STRATEGIC STEWARDSHIP

Guiding You Through Life's Transitions

July/August 2019

COBRA Coverage—How much do you know about it?

You likely know that if you are separated from a big company by layoff or you just resign, you will be offered COBRA health insurance benefits after your departure. That may be all you know about COBRA coverage. Here is a chance to learn much more.

Many more businesses offer COBRA coverage than you may think. The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 stipulates that any employer with 20 or more employees and a group health plan must give ex-employees an option of continuing the health insurance they had while working for another 18-36 months. So, as you can see, many large and small businesses have a legal obligation to tender COBRA coverage.[1]

Can you get COBRA coverage after being fired? Contrary to what some people think, that is possible. COBRA coverage is prompted by a qualifying event: a layoff, a decision to quit, a reduction to part-time hours, an involuntary termination of employment or even a company bankruptcy. (There are other qualifying events beyond these.) An employer can fire you and deny you COBRA benefits on the grounds of "gross misconduct," but COBRA does not really define what gross misconduct is. (It cites a willful offense against an employer as one example.) If the employer cannot show that gross misconduct on your part led to your firing, your involuntary termination should be followed by an offer of COBRA coverage.[1]

One other thing to note: if you take a job at a company with 20 or more employees and a group health plan, and you are enrolled in that group health plan just *one day* before a qualifying event occurs, you automatically become a qualified beneficiary and your employer must extend an offer of COBRA benefits to you. (By extension, COBRA benefits must also be offered to your spouse or domestic partner and your dependents.)[1]

If you are enrolled in Medicare, your former employer has no requirement to offer you COBRA coverage. Former employees who were ineligible for or never participated in an employer's group health plan are also unentitled for coverage.[1]

How do you arrange the benefits? You must fill out and return your COBRA enrollment forms within 60 days of receiving an eligibility notice. Miss that 60-day deadline, and your eligibility for benefits disappears.[2]

COBRA benefits do not come cheaply. Federal law gives your ex-employer the option to raise your plan premium by 102% during the initial benefits period and by 150% in months 18-29. This is often what happens.[1,2]

Under these conditions, you are paying your employer's share of group health premiums as well as your own, plus an administration fee. It is your responsibility to pay the premiums and keep the insurance in force. Your coverage may be canceled if you are more than 30 days late with a premium payment.[1,2]

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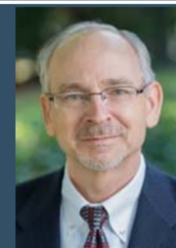

Terry Ford*, CFP®, CKA
tford@strategicsteward.com

Ed Fortier*, CFP®, CKA
efortier@strategicsteward.com

Lee Penland*
lpenland@strategicsteward.com

Michael Pemberton*, RICP, CKA
mpemberton@strategicsteward.com

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Strategic Stewardship ● 3215 South Cherokee Lane ● Suite 1630 ● Woodstock, GA 30188
Office - 678-888-0419 ● Fax - 678-888-0423 ● www.strategicsteward.com

Countdown to College

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Preparing for college means setting goals.

Most parents want to give their children the best opportunity for success and getting into the right college may help open doors. According to the latest income-per-education-level data available from the Bureau of Labor Statistics, American adults who have a bachelor's degree had median weekly earnings of $1,173 and a jobless rate of 2.5% in 2017, compared with median earnings of $712 and unemployment of 4.6% for those with just a high school diploma.[1]

Unfortunately, being accepted to the college of one's choice may not be as easy as it once was. These days, preparing for college means setting goals, staying focused, and tackling a few key milestones along the way.

Before High School. The road to college begins even before high school. As early as elementary and middle school foster your child's love for learning. Encourage good study habits and get them dreaming about college. A trip to a nearby university or your alma mater may help plant the seed in their minds. When your child reaches middle school, take the time to find out which prerequisite courses may set the right track for math and science in high school.

The earlier you consider how you expect to pay for college costs, the better. The average student loan borrower owes $32,731 in education debt, which amounts to between 65-111% of first-year salary.[2]

Freshman Year. Before the school year begins, consider meeting with your child's guidance counselor. Discuss college goals and make sure your child is enrolled in classes that are structured to help them pursue those goals. Also, encourage your child to choose challenging classes. Many universities look for students who push themselves when it comes to learning. At the same time, keep a close eye on grades. Every year on the transcript counts. If your child is struggling in a subject, don't wait to get a tutor. One-on-one instruction can be a huge benefit when mastering difficult material.

In addition to academic performance, many colleges want prospective students to be well-rounded, so encourage your child to engage in extracurricular activities, such as sports, music, art, community service, and social clubs.

Sophomore Year. During their sophomore year, some students may have the opportunity to take a practice SAT. A practice exam is a good way to give your child a feel for what the test entails as well as any possible areas improvement they may have. If your child is enrolled in advanced placement (AP) courses, encourage good performance on AP exams. High exam scores show universities your child can succeed at a higher level of learning.

Sophomore year is also a good time to get some depth in extracurricular activities. Help your child identify passions and stick to them. Encourage your child to read as much as possible. Whether they read *Crime and Punishment* or *Sports Illustrated*, they will expand their vocabulary and critical thinking skills. Summer may be a good time for sophomores to get a job, do an internship, or travel to help fill their quiver of experiences.

continued on next page

Countdown to College *(continued)*

Junior Year. Near the beginning of junior year, your child can take the Preliminary SAT (PSAT), also known as the National Merit Scholarship Qualifying Test (NMSQT). Even if they won't need to take the SAT for college, taking the PSAT could open doors for scholarship money. Junior year may be the most challenging in terms of course load. It is also a critical year for showing good grades in difficult classes.

Top colleges look for applicants who are future leaders. Encourage your child to take a leadership role in an extracurricular activity. This doesn't mean they have to be drum major or captain of the football team. Leading may involve helping an organization with fundraising, marketing, or community outreach.

In the spring of junior year, your child will want to take the SAT or ACT. An early test date may allow time for taking the test again in senior year, if necessary. No matter how many times your child takes the test, colleges will only look at the best score.

Senior Year. For many students, senior year is the most exciting time of high school. They will finally begin to reap the benefits of all their efforts during the previous years. Once your child has decided to which schools they wish to apply, make sure you keep on top of deadlines. Applying early can increase your student's chance of acceptance.

Now is also the time to apply for scholarships. Your child's guidance counselor can help you identify scholarships within reach. Also, find out about financial aid and be thorough. According to research by NerdWallet.com, well over $2 billion in free federal grant money is going unclaimed each year simply because students are failing to fill out the free application.[3]

Finally, talk to your child about living away from home. Help make sure they know how to manage money wisely and pay bills on time. You may also want to talk about social pressures some college freshmen face for the first time when they move away from home.

For many people, college sets the stage for life. Making sure your children have options when it comes to choosing a university can help shape their future. Work with them today to make goals and develop habits that will help ensure their success.

1 - https://www.bls.gov/careeroutlook/2018/data-on-display/education-pays.htm [4/18]
2 - https://www.valuepenguin.com/average-student-loan-debt [12/13/18]
3 - https://www.azcentral.com/story/money/personalfinance/2018/10/17/free-college-money-unclaimed-fafsa/38172299/ [10/17/18]

Easy Baked Ham

3-4 pound Boston Butt portion ham
1 12 oz. can Coca Cola®
½ bottle Worcestershire sauce
½ cup water

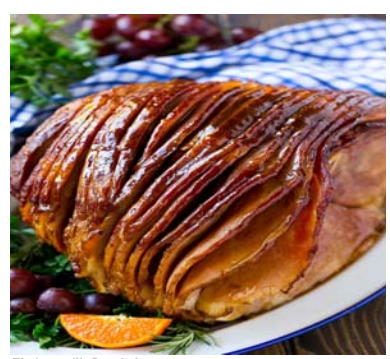
Photo credit: Google Images

Mix Coca Cola®, Worcestershire sauce and water. Place ham on heavy tin foil in deep baking dish. Pour mixture over ham. Wrap tightly.
Bake at 225°for 6 hours.

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COBRA Coverage *(continued from page 1)*

Does the standard COBRA coverage period last 18 months? Yes. If you quit, are let go, or have your hours reduced from full time to part time, then the term of coverage may last up to 18 months. If any other qualifying events lead to COBRA coverage, the benefits may continue for up to 36 months.[1]

COBRA usually extends all the group health benefits your employer sponsored. For example, if your old plan offered health, vision, and dental coverage along with a medical spending account, all that should be offered to you under COBRA. Your former employer has no obligation to continue any life or disability insurance coverage through COBRA.[1]

Some states have their own mini-COBRAs. In certain states, businesses of all sizes must comply with these laws.[1]

Divorcing spouses should take a look at COBRA. When an employee enrolled in a group health plan divorces, the plan commonly ends coverage for the ex-spouse. The law defines a divorce as a qualifying event, however, and through COBRA, a divorcing person can stay on an ex-spouse's group health plan for up to 36 months.[2]

1 - bizfilings.com/toolkit/research-topics/office-hr/what-is-cobra-what-employers-need-to-know [10/23/18]
2 - forbes.com/sites/heatherlocus/2018/10/21/what-you-need-to-know-about-3-key-options-for-health-insurance-after-divorce/ [10/21/18]

6 Principles for Financial Success
Principle #3: Build Liquidity by Michael Pemberton

This is the third of a six-part series by our own Michael Pemberton on Six Principles for Financial Success that all of our advisors emphasize repeatedly (with ourselves and) with our clients.

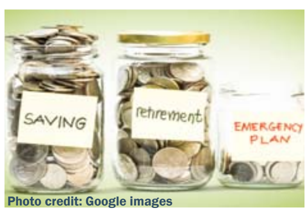

Photo credit: Google images

What does build liquidity mean? Liquidity, from a financial perspective, is defined as being capable to cover current liabilities quickly with current assets (Merriam-Webster).

Building liquidity is about setting aside money for future needs that may come up. God wants us to plan for our future with a heart of knowing He's the ultimate one directing our paths. We know we'll have cars and homes that need repairs. We know that our kids may need braces and we hope they will want to go to college. It's prudent to prayerfully plan to save for these expenses.

In my planning practice, I see too many people putting money in retirement plans, that they can't access without penalty until 59 ½, when they have little to no liquid savings. Car repairs or home maintenance comes up and they're forced to take on debt because they don't have liquid money to pay for these expenses. My recommendation to people is to follow the below plan (money map steps from Compass) to build liquidity:

1-Save $1,000 for emergencies.
2-Increase emergency fund to one month's income while paying off any credit cards.
3-Increase emergency fund to three month's income and pay off all consumer debt.

Proverbs 6:6-8 says "Go to the ant, you sluggard; consider it's ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest."

God wants us to save for future needs. Build liquidity in your financial life so you can avoid the use of debt.