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## Your Extended Care Strategy

Weekly Educational Update – March 11, 2020

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**Do you have an extra \$33,000 to \$100,000 to spare this year?** How about next year, and the year after that? Your answer to these questions is probably "no."

**What could cost so much?** According to the AARP Public Policy Institute, a year of in-home care costs a senior roughly \$33,000. A year at an assisted living facility? About \$45,000. A year in a nursing home? Approximately \$100,000.<sup>1</sup>

**Medicare has limitations.** Generally speaking, it will pay for no more than 35 hours per week of home health care and only up to 100 days of nursing home care, following a hospitalization. It may pay for up to six months of hospice care. If you or someone you love happens to develop Alzheimer's disease or another form of dementia, Medicare will not pay for any degree of room and board for them at an assisted living facility.<sup>2</sup>

Medicaid is another resource entirely. For eligible seniors, Medicaid can pick up assisted living facility or nursing home expenses, and even in-home eldercare, in some instances. Qualifying for Medicaid is the hard part. Typically, you only qualify for it when you have spent down your assets to the point where you can no longer pay for extended care out of pocket or with insurance.<sup>2</sup>

**An extended care strategy may factor into a thoughtful retirement strategy.** After all, your retirement may be lengthy, and you may need such care. The Social Security Administration projects that a quarter of today's 65-year-olds will live past age 90. A tenth of them will make it to age 100.<sup>1</sup>

Insurance companies have modified extended care policies over the years. Some have chosen to bundle extended care features into other strategies, which can help make the product more accessible. An insurance professional familiar with industry trends may be able to provide you more information about policies and policy choices.

Waiting for federal or state lawmakers to pass a new program to help with the costs is not much of a strategy. It is up to you, the individual, to determine how to face this potential financial challenge.<sup>2</sup>

Regardless of your lifestyle, the statistics suggest it's possible that you may need extended care.

Individuals can contribute to an HSA as long as they have an HDHP and have not enrolled in Medicare Part A, B, or D. Once they enroll in Medicare, they are no longer able to contribute to an HSA. Remember, if you withdraw money from your HSA for a nonmedical reason, that money becomes taxable income, and you face an additional 20% penalty. After age 65, you can take money out without the 20% penalty, but it still becomes taxable income.<sup>3</sup>

There are also some HSA rules and limitations to consider. You are limited to a \$3,500 contribution if you are single; \$7,000, if you have a spouse or family. Those limits jump by a \$1,000 "catch-up" limit for each person in the household over age 55. Your employer can contribute, but the ceiling is cumulative between your contributions and theirs. For example, say you are lucky enough to have your employer put a hypothetical \$1,000 into your account in 2019; you may only contribute as much as the rest of your limit, minus that \$1,000. If you go over that limit, you will incur a 6% tax penalty, so it is smart to watch how much you contribute.<sup>3</sup>

One thing is for sure: any retiree or retirement saver needs to keep the possibility of extended care expenses in mind. Today is not too soon to explore the financial options to try and meet this challenge.



*"You are never too old to set another goal or to dream a new dream."*

– C.S. Lewis



**Knockout Spicy Chicken Strips**



Serves 4-6

**Ingredients:**

- 1½ lbs. chicken, cut into small strips
- Cooking spray
- 1 cup all-purpose flour
- 1 Tbsp. salt
- 3 large eggs, beaten
- 3 Tbsp. your preferred hot sauce
- 1 cup cornmeal
- 2 Tbsp. chili powder
- 1 tsp. cayenne pepper
- Extra virgin olive oil
- Additional salt, to taste

**Directions:**

1. Preheat oven to 425° F, with center rack in place.
2. Spray baking sheet with cooking spray.
3. Mix flour with salt in bowl.
4. Whisk eggs and hot sauce in separate bowl.
5. Combine cornmeal, chili powder, and cayenne pepper in third bowl.
6. Take each chicken strip, in turn, and dip into flour and then egg.
7. Once egg mixture stops dripping, cover each chicken strip through cornmeal mixture.
8. As you finish breading chicken strips, place them evenly on the baking sheet.
9. Spray or drizzle lightly with olive oil and season with additional salt, to taste.
10. Bake until fully cooked, 15 to 17 minutes.

Recipe adapted from FoodNetwork.com<sup>4</sup>



### Tips for Gift Taxes

If you gave someone money or property, you may owe taxes on the gift. Here are some tips to help you determine if your gift is taxable:

**Nontaxable Gifts.** While the default assumption is that gifts are taxable, the following are nontaxable gifts:

- Gifts that do not exceed the annual exclusion for the calendar year (\$15,000 in 2019)
- Tuition or medical expenses you paid directly to a medical or educational institution for someone
- Gifts to your spouse
- Gifts to a political organization for qualified uses
- Gifts to qualifying charities

**Annual Exclusion.** For 2019, the annual exclusion is \$15,000. Gifts under that amount are not subject to the gift tax, even if they don't fall into one of the categories above. If you give a gift to someone else, the gift tax usually does not apply until the value of the gift exceeds the annual exclusion for the year.

For more information on gifts and taxes, speak to a qualified tax professional.

\* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov<sup>5</sup>



### Simply Visualizing a Successful Putt

How can you step up to a putt of some distance with confidence and without taking so much time that you seem like a snail to your playing partners? Try this simple routine.

Stand a bit back from your ball (not over it), and take two practice strokes that mimic what you want the real stroke to feel like. Address the ball, look down the line of the putt, and visualize the putt going into the hole. Now, take a second look from where your ball lies to the apex of the putt's break and look further down the line of the putt to the hole. Then, hit your putt.

Tip adapted from U.S. Sports Camps<sup>6</sup>



### **Choose to Make Your Plate “MyPlate”**

Ah, the Food Pyramid. It had a lot of flaws. Its major weaknesses were that it generalized recommended servings per day and poorly defined portion sizes. So, in 2008, the U.S. Department of Agriculture implemented a user-friendly redesign: the pyramid was transformed into a plate.



The concept behind the MyPlate design was somehow both revolutionary and seemingly obvious. After all, we eat off a plate, not a pyramid. Portions are easier to visualize and compose the following ratio: half the plate, fruits and vegetables; the other half, grains and protein. A serving of dairy (or non-dairy alternative) on the side. Easy, right?

Take advantage of this method the next time you sit down for a meal and see what adjustments you can make to make your plate even healthier.

Tip adapted from ChooseMyPlate.gov<sup>7</sup>



## Turn Your Lawn(care) Green

Spring is right around the corner, meaning it's time to think about taking care of your lawn and garden.

This year, consider what you can do to add some healthy and green alternatives to your usual lawn treatments. If you're new to organic lawn treatments, the first swap you can make is to use organic soil for your flower beds. No matter what type or mixture of soil you have, there's an organic system that will help keep your lawn green all spring long.

Adding some flowers to your yard? Use coconut fiber biodegradable seed starter pots. Peat pots are biodegradable, but have a tendency to mold, killing off the flowers at the roots. The coconut fiber pots can be planted right in the ground and provide nutrients to your growing plants.

Tip adapted from RealSimple<sup>8</sup>

### ***Share the Wealth of Knowledge!***

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<sup>1</sup> <https://www.marketwatch.com/story/long-term-care-insurance-has-a-shaky-future-here-are-new-ways-to-tackle-the-high-cost-of-aging-2019-05-22>

<sup>2</sup> <https://health.usnews.com/best-assisted-living/articles/dementia-care-in-assisted-living-homes>

<sup>3</sup> <http://investors.com/efvs-and-funds/personal-finance/hsa-contribution-limits-hsa-rules/>

<sup>4</sup> <https://www.foodnetwork.com/recipes/giada-de-laurentiis/spicy-chicken-tenders-with-honey-mustard-recipe-1921323>

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<sup>5</sup> <https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes>

<sup>6</sup> <https://www.ussportscamps.com/tips/golf/4-easy-ways-to-read-greens-and-start-sinking-more-putts>

<sup>7</sup> <https://www.choosemyplate.gov/eathealthy/WhatsMyPlate>

<sup>8</sup> <https://www.realsimple.com/home-organizing/gardening/outdoor/lawn-care-products-eco-friendly>