IMPORTANT: The charitable deduction is based entirely on the “present value” of the annual distributions from an iCLAT!

*See Treas. Reg. 1.170A-6(c)(3)

Works well for Annual Givers
>\$10K+ and/or those with
BIG increase in income



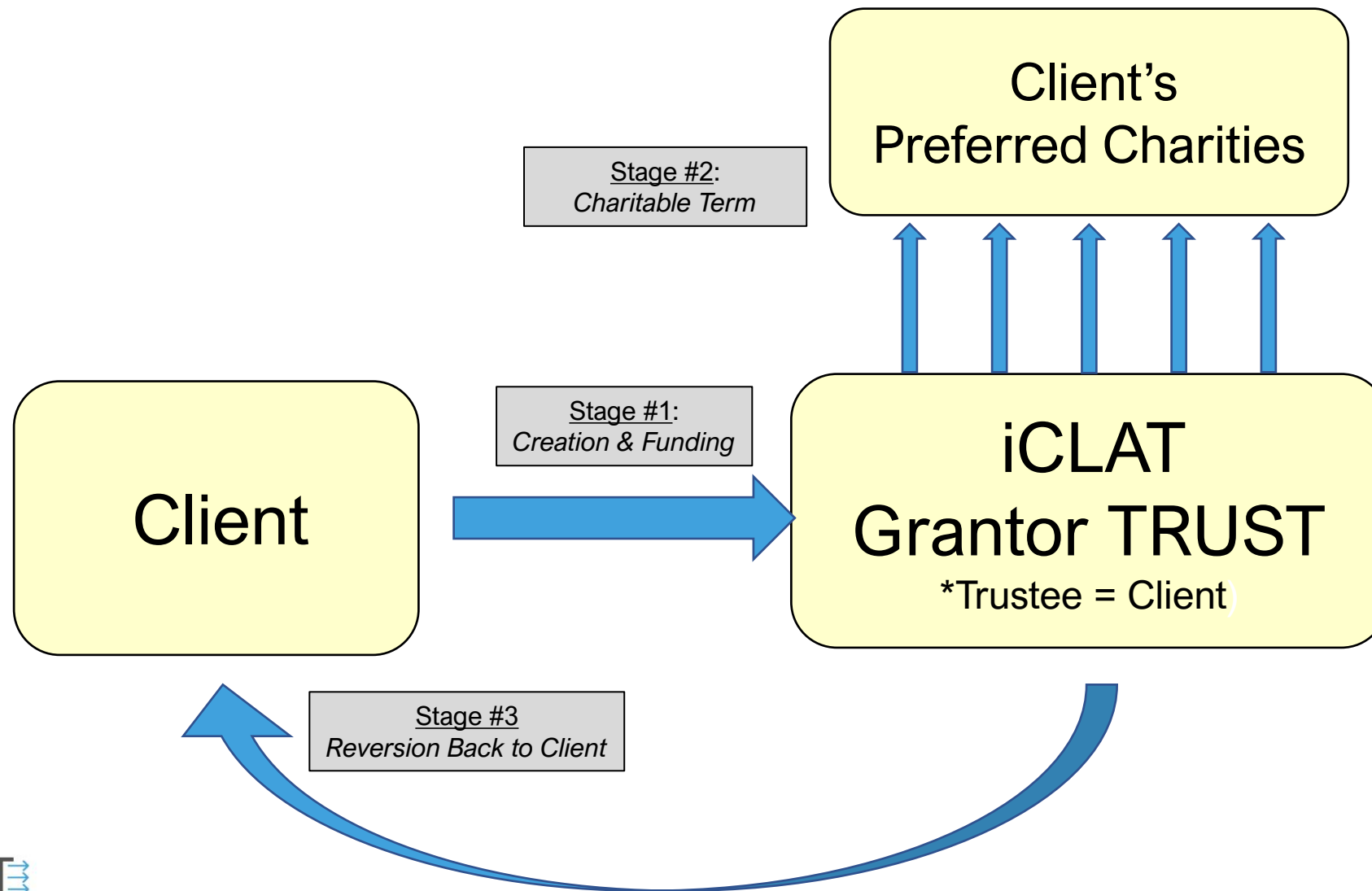
Rate Sensitive

- The lower the discount interest rate, the larger the immediate charitable deduction generated by an iCLAT.
- The IRS 7520 Rate remains at historically low levels.
- The current 7520 rate is 2.0% (March 2022)

**1.6% rate is available thru end of April 2022*



Basic Structure of an iCLAT: 3 Stages



IMMEDIATE YEAR 1 Charitable Income Tax Deduction Currently Generated by an iCLAT®

Term of the iCLAT (Years)	<u>ANNUAL</u> Charitable Distributions from iCLAT	<u>TOTAL</u> Charitable Distributions from iCLAT	IMMEDIATE Year 1 Charitable Deduction	% of the IMMEDIATE Charitable Deduction <i>*Compared to total distributions to charity</i>
3 Years	\$25,000/year	\$ 75,000	\$72,663	96.9%
5 Years	\$25,000/year	\$125,000	\$119,218	95.4%
7 Years	\$25,000/year	\$175,000	\$164,318	93.9%
10 Years	\$25,000/year	\$250,000 →	\$229,338	91.7%
15 Years	\$25,000/year	\$375,000	\$331,058	88.3%
20 Years	\$25,000/year	\$500,000 →	\$425,015	85.0%



**Based on the IRS 7520 Rate of 1.6% (February 2022 Rate, which remains available through the end of April 2022).*

"iCLAT®" is a registered trademark of Effectual Giving, LLC. All rights reserved.

Why is NOW the time to consider iCLAT for your clients?

SIMPLE- The IMMEDIATE tax savings will most likely NEVER be at these levels – at least not for a very long time.

AS INTEREST RATES RISE & INFLATION KICKS IN, THE TAX SAVINGS FROM iCLATs WILL DECREASE

Example: 10 Year iCLAT \$25k/Year to Charity

	Deduction	Tax Savings (at 37% Rate)
Until 4/30/2022 (at 1.6% rate)	\$229,338	\$84,855
At 3% IRS rate	\$213,255	\$78,904
At 5% IRS rate	\$193,042	\$71,426
At 10% IRS rate	\$153,615	\$56,858

Webinar Replay + Materials

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: iCLAT

Resources: Visit website www.iclat.net

- iCLAT Calculator Tool - <https://www.iclat.net/iclat-calculator>

Real Estate Owners

1031 Exchange to
DEFER Taxes



1031 Exchange for Tax Deferral

For those who no longer want to be in the daily business of managing their rental properties

1031 Exchange can defer your capital gains AND depreciation recapture taxes

Options include

(1) Delaware Statutory Trusts or DSTs

(2) Opportunity Zone Funds (ETF, Publicly Traded vs. LP)

DST Example

Fractional Owner of Institutional Grade R.E.



3.95% Distribution On \$250k

Trust / Issuer	Total
Exchange Proceeds ¹ :	\$ 250,000.00
Cash Proceeds:	\$ -
Total Equity Investment:	\$ 250,000.00
Assumption of Debt:	\$ 200,202.70
Total Equity & Debt:	\$ 450,202.70
Price per Interest:	\$ 1,000.00
Purchased Interests:	
Beneficial Ownership Interest in Trust:	0.4505%

Resources

Replays + Materials

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: **DST**

Social Security

FEN Tip: Monitor your
Earnings Record each
YEAR

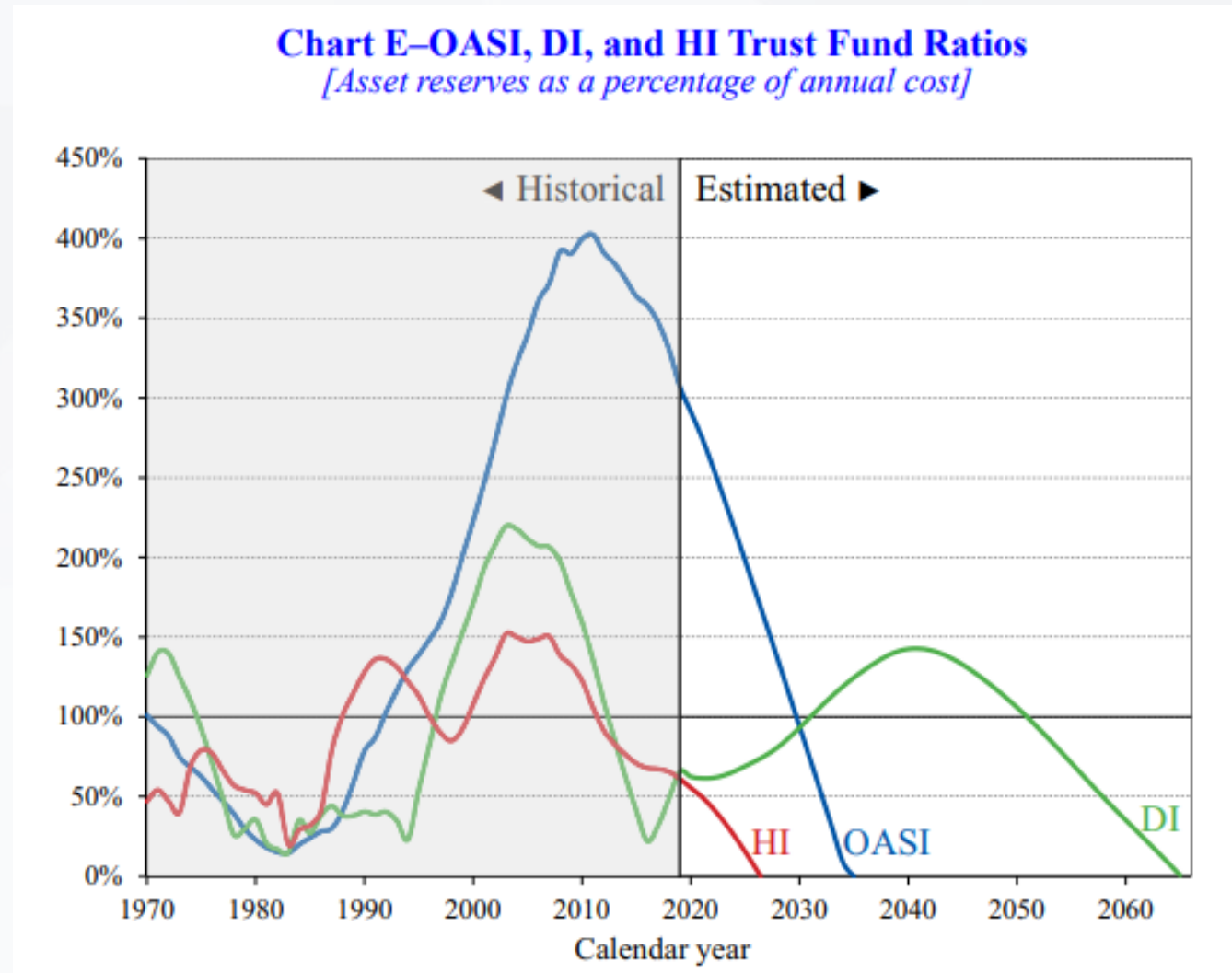
No Limit for W-2 earnings **but it's hard to prove as time...**

Self-employed have a Time Limit:

An earnings record can be corrected at any time up to **three years, three months, and 15 days** after the year in which the wages were paid or the self-employment income was derived.

Social Security Handbook

Will Social Security Be There?



www.FinancialExpertsNetwork.com

Trust Fund Exhaustion

	Pre-pandemic	Post-Pandemic	Benefits Payable
Social Security Trustees Report	2035		79%
Bipartisan Policy Center ²	2035	2029	69%
Penn-Wharton ¹	2036	2034	
Stephen Goss ³	2035	2034	
Congressional Budget Office ⁴	2032	2026 (DI) 2031 (OASI)	

(1) <https://budgetmodel.wharton.upenn.edu/issues/2020/5/28/social-security-finances-coronavirus>

(2) <https://bipartisanpolicy.org/blog/covid-19-may-deplete-social-security-trust-funds-this-decade/>

(3) https://www.ssa.gov/legislation/testimony_071720.html

(4) <https://www.cbo.gov/system/files/2020-09/56523-Trust-Funds.pdf>

What If Benefits Are Cut?

- 62-year-old female in average health
- \$2,000 monthly benefit at full retirement age

		Benefit Cut by 24% in 2035		Benefit Cut by 24% in 2029	
Age at Death	Probability of survival	Value of claiming at 62	Value of claiming at 70	Value of claiming at 62	Value of claiming at 70
75	88%	\$234,673	\$174,921	\$214,918	\$140,065
80	78%	\$299,896	\$290,197	\$276,238	\$248,383
85	64%	\$360,004	\$396,432	\$336,346	\$354,618
90	44%	\$418,924	\$500,568	\$395,266	\$458,754
95	23%	\$476,680	\$602,645	\$453,021	\$560,831

Social Security: Tax Torpedo

Your adjusted gross income

+ Nontaxable interest

+ ½ of your Social Security benefits

= Your "***combined income***"

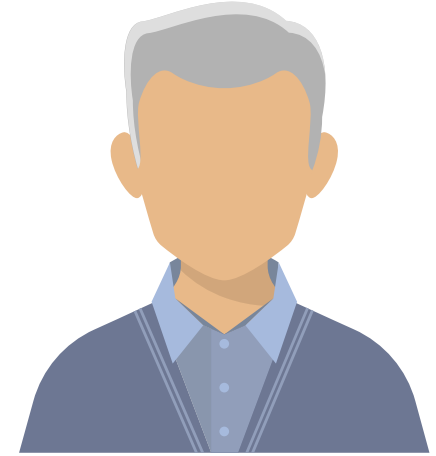
The formula used to determine the tax on Social Security benefits is unique--and somewhat confounding. First, you determine a figure Social Security calls "**combined income**" (also sometimes called "provisional income"). This is equal to your modified adjusted gross income, or MAGI, plus tax-exempt interest plus 50% of your Social Security benefits. For most taxpayers, MAGI consists of everything in adjusted gross income except the taxable portion of Social Security benefits.

Benefits Tax Thresholds



\$25,000 (50%)

\$34,000 (85%)



\$32,000 (50%)

\$44,000 (85%)

Tax Examples

\$20,000 Social Security with \$40,000 IRA Withdrawal = \$50,000 Provisional Income

$\$50,000 - \$32,000 = \$18,000$
 $\$18,000 * .5 =$
 $\$9,000$

$\$50,000 - \$44,000 = \$6,000$
 $\$6,000 * .35 = \$2,100$

Total Taxable Benefit =
\$11,100
(55%)

\$40,000 Social Security with \$20,000 IRA Withdrawal = \$40,000 Provisional Income

$\$40,000 - \$32,000 = \$8,000$
 $\$8,000 * .5 =$
 $\$4,000$

\$0 over Second Threshold

Total Taxable
Benefit = \$4,000
(10%)

Tax Examples

	40k IRA 20k Social Security	20k IRA 40k Social Security
Taxable Social Security	\$11,100	\$4,000
Taxable Other Income	\$40,000	\$20,000
Total Taxable Income	\$51,100	\$24,000
Minus Standard Deduction	\$27,800	\$27,800
Net Taxable Income	\$23,200	\$0
Total Federal Income Tax	\$2,398	\$0

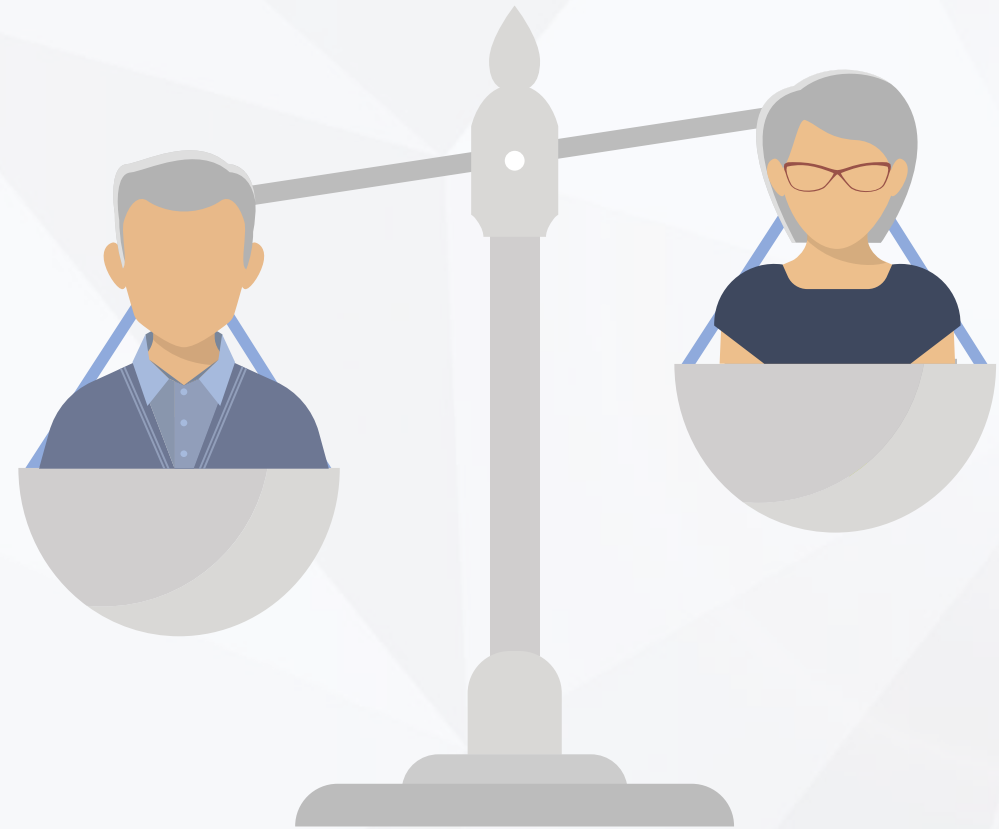
Table assumes Married Filing Jointly, 2021 tax brackets, Standard Deduction, plus additional deductions for over 65.

Planning for Survivor Benefits is Critical!

Survivor generally receives higher of his or her own benefit or the benefit of the deceased

80% of women survive their husbands on average for 14 years¹

98% of widow benefit recipients are women²



(1) <http://www.marketwatch.com/story/ten-ways-husbands-can-help-their-wives-survive-widowhood>

(2) <http://www.socialsecurity.gov/policy/docs/ssb/v70n3/v70n3p89.html>

Other Tips:
Split Strategy

Replays + Materials

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: **Social Security Strategies for Possible Changes Ahead**

IRS Tips:

<https://www.irs.gov/newsroom/irs-reminds-taxpayers-their-social-security-benefits-may-be-taxable>

Upcoming Webinar

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Upcoming Webinars from Drop Down
- 3 Search for: **Social Security**



The Social Security "Tax Torpedo"

Greg Geisler, PhD, CPA (Inactive), Indiana University

[LEARN MORE >](#)

Tuesday, June 21, 2022 at 1:00 PM ET

Tax Planning for Surviving Spouse

Married filing jointly vs. single

- Watch out for tax brackets

If dependent children

- Surviving widow or widower
 - Retain benefits of filing jointly for up to two years after the year of the spouse's death
- Thereafter file as Head of Household

Tax planning

- Accelerate income in year of death?
- Large medical deductions?

Roth
Conversion?

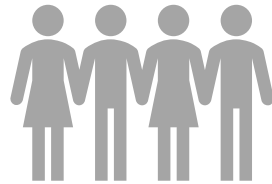
2022 Tax Brackets

Tax Rate	Single Filers	Married Filing Jointly	Head of Household
10%	\$0 to \$10,275	\$0 to \$20,550	\$0 to \$14,650
12%	\$10,275 to \$41,775	\$20,550 to \$83,550	\$14,650 to \$55,900
22%	\$41,775 to 89,075	\$83,550 to \$178,150	\$55,900 to \$89,050
24%	\$89,075 to 170,050	\$178,150 to \$340,100	\$89,050 to \$170,050
32%	\$170,050 to 215,950	\$340,100 to \$431,900	\$170,050 to \$215,950
35%	\$215,950 to \$539,900	\$431,900 to \$647,850	\$215,950 to \$539,900
37%	\$539,900 or more	\$647,850 or more	\$539,900 or more

Sale of Home



Married filing jointly qualify for \$500,000 of gain exclusion from sale of home.



Exclusion drops to \$250,000 for single **after 2 years from date of death.**



Consider step up in basis



Step Up in Basis

- Property such as house, stocks, business reset cost basis
 - Community property states
 - Full step up
 - Noncommunity property states
 - Half step up

What Attendees from Surviving Spouse Session Learned

Considering a Roth conversion to take advantage of wider MFJ tax brackets in year of death

The reminder to consider filing estate tax return for portability documentation.

Form 706

Keeping a retirement account in the deceased spouse's name so the underage surviving spouse can take penalty free withdrawals

Replays + Materials

- 1 Go to: www.financialexpertsnetwork.com
- 2 Click on Investors and select Past Webinars from Drop Down
- 3 Search for: **Taxes for Those Who've Lost a Spouse**

Publications: www.irs.gov

- Topic No. 356 – Decedents
 - <https://www.irs.gov/taxtopics/tc356>
- Publication 523 (2020), Selling Your Home
 - https://www.irs.gov/publications/p523#en_US_2020_publink100073088