

Christopher Cordell

PRESIDENT AND C.E.O.

Licensed Funeral Director & Embalmer

Licensed Producer in Life, Health, Medicare Supplement
/ Long-Term Care Insurance, and Final Expense Planning

(336) 701-3069 • chrism.cordell@gmail.com



PLANNING GUIDE

Growing Community





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The logo is a light blue rounded rectangle with a thin white border. Inside, the text "Growing Community" is in a dark blue serif font. To the right of the text is a small dark blue square icon containing a white stylized four-leaf clover or flower design. Faint diagonal lines cross the rectangle behind the text and icon.

Growing Community

ESTATE PLANNING

“Retirement”

PAGES 1 – 14

Glossary Of Terms: Financial & Estate Planning

401(k): A type of employer-sponsored retirement account where employees may contribute a portion of their salary. Taxes are deferred until money is withdrawn. Certain programs match a percentage of employee contributions.

Adjusted Gross Family Income: The sum of your family's wages, salary, interest, dividends, etc., minus certain deductions from income as reported on federal income tax return.

Advance Directive - Healthcare: Legal document in which a person specifies what actions should be taken for their health if they are no longer able to make decisions for themselves because of illness or incapacity.

Amortization: Reduction value of an asset determined by prorating its cost over a certain amount of time.

Annual fee: Charged once a year to cover administrative costs and ensure credit benefits on credit cards.

Annual Percentage Rate (APR): Amount shown as a percentage that represents yearly costs of borrowing over the term of the loan or credit card.

Asset: An item of ownership that has exchange value.

Balance: Amount available in an account. In terms of debt the amount owed, not including payments already made.

Broker: The person who negotiates transactions between buyers and sellers for real estate.

Capitalization: Adding unpaid interest to the original amount borrowed.

Collateral: Property or assets a borrower pledges to secure repayment of a loan. Collateral may be seized if the borrower fails to repay the loan.

Consolidation: Combining monthly payments into one payment, often through a consolidation loan.

Consumer Financial Protection Bureau: Independent federal organization created in 2011 that regulates consumer protection in regards to financial products and services.

Creditors: Person or organization that lends money to consumers or businesses.

Debt: Money owed by a borrower.

Debt-To-Income Ratio (DTI): Measure that compares personal debt payments to personal income. A high ratio means borrower faces a greater burden repaying debts and difficulty accessing other financing options.

Debt Management Plan: A credit counselor negotiates interest rates with creditors to make an individually tailored plan to reduce the borrower's unsecured debts over a certain period of time.

Deed: A written legal document showing transference and ownership of property. It includes the price, description of property and the signatures of involved parties.

Deferment: Period time when loan payments (including principal and interest) are temporarily delayed.

Delinquency: Loan or account status when a borrower misses payments as specified by the repayment period in the loan agreement.

Dependent: Individual, usually a qualifying child, claimed by a taxpayer for credits or exemptions.

Discretionary Income: Amount of individual's income left for spending, investing or saving after taxes and essential goods like food, housing and clothing are paid. It also includes funds spent on luxury items and other non-essential goods.

DNR (Do Not Resuscitate): A legal order to withhold cardiopulmonary resuscitation (CPR) or advanced cardiac life support (ACLS) in case an individual's heart were to stop or they were to discontinue breathing.

Federal Trade Commission (FTC): Agency that protects consumer rights and enforces consumer protection laws.

Fraud: Attempting to use deception for financial gain.

Grace Period: Period of time between graduation or leaving full-time college enrollment and making the first payment on a student loan.

Hospice: A specialized type of care for those facing a life limiting illness supported by their families and their caregivers. Hospice addresses the patient's physical, emotional, social and spiritual needs as well as those of their families.

Interest Rate: The cost of borrowing money, usually expressed as a percentage.

Internal Revenue Services (IRS): Federal government agency responsible for tax regulation.

Individual Retirement Account (IRA): Allows taxpayers to direct pre-tax income into a retirement account. Distributions are treated as normal income and are subject to income taxes.

Lender: Entity that makes funds available for borrowing.

Liability: Obligation for repaying a loan in addition to charges and interest.

Lien: A lender or creditor's right to secure a debt against the property of a borrower. If obligations are not met, property may be sold.

Liquidation: Converting assets into cash, typically to settle debts with creditors.

Loan Term: Agreed time period for loan repayment

Master Promissory Note: Signed legal document that holds terms and conditions of a loan.

Paid In Full: A status on a credit report that shows debts as paid, rather than reduced or settled.

Palliative Care: This is a form of medical treatment that manages the symptoms and side-effects of chronic illness. It is not Hospice Care, and the goal is to improve quality of life.

Pension: A fixed sum paid at regular intervals, typically following retirement.

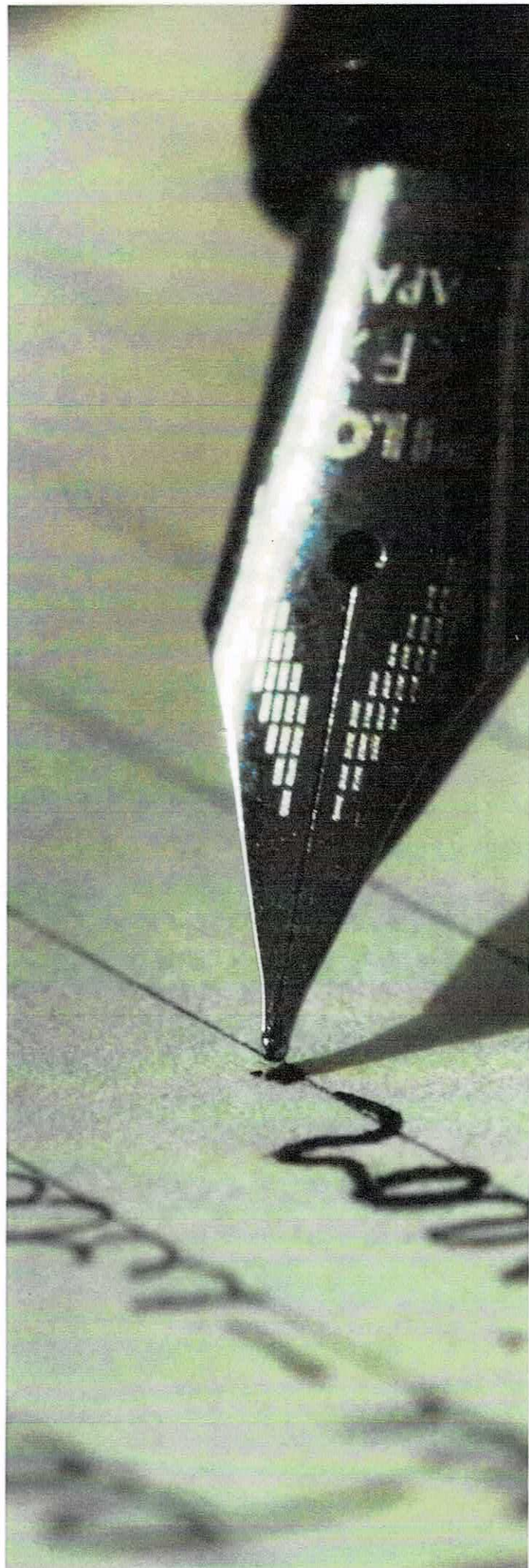
Power of Attorney: Legal document that allows one person to make decisions, including financial ones, on behalf of another individual.

Principal: The amount borrowed, not including capitalized fees and interest.

Simple Interest: Interest rate charged on the principal of a loan.

Subsidized Loan: A type of need-based loan for which the government pays the interest while the borrower is in school and during the grace deferment periods.

Term: Period of time between the initial procurement of the loan and the time the loan is to be paid back in full.



How Do I Get Started With My Estate Plan?

The idea of putting together an estate strategy may sound complicated, but it doesn't have to be. We can help you break the process into smaller pieces. The first steps are to identify where you are today and where you want to be.

Step 1: Where Am I Today?

Make a list of everything you own. List your financial assets and make beneficiary designations on your retirement accounts, insurance policies and annuities and make sure they're up-to-date.

Things to consider:

- Investment and retirement accounts (IRAs, 401(k)s, brokerage accounts).
- Cash or checking/savings accounts.
- Real estate.
- Personal property (automobiles, boats, jewelry, artwork).
- Insurance policies or annuity contracts.
- Current estate documents, including:
 - Wills.
 - Powers of Attorney.
 - Health Care Directives.
 - Trusts.
 - Other related legal documents.

Step 2: Where Would I Like To Be?

Identify your goals.

Your financial advisor can help you begin to answer these questions and prioritize what's most important to you. Don't be intimidated - this is just a conversation to help you get started.

- What do you want to leave to your heirs?
- Do you want to leave money to charity?
- Are efficiency and privacy important to you?
- Are you concerned about estate taxes?
- Do you have a minor child or a child with special needs?
- Do you have specific wishes or desires you would like to ensure happen, if you were incapacitated or pass away?
- Who would you like to handle your affairs if you become unable to handle them for yourself?

What Is An Estate Strategy - And Do I Need One?

You may think that only people who are "wealthy" or have complicated family situations need an estate strategy, but that's not the case.

We believe that no matter what your net worth, you can benefit from working with a team of professionals to create an estate strategy that aligns with your wishes for the future. That's because without a proactive estate strategy, decisions about the care of your children, your assets and your health care, may likely be controlled by state law and the courts.

Your financial advisor can help walk you through the process, prioritize your goals and work to coordinate your team of tax and legal professionals, to help ensure your personal estate goals are met. We can also help ensure your investment strategy is aligned with your estate strategy.

Key Pieces Of An Estate Strategy

For some, an estate strategy is as simple as a written will. For others, it can include several documents that work together, to outline your wishes when it comes to finances and medical care - both during life and afterwards.

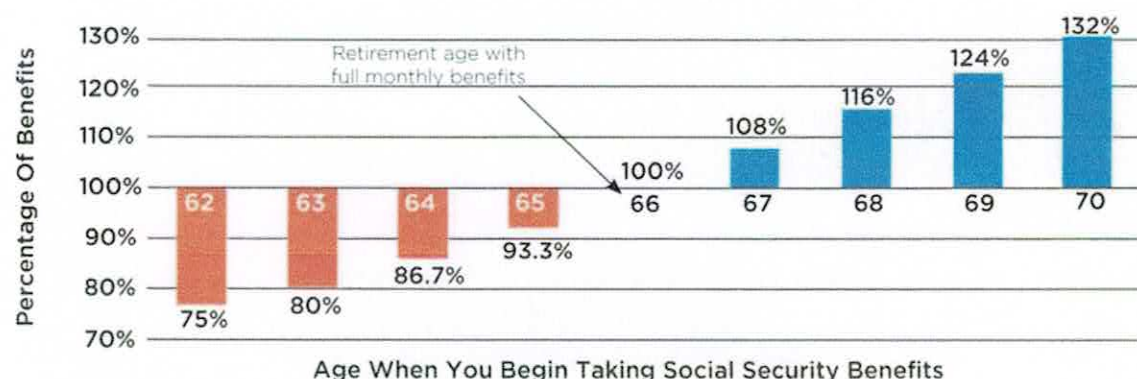
So, what's best for you? It all depends on your life and what's important to you. But here are some quick facts on the common types of documents or strategies that you should discuss with your attorney.

It Matters When You Take Social Security

One of the biggest retirement-related decisions you'll make is when to start taking Social Security. Some people rush to take their benefits as soon as they retire. However, waiting just a few years on can have a significant impact for lifetime and survivor benefits. The chart below illustrates the impact of when you take Social Security, and its effect on the benefits received.

Early VS. Delaying

Impact Of When You Take Social Security Benefits



Source: ssa.gov

In this example, the individual's full retirement age (FRA) is 66. If benefits are taken at FRA, the individual receives 100% of the benefit. If benefits are taken before FRA, which can begin as early as age 62, then a reduced benefit will be received. If benefits are delayed past FRA, benefits are increased on a monthly basis up to 8% each year, until reaching age 70.

There are other considerations that should be taken into account before you make the decisions to begin taking your Social Security benefits. It is important for you to work with the Social Security Administration for a full discussion of your available benefits and options. Work with your financial advisor to position your investments, to help provide for your income needs throughout retirement.

Fiduciary VS. Suitability

A fiduciary duty involves trust, especially regarding the relationship between an advisor and a client. Registered Investment Advisors (RIA) are fiduciaries. Advisors that operate within RIAs are legally obligated to act solely in the best interest of their clients. Among other rules, RIAs are bound to a "duty of loyalty" that requires its advisors to avoid conflicts and place the clients' interest above the advisors' own. In other words, advisors who commit to acting in a fiduciary capacity are held to a strict standard: they must, in every case, provide advice and services that are in their clients' best interests.

Insurance agents and brokers are held only to a suitability standard, which means they must only provide advice and services that are suitable. It does not mean they must offer you the best product. It simply means they may sell you a product that could be considered a workable solution. If there happens to be a product that pays double the commission, but it's not the best product for your situation, an agent or broker who is only held to a suitability standard is within his or her rights to recommend it. This "less than the best" standard is a well-hidden, rarely discussed reality in the financial world.

Once you have selected which type of financial professional to work with it's important to figure out what you're spending now and project what you will be spending in the future. First, you need to determine your average monthly income and if you are adding to savings each month. If your savings balance is consistently going up, your monthly expenses are less than your income. If your savings balance is not increasing, you are probably spending all of your income. This analysis can be used to determine the average monthly amount required to maintain your present lifestyle. For example, if your monthly take-home income is \$6,000 and you spend \$5,500 per month, then you are saving an average of \$500 per month. Factor in any large future purchases and new future expenses and consider any present expenses you will not incur in the future. You then will have an idea of how much you presently spend per month and can calculate approximately how much you will spend going forward.

Of course, the biggest unknown in retirement planning is longevity. While your grandparents might have planned for 10 to 15 years of retirement, you may have a much longer planning horizon. Many of today's soon-to-be retirees need to plan for 25 to 35 years of retirement. To determine how long you must plan for, you can use life expectancy tables and then make adjustments based on your present health condition and family history.

In addition to longevity, there are three other key considerations that must be addressed when determining future expenses. They are inflation, taxes and long-term care costs.

Inflation. Inflation is essentially a decrease in the purchasing power of money. What a gallon of milk costs today might cost double or triple twenty years in the future, depending on the rate of inflation. A peace of mind retirement plan takes into account the effect of inflation so that you don't have to worry about the future cost of that gallon of milk or anything else.

One possible inflation scenario goes something like this: You're planning for retirement back in 1990, in that year you work with your Investment Advisor Representative and determine that your current expenses are \$3,500 per month. When you retire in 2018, you will actually need \$6,772 to buy the same amount of goods or services as you did in 1990.¹ As you catch your breath, you also spend a few moments being grateful that you consulted someone who considers inflation and plans for it as well.

Taxes. During working years, taxable income generally increases, therefore taxes generally increase. In retirement, taxable income often levels off or decreases, causing taxes to remain steady or decline. You should take a conservative approach and assume taxes will gradually increase, unless there is a compelling reason to assume otherwise.

Long-Term Care Costs. A study by Medicare reveals that at least 70 percent of people 65 and older, will need long-term care services and support at some time during their lives.² If you haven't planned for those costs, they can be the undoing of even the most robust retirement plan. In Oklahoma during 2019, the annual cost for a semi-private nursing home room was \$55,265. The annual cost for homemaker services, such as grocery shopping, errands, cleaning and cooking, was \$47,133.³

It's easy to see how, without a plan, long-term care costs could quickly drain a lifetime of savings. Fortunately, there are options that allow you to plan for the costs of long-term care without siphoning off the money you need to maintain your lifestyle.

In retirement, many retirees have to choose which bills to pay or which prescriptions to fill because they don't have enough income to pay for all of their necessary expenses. That is not a "peace of mind" retirement. It is critical that you accurately project the average amount you will spend each month for the rest of your life so we know how much income you will need in the future. Additionally, when you are planning your financial future and making decisions that impact you and your loved ones, you should choose an advisor who is obligated to a fiduciary standard and who must do what is best for you and your family.

1- Bureau of Labor Statistics Inflation Calculator.
www.bls.gov/data/inflation_calculator.htm

2- Longtermcare.acl.gov/the-basics/index.html

3- www.genworth.com/about-us/industry-expertise/cost-of-care.html

The 3 Tax Buckets

Tax Now

CD's
Stocks
Mutual Funds
Money Markets
Bonds
ETF

Tax Later

401k 457
403b IRA
SEP IRA
Simple IRA
Pensions
Annuities

Tax Exempt

Roth IRAs
Municipal Bonds
Cash-Value Life
Insurance

IT'S YOUR MONEY!!

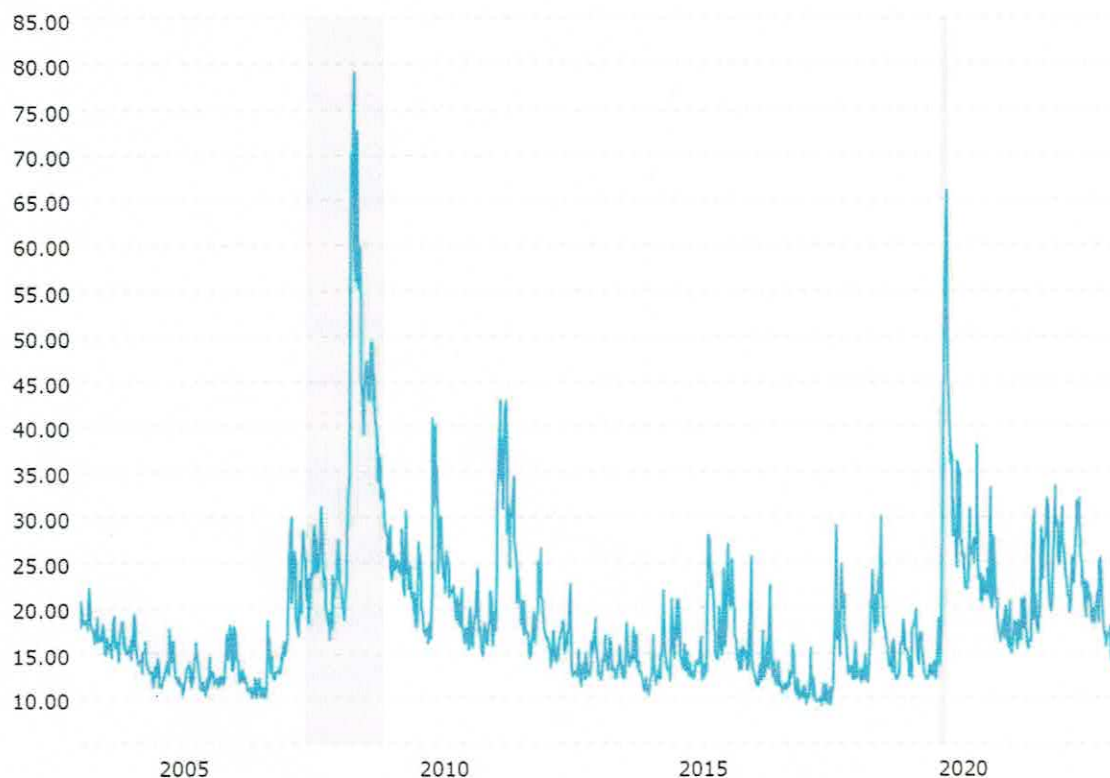
Higher Risks = Higher Rewards & Bigger Potential Losses

Lower Risks = Moderate Rewards & Guarantee Floor / Cap on Losses

The sooner you move from Tax Now & Tax Later Buckets to the Tax-Exempt Bucket with your Investments (Money) the more control you have providing the Retirement You Want.

Think about moving to Tax Exempt Plans Before taking Social Security

	Income	Percentage of Social Security Taxable
Single, Head of Household, Qualifying Widower and Married Filing Separately (where the spouses lived apart the entire year)	Below \$25,000	All SS income is tax-free
	\$25,000 - \$34,000	Up to 50% of SS income may be taxable
	More than \$34,000	Up to 85% of SS may be taxable
Married Filing Jointly	Below \$32,000	All SS income is tax-free
	\$32,000 - \$44,000	Up to 50% of SS income may be taxable
	More than \$44,000	Up to 85% of SS may be taxable



MARKET VOLATILITY

Stocks, Bonds, Mutual Funds, etc., are long-term commitments for High Rewards

Losses are in real time; Rewards are available everyday

Funds are tax-deferred while In Accounts; Funds are taxed now as income if
liquidated / pulled from Accounts

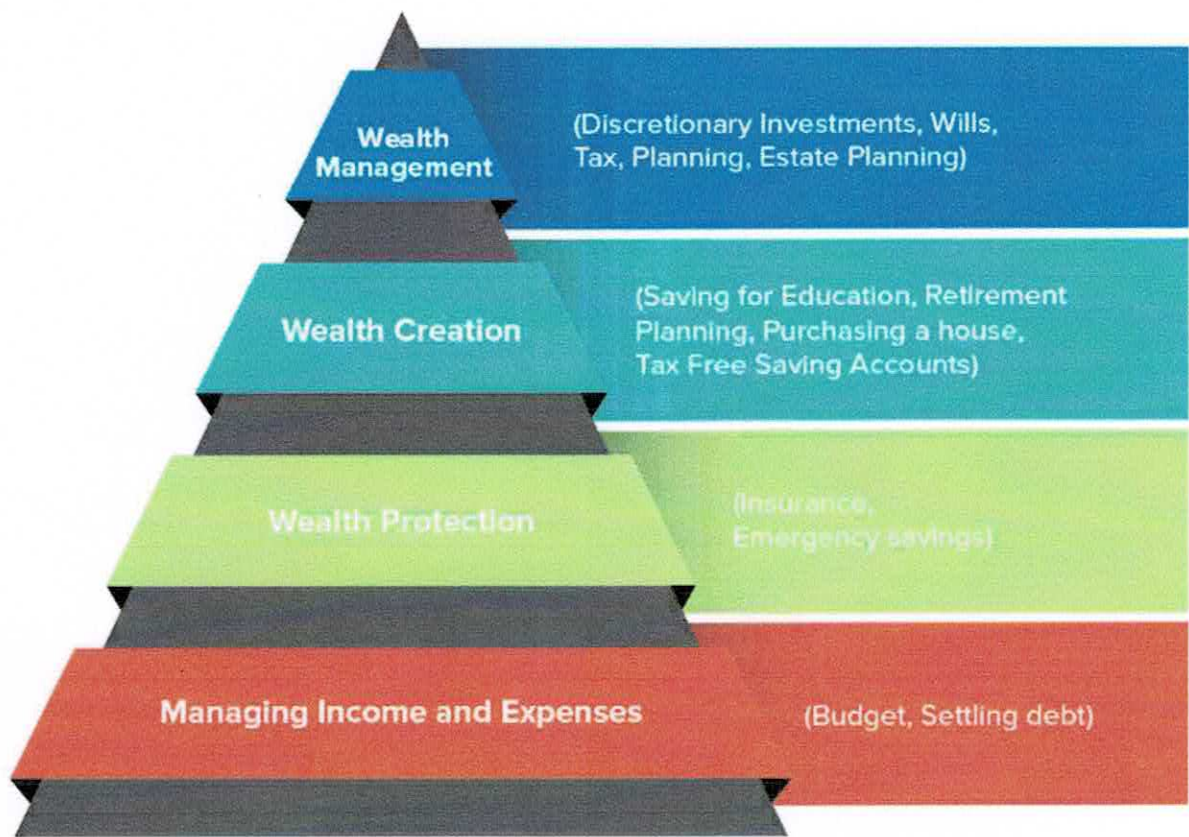
You Invest for Yourself

OR

You Pay a Fee for Someone to
Invest for You



You may want to think about rolling Tax Now or Tax Later to Tax Free Accounts
before taking Social Security or withdrawing money in retirement.



COLLECTING NECESSARY DATA FOR ANALYSIS

Checking Accts: _____

Amounts (\$): _____

Personal Loans: _____

Amounts (\$): _____

Insurance: _____

Death Benefit: _____

Insurance: _____

Death Benefit: _____

Investments: _____

Amounts (\$): _____

Investments: _____

Amounts (\$): _____

Mortgage(s): _____

Amount (\$): _____

Savings: _____

Amounts (\$): _____

Will / Trust: _____

Administrator: _____

Attorney: _____

Pensions: _____

Amounts (\$): _____

Addtl. Income: _____

Amounts (\$): _____

Addtl. Income: _____

Amounts (\$): _____

PENSION REVIEW PROCESS – *Teachers and State Employees*

Tax Savings

Contributions have been tax-deferred. This means your contributions are deducted from your pay before taxes are calculated, and you pay taxes on them when you begin receiving monthly retirement benefits or if you elect a refund of your contributions. This is a benefit to you because your current taxable income is lowered and the amount of annual taxes you pay is less than if you made contributions after paying taxes.

Retirement Formula: Your annual benefit = _____% of average final compensation x years and months of creditable service.

Service Retirement Calculation Example:

Assume employee Mary Benson works for 10 months per year and retires at age 60 with 32 years and two months of creditable service and an average final compensation of \$40,954. Because Mary has more than 30 years of creditable service at retirement, she receives her basic benefit of about \$24,000 a year (about \$2,000 monthly) for the rest of her life under the maximum allowance. Monthly payments would stop at her death. The following steps show how we calculate Mary's benefit. Use the spaces in the left-hand column to fill in your figures for an estimate of your benefit.

EXAMPLE:

NORTH CAROLINA

(1.82%)

Step 1

Add your salary during your 4 highest-paid years in a row

	You	<i>example</i>
Year 1	\$ <input type="text"/>	\$39,988
Year 2	\$ <input type="text"/>	\$40,484
Year 3	\$ <input type="text"/>	\$41,350
Year 4	\$ <input type="text"/>	\$41,994
Total	\$ <input type="text"/>	\$163,816
		<i>divide by 4</i>
Average Final Compensation	\$ <input type="text"/>	\$40,954

Then, divide the total by 4 to get your average final compensation

Step 2

Multiply Step 1 by .0182 to apply the retirement formula* (see page 10)

Step 1	\$ <input type="text"/>	\$40,954
	<i>x .0182</i>	<i>x .0182</i>
Total	\$ <input type="text"/>	\$745.36

Step 3

Determine your creditable service (see pages 22-24)

32.2 years

Step 4

Calculate your annual benefit* by multiplying Step 2 by Step 3

Step 2	\$ <input type="text"/>	\$745.36
Step 3	<i>x</i> <input type="text"/>	<i>x</i> 32.2
Total Annual Benefit	\$ <input type="text"/>	\$24,000.59

Step 5

Calculate your monthly benefit* by dividing Step 4 by 12

Step 4	\$ <input type="text"/>	\$24,000.59
	<i>divide by 12</i>	<i>/ 12</i>
Total Monthly Benefit	\$ <input type="text"/>	\$2,000.05

(This is an estimate of the payment you will receive each month before taxes or any other deductions.)

What is the rule of 55?

The IRS rule of 55 recognizes you might leave or lose your job before you reach age 59½. If that happens, you might need to begin taking distributions from your 401(k). Unfortunately, there's usually a 10% penalty—on top of the taxes you owe—when you withdraw money early.

This is where the rule of 55 comes in. If you turn 55 during the calendar year you lose or leave your job, you can begin taking distributions from your 401(k) without paying the early withdrawal penalty. However, you must still pay taxes on your withdrawals.

Not only does the rule of 55 work with a 401(k), but it also applies to 403(a) and 403(b) plans. If you have a qualified plan, you might be able to take advantage of this rule. You can verify the status of your plan by checking with the Summary Plan Description you received (or can access electronically) for your workplace retirement plan.

5 things to know about the rule of 55:

Before you start withdrawing money from your 401(k), it's important to understand five things about the IRS rule of 55.

1. Public safety employees get an extra five years.

Police officers, firefighters, EMTs, and air traffic controllers are considered public safety employees, and they get a little extra time to access their qualified retirement plans. For them, the rule applies in the calendar year in which they turn 50.

Double-check to ensure your plan meets the requirements and consider consulting a professional before withdrawing money.

2. You can withdraw only from the plan specific to the employer.

Before you start taking distributions from multiple retirement plans, it's important to note the 401(k) withdrawal rules for those 55 and older apply only to your employer at the time you leave your job.

In other words, you can only take those penalty-free early 401(k) withdrawals from the plan you were contributing to at the time you left (or were fired from) your job. The money in other retirement plans must remain in place until you reach age 59 1/2 if you want to avoid the penalty.

3. You must leave your job the calendar year you turn 55 or later.

The rule of 55 doesn't apply if you left your job at, say, age 53. You can't start taking distributions from your 401(k) and avoid the early withdrawal penalty once you reach 55. However, you can apply the IRS rule of 55 if you're older and leave your job. If you get laid off or quit your job at age 57, for example, you can start taking withdrawals from the 401(k) you were contributing to at the time you left employment.

4. The balance must stay in the employer's 401(k) while you're taking early withdrawals.

The rule of 55 doesn't apply to individual retirement accounts (IRAs). If you leave your job for any reason and you want access to the 401(k) withdrawal rules for age 55, you need to leave your money in the employer's plan—at least until you turn 59 1/2. You can take withdrawals from the designated 401(k), but once you roll that money into an IRA, you can no longer avoid the penalty. And if you've been contributing to an IRA as well as your 401(k), you can't take penalty-free distributions from your IRA without meeting certain requirements.

5. You can withdraw from your 401(k) even if you get another job.

Finally, you can keep withdrawing from your 401(k), even if you get another job later. Let's say you turn 55 and retire from your work. You decide you need to take penalty-free withdrawals under the rule of 55 and begin to take distributions from that employer's plan. Later, at age 57, you decide you want to get a part-time job. You can still keep taking distributions from your old plan as long as it was the 401(k) you were contributing to when you quit at age 55—and you haven't rolled it over into another plan or IRA.

Should you use the rule of 55?

Even if you're eligible to withdraw money penalty-free from your 401(k) or other qualified retirement plan early, consider it carefully. Just because you can doesn't mean you should. Remember, if you're taking money from your retirement account, it can no longer benefit from (potential) compounding returns. If you retire early, or if you were laid off and you need the distributions to cover living expenses, it could make sense. But if you get another job and cover your costs that way, it might not make sense to begin drawing down your 401(k).

Review your choices carefully and consider consulting with a retirement advisor to determine what might work for your situation.

Consider how this may affect Social Security:

Who Qualifies for Benefits? Social Security benefits are payable to retired or disabled workers who meet the minimum insured requirements, among other factors. In general, 10 years of covered employment are needed to qualify for retired-worker benefits. The number of years of coverage to be insured in the event of disability or death varies by age, from 1½ years for the youngest workers to 10 years for older workers. In general, disabled workers must have worked for 5 of the past 10 years immediately before the onset of disability.

Another eligibility factor is age. For example, a worker can claim retired-worker benefits as early as age 62. However, benefits claimed before the full retirement age (FRA) are reduced to take into account the longer expected period of benefit receipt. (The FRA ranges from 65 to 67, depending on the worker's year of birth.) Similarly, a worker may delay claiming retired-worker benefits until after the FRA; in this case, benefits are increased (up to age 70) to take into account the shorter expected period of benefit receipt. Adjustments for early or delayed retirement are intended to provide the worker with the same total lifetime benefits (based on average life expectancy).

Tax-Deferred Investments

- Tax-deferred accounts provide an immediate tax benefit for the investor. Contributions to these accounts aren't subject to income taxes. Depending on the type of account, either your contributions are withheld from your paycheck before taxes or you can deduct your contributions when you file your income tax return.
- **In fact, you won't pay taxes on the money in your tax-deferred accounts until you withdraw it, usually during retirement.** When that day comes, you'll pay income taxes on your distributions. But if you meet the distribution requirements for the particular type of account, you won't be on the hook for any additional taxes or penalties.

401(k)
403(b)
457(b)
IRA
SEP IRA
Annuities
Pensions
Whole Life

The Short Version

- A tax-deferred account allows you to defer taxes on your income and investments until a future date, giving you an immediate tax benefit.
- Tax-deferred accounts are different from tax-exempt accounts, which require taxation upfront but are exempt from taxes in the future.
- One of the most popular types of tax-deferred account is a retirement account, including 401(k) plans, 403(b) plans, 457(b) plans, and IRAs.
- Other types of tax-deferred accounts include tax-deferred annuities, permanent life insurance, and **health savings accounts**.

**** Tax-Free Investments ****

Simply put, tax-free investing refers to any investment in which the interest, dividends, or capital gains are exempted from federal, state, or local taxes. **This type of investment can be a powerful tool in your wealth-building arsenal, helping to maximize returns and minimize the impact of taxes on your overall financial picture.**

Municipal Bonds

Indexed Universal Life (IUL)
Roth IRA **Roth 401(k)**

According to our research team's analysis of the latest available data:

70%

70% of adults aged 65 years and older will require long-term care at some point.

42%

Medicaid only covers 42% of America's long-term care costs.

\$475.1 billion

Americans spend \$475.1 billion annually on long-term care.

3.2 years

The average length of stay in long-term care is 3.2 years. Just over 20% of residents will require care for 5 years or longer.

Exhaust Savings Quickly

Medicaid Your Only Choice

Eligibility Requirements

Wipe out Legacy for Kids

Home / Property / Land

Inheritance

Heirlooms / Assets

Independence Challenges

Who Needs to Plan for Long-Term Care?

More than
1 in 2
Americans



turning 65 will need some form of long-term care in their lifetime.¹



Only **1 in 5**
consumers

have discussed long-term care planning with a financial professional.²

Long-Term Care and why it should matter to
you **NOW!**



PROBATE, WILLS, AND TRUSTS

PAGES 15 – 21

Glossary Of Terms: Probate & Wills/Trusts

Administrator: Any court appointed person or body put in charge of the estate of a person who passed on without a will.

Advance Planning: Scheduling and preparing for funeral services at any time prior to the date of passing of an individual. This can be completed by an individual themselves or by a legal next-of-kin of an individual in advance of death.

Alternative Container: A rigid container used to hold human remains, which generally is leak proof and contains a lid, prior to cremation or placement in a more permanent container for identification, visitation, funeral or memorial ceremony, or final disposition, such as burial.

Arrangement Room: A room in the funeral home set aside for funeral home staff and the bereaved family to make funeral arrangements.

Beneficiary: Any recipient of the proceeds of a will or insurance policy.

Bequest: Any gift of property made in a will.

Bereaved: The immediate family of the deceased.

Care Center: Facility where care of remains, such as embalming, refrigeration, dressing and casketing, as well as other preparation, such as setting of features may occur prior to visitation, funeral or memorial ceremony, or final disposition. This facility generally is not the funeral home where arrangements or ceremonies occur.

Cash Advance Items: Items that are outside expenses to the funeral home that may or may not be paid for directly by the family, which are additional fees that cannot be controlled by the funeral home. These items routinely are cemetery fees, honorariums, such as for Clergy or a Sound Technician, obituary costs, Health Department fees, such as for death certificates, and taxes for merchandise selected by the family. These items are generally called Third-Party expenses.

Casket: A casket is any container designed for holding human remains. It may be made of wood, metal or fiberglass. They are seldom called "coffins" in the funeral industry. A casket is not legally required for cremation, and the type of casket prior to final disposition is determined by the family, which can include a purchase from a vendor outside the funeral home.

Cemetery: Ground for burial, in which final aspects of the funeral ceremony are often held.

Columbarium: Structure or building designed for the housing of urns of cremated remains, in niches.

Contest: Any legal challenge to or question of the validity of a will.

Cremation: A regulated process using intense heat in a chamber to burn human remains. It typically takes 2 to 4 hours.

Crematory: A building with a furnace for the purpose of cremating human remains.

Crypt: Technically, any chamber that holds a casket and human remains. More narrowly, an individual chamber in a mausoleum.

Death Certificate: A legal document, signed by a coroner or other medical health professional certifying the death of an individual. The death certificate is used for many legal processes pertaining to death, from arrangement for interment to the settlement of estate assets.

Disposition: Refers to any manner in which remains will be finally taken care of, including ground burial, ash scattering of cremated remains and all other forms of placement. Final disposition may or may not include cremation of remains in most states.

Embalming: Embalming is the procedure using chemicals, such as formaldehyde, to temporarily preserve human remains. Embalming is not required by any state or federal law.

End-of-Life Insurance Policy: An insurance policy established in advance of passing by an individual or their next-of-kin, which is established to cover the expenses of funeral or cremation services with a licensed funeral home. The policy has no cash value and cannot be used prior to passing or by any individual other than the individual the policy was established to cover.

Eulogy: A eulogy is a form of public speaking at funerals used to honor and praise the deceased.

Exhume: To dig up human remains, possibly for medical or legal investigation.

Funeral Director: The professional who prepares the body for burial, supervises burial and other services, and maintains a funeral home for these purposes. Also called a mortician or undertaker.

Funeral Insurance: Funeral insurance is an insurance policy designed to cover any costs directly related to your funeral.

Funeral Service: Ceremony, religious or secular, in which the bereaved say goodbye to the deceased in various ways, before the remains are permanently interred. These services are performed with the remains physically present.

Funeral Spray: A large bouquet of cut flowers sent to the residence or the funeral home as a tribute to the deceased.

Grave Liner (usually called an Outer Burial Container): A box or receptacle made of concrete or other durable material into which the casket is placed to prevent the ground from collapsing. Most states do not require it, though most cemeteries do.

Green Burial: Green burial also called direct burial, is the process of burying a body without the use of chemical preservation in a simple container to help preserve the earth.

In State: The custom of presenting the deceased for viewing by mourners and others, prior to or after the funeral service.

Interment: The act of burying a dead body in a grave.

Intestate: Having left behind no legal will.

Inurnment: Placing cremation ashes in an urn.

Liabilities: Remaining debts and mortgages, as they apply to the administering of an estate.

Life Insurance Trust: A trust funded from money provided from life insurance.

Living Trust: A trust that has been established during the life of the trustee.

Living Will: A legal document that details the wishes of an individual concerning his or her medical care, especially with respect to life-sustaining technology and resuscitation.

Mausoleum: A structure or building, often on cemetery grounds, that holds caskets and remains.

Medical Examiner Permit: A document required from the Medical Examiner's Office prior to cremation and/or removal of remains from the state of . Required prior to remains being cremated and/or transported out of the state and/or country. These permits are for a fee and are separate from fees by the funeral home.

Memorial Service: Ceremony, religious or secular, in which the bereaved say goodbye to the deceased in various ways, before or after final disposition has taken place. These services are performed without the remains physically present, and generally the term is used for services where cremation or burial has already been completed prior to the ceremony.

Morgue: These are usually municipally operated places, where bodies found dead are held pending identification by next of kin.

Mortuary: Any licensed, regulated business that provides for the care, planning and preparation of human remains for their final resting place. A mortuary usually arranges and conducts funeral and memorial services, embalming and other services such as the sale of caskets.

Also called a funeral home or funeral service provider.

Next-of-Kin: An individual given the legal responsibility for final disposition of another individual at the time of their passing. Generally, this determination is established through legal documents such as marriage certificate, Living Trust, Court Filing by an individual prior to passing, or through blood line in the absence of a legal document giving an individual rights after passing occurs.

Niche: In a columbarium, an individual chamber wherein an urn is placed.

Opening and Closing Fees: Cemetery fees for the digging and refilling of a grave.

Pallbearers: Individuals (close family members in most areas of the continent; hired, in other areas) who are asked to carry the casket.

Perpetual Care Trust Funds: A certain portion of the cost of a burial plot is set aside in a trust fund for its ongoing care (usually restricted to grounds keeping, such as lawn cutting, etc).

Pre-Need or Pre-Planning: Pre-planning is arranging all aspects of your funeral (especially financing) in advance. There are some problems with the process, especially in some states.

Probate: The court process of proving the validity of a will.

Remains: The body of the deceased.

Right of Survivorship: Occurs when a joint property owner has provided for the passing of all property into the hands of the surviving joint owner. This will forego the need for probate.

Rigor Mortis: The cooling of the body and increased rigidity of muscles that sets in after death.

Selection Room: A room in a funeral home set aside for viewing available caskets, urns, grave liners, etc.

Testator: A person making a valid will.

Transfer (also referred to as Removal) of Remains: This term refers to the transportation to the place of passing, removal of remains from the place of passing, and the transportation to the funeral home or other facility after passing, but before final disposition occurs.

Trust: Usually a fund, though it may be made up of other property. It is held and managed by one person for the benefit of another (or others).

Urn: Any container made for holding cremated human remains.

Vault: An Outer Burial Container, usually made of concrete, which is lined and offers a warranty from a manufacturer of providing protective qualities, such as an air-tight seal. No vault provides preservative qualities, nor keeps the natural process from occurring after passing and/or burial or entombment.

Vigil: In Roman Catholicism, a service held on the eve of the funeral service.

Visitation: Usually held at the funeral home, this is a scheduled time when the body is on display (if appropriate) and friends and family pay respects to the dead and visit with each other.

Wake: A wake is a traditional watch over the deceased usually conducted by family members and close friends. "Wake" and "watch" are etymologically related.

Will: A will is a legal document stating the intentions of the deceased concerning the dispersal of their belongings, the care of their remains and other relevant matters.



Trust Based Planning

The Revocable Trust is often the foundational piece of any estate plan. **Trusts are usually preferable to using a Will, because they avoid probate.** A Revocable Trust allows you to transfer most of your property into the trust during your lifetime. While living, you will act as your own trustee. Upon your death, or mental incapacity, the successor trustee simply takes over the trust and distributes the assets according to your wishes, as spelled out in the trust agreement.

Another advantage of using a Revocable Trust, is privacy. Because Trusts are not probated, assets help you buy a trust, and the instructions given in a Trust remain private. In contrast, once a Will is probated, a list of assets and beneficiaries may be added to public record.

If a client decides to use a Revocable Trust in their estate plan, the Trust must be appropriately funded. Funding a Trust involves transferring certain assets to the Trust. It is important to work with an experienced estate attorney, to help determine which assets should be transferred to a Trust and which assets should not be transferred.

Wills Based Planning

All estate plans should at least include a Will. Wills accomplish two important goals. They name the executor of your estate and they list the beneficiaries of your property. Without a Will, it is likely that your property will be distributed to heirs, as determined by state law. These laws do not always conform to people's expectations. For example, it is typical for children to receive half of a married couple's assets upon the first spouse's passing. A properly drafted Will ensures that property goes to the intended beneficiaries.

The executor of an estate, once appointed by a district court, will direct the estate through the probate process. This process typically includes giving notice to potential beneficiaries and creditors, making an accounting of the estate's assets, and finally distributing assets to creditors and beneficiaries.

Wills should also include final disposition directions. These are directions for what will happen to your body upon death. If no final disposition instructions are left, state statute determines who will make that decision.

Many people believe that a Will does not need to go through the probate process. I

Medical and Financial Powers of Attorney and Advanced Directives

Powers of Attorney, both medical and financial, are an essential part of the estate planning puzzle. Without these documents, a court administered guardianship could be necessary. These documents name an agent to act on your behalf, if you are no longer able to act for yourself. Due to the technical nature of these documents, it is a good idea to have an experienced attorney at least review any previous established powers of attorney.

This document gives directions to medical professionals regarding your care, if you are not able to do so. It also allows you to elect an individual to help make medical decisions.

What Is Probate?

As previously stated, even if you have a Will, if you don't have a trust, or you forget to put something in your trust, then when you die, your estate (assets) will have to go through probate. This can be very costly and time consuming for your heirs, not to mention the additional stress it places on them. The reason assets not in trust must go through probate is because someone has to transfer title of your property to your heirs. That someone is a probate judge. Probate takes an attorney, a judge, an executor (also called a personal representative), court time, court expenses, publication expenses and filing fees.



DEATH BENEFITS & TAXATION

A death benefit is a payout to the beneficiary of a life insurance policy, annuity, or pension when the insured person or annuitant dies. With life insurance policies, death benefits are not usually subject to income tax and named beneficiaries typically receive the death benefit as a lump-sum payment. **

Payout of Death Benefits

The process of receiving a death benefit from a life insurance policy, pension, or annuity is straightforward.

Beneficiaries need to know which life insurance company holds the deceased's policy or annuity. The policyholder has a responsibility to share policy or annuity information with beneficiaries when they name them as beneficiaries.

Beneficiaries must submit death claim forms to each insurance company with which the insured or annuitant carried a policy, along with a copy of the death certificate. Most insurers require a certified death certificate listing the cause of death. If multiple beneficiaries or survivors are listed on a policy or annuity, each one must complete a death claim form.

DECEDENT TYPE/PRINT IN PERMANENT BLACK, BLUE, BLACK OR BLUE INK	DECEDENT'S LEGAL NAME				
	1a. FIRST	1b. MIDDLE	1c. LAST	1d. SUFFIX	1e. LAST NAME PRIOR TO FIRST MARRIAGE
NAME OF DECEDENT (For use by Physician, Institution or Medical Examiner)	2. SEX	3a. AGE-LAST BIRTHDAY (Yrs)	3b. UNDER 1 YEAR	3c. UNDER 1 DAY	4. DATE OF BIRTH (Month/Day/Year)
	5. BIRTHPLACE (County/State or Foreign Country)				6. DATE OF DEATH (Month/Day/Year)
	PLACE OF DEATH (Check only one)				
	7a. IF DEATH OCCURRED IN A HOSPITAL				
	7b. IF DEATH OCCURRED SOMEWHERE OTHER THAN A HOSPITAL				
	7c. FACILITY NAME (If not institution, give street and number)				
	7d. CITY OR TOWN				
	7e. COUNTY OF DEATH				
	8. MARITAL STATUS				
	9. SURVIVING SPOUSE (If wife, give name prior to first marriage)				
PARENTS	10a. DECEDENT'S USUAL OCCUPATION (Do not use retired)				
	10b. KIND OF BUSINESS/INDUSTRY				
	11. SOCIAL SECURITY NUMBER				
	12a. RESIDENCE-STATE OR FOREIGN COUNTRY				
	12b. COUNTY				
	12c. CITY OR TOWN				
	12d. STREET AND NUMBER				
	12e. INSIDE CITY LIMITS				
	12f. ZIP CODE				
	13. WAS DECEDENT EVER IN U.S. ARMED FORCES?				
DISPOSITION	14. DECEDENT'S EDUCATION (Check the box that best describes the highest degree or level of school completed at the time of death)				
	15. DECEDENT OF HISPANIC ORIGIN? (Check the box that best describes whether the decedent is Spanish/Hispanic/Latino. Check the "No" box if decedent is not Spanish/Hispanic/Latino)				
	16. DECEDENT'S RACE (Check one or more races to indicate what the decedent considered himself or herself to be)				
	17. FATHER'S NAME (First, Middle, Last)				
	18. MOTHER'S NAME PRIOR TO FIRST MARRIAGE (First, Middle, Last)				
	19a. INFORMANT'S NAME				
	19b. RELATIONSHIP TO DECEDENT				
	19c. MAILING ADDRESS (Street and Number, City, State, Zip Code)				
	20a. METHOD OF DISPOSITION				
	20b. PLACE OF DISPOSITION (Name of cemetery, crematory, other place)				
20c. LOCATION (City or Town and State)					
21a. SIGNATURE OF FUNERAL DIRECTOR					
21b. LICENSE NUMBER					
21c. NAME OF EMBALMER					
21d. LICENSE NUMBER					
22. NAME AND ADDRESS OF FUNERAL HOME					

Death benefits under a life insurance policy are not subject to ordinary income tax, but they may be subject to federal or state estate tax if the death benefit is paid to the estate and exceeds the estate tax exemption limit.

Beneficiaries of an annuity with a death benefit may pay income tax on the payments.

- With all of this in mind, why are death benefits non-taxable? Well, for the beneficiary, it's not really income for their own use. You will not see the payout, because it's only issued once the policyholder (you) passes away.
- For the beneficiary, especially a beneficiary of a final expense policy, they will likely receive little to none of the death benefit for their own personal use. They are instead going to use it to cover the policyholder's designated expenses—it is, therefore, not taxed.

**** If the beneficiary is paid one lump sum policy amount, it is not taxable income.** However, if the beneficiary is paid in installments over several years, any interest accrued on the policy amount is considered taxable income.

When a decedent leaves an asset, such as a house or a car, and the beneficiary sells it for more than it was worth at the time of decedent's death, the beneficiary will have to pay capital gains taxes on the difference. Only the "date of death value" is relevant, not the value when it was purchased.

Estate refers to an individual's assets, which includes their home(s), bank accounts, investment accounts, cars, jewelry, and so on. **Estate taxes apply to assets that the decedent owned or retained an interest in at death.** Gifts made during life of the decedent decrease the exemption available at death.

TRANSFER ASSETS BEFORE DEATH!!!

LIVING TRUST



Family Participation

Trusts are used to manage **estate taxes**, shelter assets from creditors and pass on wealth to future generations. A family trust is a specific type of trust that families can use to create a financial legacy for years to come. There are several benefits to creating one, including ensuring your family members receive your wealth and avoiding public disclosure of trust assets. However, not every family necessarily needs a family trust, as there are other options too.

An **estate tax** is most notably levied at the federal level, and it's charged to a decedent's estate when their assets pass on to their beneficiaries. Most estates won't trigger the federal estate tax though, as it only applies to estates worth \$12.92 million (\$25.84 million for couples) in 2023, minus any applicable gifts. Because this tax can have a significant effect on your beneficiaries, it's best to plan ahead for it in your estate plan if you think your estate may trigger it.

- Anything that happens in probate is part of the public record and it can be a time-consuming and expensive process your family can avoid.
- You can use an irrevocable family trust to insulate assets from creditors.

Putting your assets into a trust means they no longer belong to you and, therefore, aren't subject to estate tax. You can appoint yourself as trustee of this fund while you're alive, ensuring you can access your assets and distribute the money as you see fit. You can then will the trust to an heir when you pass away.

6 Ways to Minimize Your Heirs' Tax Burden

There is still the question of how much your heirs can inherit without paying taxes, and the reality is that it depends. There are some steps you can take to minimize taxes, though, giving your heirs an advantage:

1. Gift Your Money

Start by gifting your heirs money every year. The annual exclusion amount for 2023 is \$17,000 (\$34,000 per married couple).

2. Convert Retirement Accounts to Roth Accounts

Your heirs will have to pay tax on any retirement benefits they inherit if they're in a 401(k) or IRA. Have heirs use gifts to create and add to Roth IRA or Roth 401(k).

3. Life Insurance

A good life insurance plan can set your heirs up in the future. Indexed Universal Life (IUL) = Tax-Free Investment for your heirs.

4. Annuities with a Death Benefit

Annuities with a death benefit provide a lump sum payout for your beneficiary.

5. Real Estate

Real estate will likely be one of the most significant non-liquid assets you pass to your heirs. Capital gains tax applies to real estate, but only on gains the property makes after the beneficiary inherits it.

6. Investment Accounts

Your investment accounts can provide tax breaks for your heirs. Investments are similar to real estate because your beneficiaries are only on the hook for taxes on the gains those investments make after they inherit them.

Growing Community 

ADVANCED PLANNING

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Glossary Of Terms: Advance Planning

Advance Planning: Scheduling and preparing for funeral services at any time prior to the date of passing of an individual. This can be completed by an individual themselves or by a legal next-of-kin of an individual in advance of death.

Alternative Container: A rigid container used to hold human remains, which generally is leak proof and contains a lid, prior to cremation or placement in a more permanent container for identification, visitation, funeral or memorial ceremony, or final disposition, such as burial.

Beneficiary: Any recipient of the proceeds of a will or insurance policy.

Care Center: A facility where care of remains, such as embalming, refrigeration, dressing and casketing, as well as other preparation, such as setting of features may occur prior to visitation, funeral or memorial ceremony, or final disposition. This facility generally is not the funeral home where arrangements or ceremonies occur.

Cash Advance Items: Items that are outside expenses to the funeral home that may or may not be paid for directly by the family, which are additional fees that cannot be controlled by the funeral home. These items routinely are cemetery fees, honorariums, such as for Clergy or a Sound Technician, obituary costs, Health Department fees, such as for death certificates, and taxes for merchandise selected by the family. These items are generally called Third-Party expenses.

Casket: A casket is any container designed for holding human remains. It may be made of wood, metal or fiberglass. They are seldom called "coffins" in the funeral industry. A casket is not legally required for cremation, and the type of casket prior to final disposition is determined by the family, which can include a purchase from a vendor outside the funeral home.

Cemetery: Ground for burial, in which final aspects of the funeral ceremony are often held.

Columbarium: Structure or building designed for the housing of urns of cremated remains, in niches.

Contestable: Any legal challenge to or question of the validity of a will.

Cremation: A regulated process using intense heat in a chamber to burn human remains. It typically takes 2 to 4 hours.

Crematory: A building with a furnace for the purpose of cremating human remains.

Crypt: Technically, any chamber that holds a casket and human remains. More narrowly, an individual chamber in a mausoleum.

Death Certificate: A legal document, signed by a coroner or other medical health professional certifying the death of an individual. The death certificate is used for many legal processes pertaining to death, from arrangement for interment to the settlement of estate assets.

Disposition: Refers to any manner in which remains will have final rest, including ground burial, ash scattering of cremated remains and all other forms of placement.

Embalming: Embalming is the procedure using chemicals, such as formaldehyde, to temporarily preserve human remains. Embalming is not required by any state or federal law.

End-of-Life Insurance Policy: An insurance policy established in advance of passing by an individual or their next-of-kin, which is established to cover the expenses of funeral or cremation services with a licensed funeral home. The policy has no cash value and cannot be used prior to passing or by any individual other than the individual the policy was established to cover.

Eulogy: A eulogy is a form of public speaking at funerals used to honor and praise the deceased.

** see Obituary for written document used to honor and praise the deceased

Exhume: To dig up human remains, possibly for medical or legal investigation.

Funeral Director: The professional who prepares the body for burial, supervises burial and other services, and maintains a funeral home for these purposes. Also called a mortician or undertaker.

Funeral Insurance: Funeral insurance is an insurance policy designed to cover any costs directly related to your funeral.

Funeral Service: Ceremony, religious or secular, in which the bereaved say goodbye to the deceased in various ways, before the remains are permanently interred. These services are performed with the remains physically present.

**see Memorial Service for services performed without the remains physically present

Funeral Spray: A large bouquet of cut flowers sent to the residence or the funeral home as a tribute to the deceased.

Grave Liner (usually called an Outer Burial Container):

A box or receptacle made of concrete or other durable material into which the casket is placed to prevent the ground from collapsing. Most states do not require it, though most cemeteries do.

Green Burial: Green burial also called direct burial, is the process of burying a body without the use of chemical preservation in a simple container to help preserve the earth.

Interment: The act of burying a dead body in a grave.

Inurnment: Placing cremation ashes in an urn.

Mausoleum: A structure or building, often on cemetery grounds, that holds caskets and remains.

Medical Examiner Permit: A document required from the Medical Examiner's Office prior to cremation and/or removal of remains from the state of . Required prior to remains being cremated and/or transported out of the state and/or country. These permits are for a fee and are separate from fees by the funeral home.

Memorial Service: Ceremony, religious or secular, in which the bereaved say goodbye to the deceased in various ways, before or after final disposition has taken place. These services are performed without the remains physically present, and generally the term is used for services where cremation or burial has already been completed prior to the ceremony.

**see Funeral Service for services performed with the remains physically present.

Mortuary: Any licensed, regulated business that provides for the care, planning and preparation of human remains for their final resting place. A mortuary usually arranges and conducts funeral and memorial services, embalming and other services such as the sale of caskets.

Also called a funeral home or funeral service provider.

Next-of-Kin: An individual given the legal responsibility for final disposition of another individual at the time of their passing. Generally, this determination is established through legal documents such as a marriage certificate, Living Trust, Court Filing by an individual prior to passing, or through blood-line in the absence of a legal document giving an individual rights after passing occurs.

Prior to passing, an individual can, through legal documents, designate another individual to oversee final disposition of their remains, which would supersede blood-line listed below. This individual does not have to be a relative.

Blood-line:

- a) Legal Spouse "marriage is dissolved the date, stamped on the court filing for separation".
- b) Adult Children.
- c) Parents.
- d) Adult Siblings.
- e) Other Adult Relatives.
- f) Individual wishing to handle arrangements.

Niche: In a columbarium, an individual chamber wherein an urn is placed.

Opening and Closing Fees: Cemetery fees for the digging and refilling of a grave.

Pallbearers: Individuals (close family members in most areas of the continent; hired, in other areas) who are asked to carry the casket.

Pre-need or Pre-planning: Pre-planning is arranging all aspects of your funeral (especially financing) in advance.

Remains: The body of the deceased.

Selection Room: A room in a funeral home set aside for viewing available caskets, urns, grave liners, etc.

Transfer (also referred to as Removal) of Remains: This term refers to the transportation to the place of passing, removal of remains from the place of passing, and the transportation to the funeral home or other facility after passing, but before final disposition occurs.

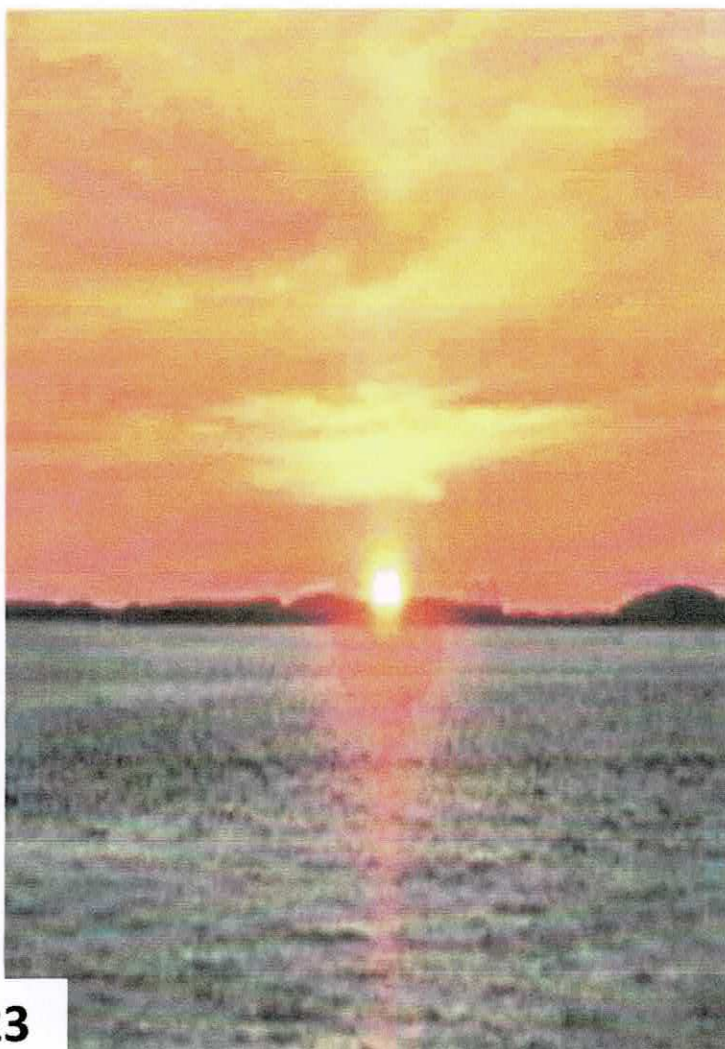
Urn: Any container made for holding cremated human remains.

Vault: An Outer Burial Container, usually made of concrete, which is lined and offers a warranty from a manufacturer of providing protective qualities, such as an air-tight seal. No vault provides preservative qualities, nor keeps the natural process from occurring after passing and/or burial or entombment.

Vigil: In Roman Catholicism, a service held on the eve of the funeral service.

Visitation: Usually held at the funeral home, this is a scheduled time when the body is on display (if appropriate) and friends and family pay respects to the dead and visit with each other.

Wake: A wake is a traditional watch over the deceased usually conducted by family members and close friends. "Wake" and "watch" are etymologically related.



MEDICARE / HEALTHCARE PLANNING

Medicare Part A covers the following services:

- **Inpatient hospital care:** This is care received after you are formally admitted into a hospital by a physician. You are covered for up to 90 days each benefit period in a general hospital, plus 60 lifetime reserve days. Medicare also covers up to 190 lifetime days in a Medicare-certified psychiatric hospital.
- **Skilled nursing facility (SNF) care:** Medicare covers room, board, and a range of services provided in a SNF, including administration of medications, tube feedings, and wound care. You are covered for up to 100 days each benefit period if you qualify for coverage. To qualify, you must have spent at least three consecutive days as a hospital inpatient within 30 days of admission to the SNF, and need skilled nursing or therapy services.
- **Home health care:** Medicare covers services in your home if you are homebound and need skilled care. You are covered for up to 100 days of daily care or an unlimited amount of intermittent care. To qualify for Part A coverage, you must have spent at least three consecutive days as a hospital inpatient within 14 days of receiving home health care.
- **Hospice care:** This is care you may elect to receive if a provider determines you are terminally ill. You are covered for as long as your provider certifies you need care.

Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing (deductibles, coinsurances, copayments) for Medicare-covered services.

Most people do not pay a monthly Part A premium because they or a spouse have 40 or more quarters of Medicare-covered employment. In 2023, if a person has less than 30 quarters of Medicare-covered employment the Part A premium is \$506 per month. If a person has 30 to 39 quarters of Medicare-covered employment, the Part A premium is \$278 per month.

Medicare Part B provides outpatient/medical coverage. The list below provides a summary of Part B-covered services and coverage rules:

- **Provider services:** Medically necessary services you receive from a licensed health professional.
- **Durable medical equipment (DME):** This is equipment that serves a medical purpose, is able to withstand repeated use, and is appropriate for use in the home. Examples include walkers, wheelchairs, and oxygen tanks. You may purchase or rent DME from a Medicare-approved supplier after your provider certifies you need it.
- **Home health services:** Services covered if you are homebound and need skilled nursing or therapy care.
- **Ambulance services:** This is emergency transportation, typically to and from hospitals. Coverage for non-emergency ambulance/ambulette transportation is limited to situations in which there is no safe alternative transportation available, and where the transportation is medically necessary.
- **Preventive services:** These are screenings and counseling intended to prevent illness, detect conditions, and keep you healthy. In most cases, preventive care is covered by Medicare with no coinsurance.
- **Therapy services:** These are outpatient physical, speech, and occupational therapy services provided by a Medicare-certified therapist.
- **Mental health services.**
- **X-rays and lab tests.**
- Chiropractic care when manipulation of the spine is medically necessary to fix a subluxation of the spine (when one or more of the bones of the spine move out of position).
- Select prescription drugs, including immunosuppressant drugs, some anti-cancer drugs, some anti-emetic drugs, some dialysis drugs, and drugs that are typically administered by a physician.

This list includes commonly covered services and items, but it is not a complete list. **Keep in mind that Medicare does not usually pay the full cost of your care, and you will likely be responsible for some portion of the cost-sharing** (deductibles, coinsurances, copayments) **for Medicare-covered services.**

The 2023 Part-B premium is \$164.90 per month (premiums will be higher for individuals with annual incomes of \$97,000 or more and married couples with annual incomes of \$194,000 or more.)

Medicare Advantage Plans.

You can choose to get your Medicare coverage through a **Medicare Advantage Plan (Part C)** instead of through Original Medicare Parts A & B.

Medicare Advantage Plans must offer, at minimum, the same benefits as Original Medicare (those covered under Parts A and B) but can do so with different rules, costs, and coverage restrictions. You also typically get Part D as part of your Medicare Advantage benefits package (MAPD). Many different kinds of Medicare Advantage Plans are available. You may pay a monthly premium for this coverage, in addition to your Part B premium.

If you join a Medicare Advantage Plan, you will not use the red, white, and blue Medicare card when you go to the doctor or hospital. Instead, you will use the membership card your private plan sends you to get health services covered. You will also use this card at the pharmacy if your health plan has Medicare prescription drug coverage (Part D).

- Medicare Advantage plans can be full of extra benefits like prescription drug coverage, dental, hearing, and vision coverage. Another advantage of a Medicare Advantage plan is a mandatory out-of-pocket maximum. A possible disadvantage of a Medicare Advantage plan is you can't have a Medicare Supplement plan with it.
- Between 2019 and 2023, Medicare Advantage enrollment has grown by 2.1 percent. As of January 2023, **48 percent of all Medicare beneficiaries are enrolled in Medicare Advantage**, translating to 30.7 million people. Medicare Advantage enrollment growth continued at a rapid pace, adding 2.7 million beneficiaries in 2023.
- While Medicare Advantage can be a cheaper alternative to getting Plans A, B and D separately, it also comes with **geographical and network restrictions** and, sometimes, surprise out-of-pocket costs.

Prescription Drug Coverage.

Medicare's prescription drug benefit (Part D) is the part of Medicare that provides outpatient drug coverage. Part D is provided only through private insurance companies that have contracts with the federal government—it is never provided directly by the government (unlike Original Medicare).

If you want to get Part D coverage, you have to choose and enroll in a private Medicare prescription drug plan (PDP) or a Medicare Advantage Plan with drug coverage (MAPD). Enrollment is optional (though recommended to avoid incurring future penalties) and only allowed during approved enrollment periods. Typically, you should sign up for Part D when you first become eligible to enroll in Medicare.







Whether you should sign up for a Medicare Part D plan depends on your circumstances. You may have creditable drug coverage from employer or retiree insurance. If so, you don't need to enroll in a PDP until you lose this coverage. Also, some people already enrolled in certain low-income assistance programs may be automatically enrolled in a Medicare drug plan and receive additional financial assistance paying for their medicines.

What is a Medicare Supplement Plan?

Medicare Supplement Plans are health insurance policies that offer standardized benefits to work with Original Medicare (not with Medicare Advantage). They are sold by private insurance companies. If you have a supplement plan, it pays part or all of certain remaining costs after Original Medicare pays first. These plans may cover outstanding deductibles, coinsurance, and copayments and may also cover health care costs that Medicare does not cover at all, like care received when traveling abroad. Remember, Medicare Supplement Plans only work with Original Medicare. If you have a Medicare Advantage Plan, you cannot buy a Medicare Supplement Plan.

Depending on where you live, you have up to 10 different Medicare Supplement policies to choose from: A, B, C, D, F, G, K, L, M, and N (policies in Wisconsin, Massachusetts, and Minnesota have different names). Each policy offers a different

set of standardized benefits, meaning that policies with the same letter name offer the same benefits. However, premiums can vary from company to company.

		Medicare Supplement Plan	Medicare Advantage Plan
 Doctors and Hospitals		You can select your doctors and hospitals as long as they accept Medicare Patients	You will normally be required to use doctors and hospitals in the plan network
 Specialist Referrals		You can see specialists without referrals	You may need referrals and may be required to use network specialists
 Networks		No network restrictions. Coverage goes with you across the United States	You may have network restrictions. Emergency care is covered for travel within the United States and sometimes abroad
 Enrollment		You can apply to buy a Medicare Supplement plan any time after you turn 65 and join Medicare Part B	Generally, there are specific periods during the year when you can enroll or switch to another Medicare Advantage Plan
 Costs		You pay a monthly plan premium in addition to your Part B premium. When you use services, your out-of-pocket costs are limited.	Generally, you pay a low or \$0 monthly plan premium in addition to your Part B premium. When you use services, you pay co-pays, co-insurance and deductibles
 Prescription Drug Coverage		Prescription drug coverage is not included. You will need to purchase a Medicare Part D Plan.	Prescription drug coverage is included in many plans. MAPD

If you're a higher-income beneficiary, you'll pay a larger percentage of the total cost of Part B based on the income you report to the Internal Revenue Service (IRS). You'll pay monthly Part B premiums equal to 35, 50, 65, 80, or 85 percent of the total cost, depending on what you report to the IRS.

There's the additional 0.9% tax on income above \$200,000 for individual filers and \$250,000 for joint filers, and the 3.8% tax on investment income of more than \$200,000/individual and \$250,000/joint. Once you turn 65, you can sign up for Medicare no matter how rich you are.

- An estimated 7% of Medicare's 64.3 million beneficiaries end up paying income-related monthly adjustment amounts, or **IRMAAs**, in addition to their Medicare premiums.
- **There are strategies available that can help you avoid those monthly surcharges or minimize them.**
 - High-Deductible Health Plan (HDHP) and Health Savings Accounts (HSA)
 - Draw funds from Tax Exempt (Roth IRA, Roth 401(k), or IUL) only as needed

The key to keeping [your income] below the IRMAA brackets is planning ahead to know where your income is coming from.

FINAL EXPENSE PLANNING

- **PreNeed Insurance** (*Funeral Home*)

- You meet with Funeral Home and select services and merchandise.
- You apply for an insurance policy to cover **ONLY** the amount on a contract with the Funeral Home.

- You can assign the contract to another Funeral Home should you relocate or change relationships.
- Contract contains **guaranteed** and **non-guaranteed** items.

- **TAXES ARE PAID AT RATES AT TIME OF PURCHASE** (*remember purchase is in the future*)

- **Your family may still owe for non-guaranteed items in the future when you die.**

- This type of insurance policy assists in spending down assets.
- Money in policy is paid at the time of your death and will only cover the contract services and merchandise selected. ****Death Certificate Needed****

- **Final Expense Insurance** (*personal policy*)

- You may or may not meet with Funeral Home to select services and merchandise.
- You apply for an insurance policy to cover those you love when you die.
 - Policy can be for any amount (Death Benefit).
 - Policy can be used by beneficiary(ies) for other expenses.

- **TAXES ARE PAID AT RATES AT TIME OF PURCHASE**

- This type of insurance policy assists in spending down assets.

**Policy You
Cannot
Outlive**

**No Living
Benefit**

**Policy You
Cannot
Outlive**

**Can Have
Living Benefit**

- Money in policy is paid at the time of your death and can be spent any way the beneficiary(ies) desire. ****Death Certificate Needed****

Average Monthly Cost of Skilled Nursing Care

Most individuals who reside in a skilled nursing care facility only stay for a short period of time. Others stay much longer. So, it's important for families to understand monthly costs, as well as daily ones.

Expect a median cost of **\$7,908 for a semiprivate room** or **\$9,034 for a private room** per month. At first glance, the cost might seem steep. Just remember that this includes room, board, nursing services, and everything else the nursing home has to offer. Plus, it's only the sticker price before accounting for [insurance benefits](#).

Average Annual Cost of Skilled Nursing Care

As you can imagine, staying in a nursing home for a year or longer can get expensive. The median cost for a semiprivate room in a nursing home is \$94,900 per year. A private room costs \$108,405 per year. Keep in mind that this isn't necessarily an out-of-pocket cost. [You may be able to use insurance and state programs to help pay for skilled nursing home costs.](#)

For some, hiring a home health aide at \$27 an hour may be a better financial choice than paying the median nationwide cost a month for assisted living.

By 2033, the cost of a semiprivate room is expected to rise just above \$13,530 per month, and the cost of a private room is expected to exceed \$15,000 per month.

VITAL STATISTICAL PLANNING GUIDE

Having this guide filled out will drastically reduce the amount of time spent making arrangements at the funeral home.

VITAL STATISTICS

Full Legal Name (first, middle, last, maiden): _____

Social Security Number: _____ Sex: _____

Address: _____

Inside City Limits: _____ County: _____

Hispanic:

Race:

<input type="checkbox"/>	White
<input type="checkbox"/>	Black/African-American
<input type="checkbox"/>	American Indian / Alaska Native
<input type="checkbox"/>	Asian Indian
<input type="checkbox"/>	Chinese
<input type="checkbox"/>	Filipino
<input type="checkbox"/>	Japanese
<input type="checkbox"/>	Korean
<input type="checkbox"/>	Vietnamese
<input type="checkbox"/>	Other Asian
<input type="checkbox"/>	Pacific Islander
<input type="checkbox"/>	Other

<input type="checkbox"/>	Not Spanish/Hispanic/Latino
<input type="checkbox"/>	Mexican/Mexican-American/Chicano
<input type="checkbox"/>	Puerto Rican
<input type="checkbox"/>	Cuban
<input type="checkbox"/>	Other Spanish/Hispanic/Latino

Education:

<input type="checkbox"/>	8th grade or less
<input type="checkbox"/>	9th-12th grade, no diploma
<input type="checkbox"/>	High School graduate/GED completed
<input type="checkbox"/>	Some college credit, no degree
<input type="checkbox"/>	Associate degree (AA, AS...)
<input type="checkbox"/>	Bachelor's degree (BA, AB, BS...)
<input type="checkbox"/>	Master's degree (MEd, MA, MS, MBA...)
<input type="checkbox"/>	Doctorate/Prof Degree (PhD/EdD/MD/JD...)

Birthplace: _____ Date of Birth: _____

Father's Name (first, middle, last): _____

Mother's name (first, middle, last, maiden): _____

Marital status: MARRIED NEVER MARRIED WIDOWED DIVORCED

Surviving spouse (first, middle, last, maiden): _____

Usual Occupation: _____ Industry: _____

Veteran: _____ Branch of service: _____ DD-214: _____

In community since: _____ Date/place of marriage: _____

Occupation: _____ Employer: _____

Years employed: _____ Church: _____

Organizations: _____

Hobbies/Interests: _____

Additional Information: _____

Preceded in death by (name, relationship):

Survived by (name, spouse, residence, relationship: spouse, children, grandchildren, siblings):

DOCUMENT YOUR WISHES

☐ I HAVE QUESTIONS AND WOULD LIKE TO GET MORE INFORMATION

CALL: (336) 701-3069

E-MAIL: chrism.cordell@gmail.com

Regarding Investment(s), I prefer to:

- ☐ Not invest and keep cash in savings, checking, or other currency
- ☐ Invest in stocks, bonds, etc.
- ☐ Invest in Roth 401(k)
- ☐ Invest in Roth IRA
- ☐ Invest in Whole Life
- ☐ Invest in Trad. 401(k)
- ☐ Invest in Trad. IRA
- ☐ Invest in an Annuity
- ☐ Invest in Indexed Universal Life (IUL)

Regarding Insurance, I prefer to:

- ☐ Not have a policy and have heirs pay for everything out-of-pocket
- ☐ Use my existing policy: _____
- ☐ Buy Term Insurance
- ☐ Buy Whole Life Insurance
- ☐ Buy Indexed Universal Life (IUL)
- ☐ Buy Variable Life Insurance ***SEC registration agent required***

Regarding Retirement (SSA disbursement), I prefer to:

- ☐ Retire at 62; Amount \$ _____
- ☐ Retire at 65; Amount \$ _____
- ☐ Retire at 67; Amount \$ _____
- ☐ Retire at 70; Amount \$ _____

Regarding Taxation, I prefer to:

- ☐ Pay in tax now accounts (CD, Stock, Mutual Funds, Bonds, Money Market)
- ☐ Utilize tax later accounts (Annuity, Pension, 401(k), IRA, Whole Life)
- ☐ Transition to tax exempt accounts (Roth IRA, IUL, Roth 401(k))
 - ☐ Transition all at once now
 - ☐ Transition over _____ years and pay taxes as I do so
Annually \$ _____; Taxes \$ _____

Important Notes

Growing Community



Christopher Cordell

Licensed Funeral Director & Embalmer

Licensed Producer in Life, Health, Medicare Supplement /

(336) 701-3069 •

chrism.cordell@gmail.com

Long-Term Care Insurance,
and Final Expense Planning