



## Tips for Talking to Aging Parents About Their Finances

By: Chris Wayne, AIFA®

When we're young, our parents try to help us manage our money effectively. But as our parents get older, the tables are likely to turn. Here are a few steps for helping aging parents manage their finances.

### Start slowly and early

Parents who have accumulated significant wealth over the years may be offended by the idea that they'd ever need help managing their money, so don't be surprised if you meet resistance. That said, the earlier you bring it up, the easier it will be to step in when they do need assistance. Even if your parents are amenable to help, they may find it uncomfortable to talk about money.

### Alert them to scams

Next, make sure they're aware of the rise in financial fraud and the growing number of scams targeting seniors. In 2020, the FBI's Internet Crime Complaint Center received a total of 791,790 complaints with reported losses exceeding \$4.1 billion—approximately \$1 billion of which were losses to victims over the age of 60.<sup>1</sup>

For example, if they're not already familiar with today's phishing tactics, explain how to spot them. Make sure they also understand they should never provide their Social Security numbers or other personal details when they receive unsolicited phone calls or emails. As an extra precaution, you might suggest a power of attorney (POA) agreement to give you or another trusted family member the authority to manage and monitor their financial accounts. With a POA, your parents retain control and ownership over their assets, but their designated agent can sign checks, withdraw funds, and handle other transactions on their behalf.

### Talk about health care

With health care costs continuing to rise, a 65-year-old couple would need to save roughly \$325,000 to pay for routine medical care in retirement.<sup>2</sup> And if one or both of them develop a medical condition, that number could easily double.<sup>3</sup> Many married couples assume that one spouse will simply take care of the other should one of them need ongoing care. Adult children can help facilitate the discussion by doing some preliminary research into the cost of care, as well as thinking through how insurance or family members might be leveraged to help keep expenses down.

### Ask about estate plans

As unpleasant as it is to think about, there may come a time when your parents are no longer able to make decisions on their own. That's why it's so important they have financial and medical POA agreements in place, which allow you or other trusted individuals to make decisions on your parents' behalf.

It's also prudent to discuss whether they expect to pass on any assets to their heirs and to review the ramifications of certain types of inheritances, especially retirement assets.

For example, the SECURE Act now requires most non-spouse inheritors of tax-advantaged retirement accounts to deplete them within 10 years of

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1 "Elder Fraud Report," FBI's Internet Crime Complaint Center, 2020.

2 "A Bit of Good News During the Pandemic: Savings Medicare Beneficiaries Need for Health Expenses Decrease in 2020," Employee Benefit Research Institute, May, 28, 2020.

3 John Bailey Jones, Mariacristina De Nardi, Eric French, Rory McGee, and Justin Kirschner, The Lifetime Medical Spending of Retirees, nber.org, 07/2018.



# Medicare Open Enrollment

By James Schmitz

Medicare Open Enrollment dates begin October 15, 2023, through December 7, 2023. Medicare is health insurance for people 65 and older, it also covers some people under 65 with certain disabilities. Your Medicare coverage choices may include original Medicare (Parts A and B).

## Part A Typically Covers:

- Inpatient care in a hospital or skilled nursing facility
- Hospice care
- Home health care

## Part B Typically Covers:

- Medically necessary doctors' services
- Outpatient care
- Home health services
- Durable medical equipment and other medical services
- Many preventive services

## Medicare Advantage (Part C):

The most common types of Medicare Plans are:

- Health maintenance organization (HMO) plans
- Preferred provider organization (PPO) plans
- HMO point-of-service (HMO POS) plans
- Special needs plans (SNP)

## Medicare Prescription Drug Coverage (Part D)

A Medicare Supplement Insurance Plan can be added to cover eligible health care costs that Original Medicare (Medicare Parts A and B) don't cover. It cannot be combined with a Medicare Advantage plan.

Excerpts from [allinahealthaetna.com](https://www.allinahealthaetna.com/medicare)

# Individual Health Insurance Open Enrollment

By James Schmitz

You can purchase or make changes to your health insurance beginning November 1, 2023, through January 15, 2024. For coverage to start January 1, you must enroll by December 15.

You may qualify for a Special Enrollment Period due to a life event, like losing other coverage, moving, getting married, or having a baby.

The ACA (Affordable Care Act) established essential healthcare benefits to many who would otherwise not have been covered. Insurance companies can't deny coverage based on a person's medical history or health status. Plans cover the cost of recommended preventative services and can't discriminate based on race or gender.

The Minnesota Health Insurance Exchange, MNsure, is the official Minnesota state marketplace for health insurance under ACA. You can use MNsure to apply for cost assistance, compare prices of plans, change plans, and enroll in a plan that best suits you, your family, or your small business.

If you have questions or need help with enrollment, give us a call!

Excerpts from [healthcare.gov](https://www.healthcare.gov), [hhs.gov](https://www.hhs.gov), and [minnesota-healthplans.com](https://www.minnesota-healthplans.com)

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the decedent's passing (or face a penalty), which will likely push the recipients into a higher tax bracket. If you haven't already done so, ask your parents to introduce you to their estate-planning attorney or financial advisor.

### Include the family

Too often, important discussions between parents and adult kids happen one-on-one rather than as

a family—and that can create problems down the road. That's why we urge families to air out issues such as care and estate plans together.

We offer family meetings to get the conversation started. Let us know how we can help with you with talking to your aging parents.



# Common Estate Planning Myths

By Kimberly Foster, ChFC®

Common beliefs about wills, trusts, and the probate process may be incorrect or misunderstood. Collaboration with a qualified estate planning expert helps ensure your goals and desires are met.

## My will controls all my assets.

False. A will only distributes assets left in your individual name when you die. Assets that pass by title or beneficiary designation pass by operation of law. Your home, retirement accounts, and life insurance are examples of assets that can transfer to others outside of the terms of your will, if they are correctly titled or have completed beneficiary designations. Typically wills work in coordination with the titling and beneficiary designations of your assets. When the provisions of your will conflict with the titling or beneficiary designations, your goals for transferring your assets may be negatively affected. For this reason, consider the titling and beneficiary designations of the assets you own as important as any provision of your will.

## Having a revocable trust means I can completely avoid probate.

Misunderstood. It's true that assets held inside a correctly drafted revocable trust avoid the sometimes costly and time-consuming probate process. Still, a common mistake is to have a revocable trust but then not properly fund the trust. As one

example, you might intend for your brokerage accounts to be owned by the revocable trust, but if you do not change the ownership of those accounts to the revocable trust, the brokerage accounts will become a part of your probate estate. Therefore, if you have a revocable trust as a part of your estate plan, or you're thinking of creating one, make sure you follow through to the very end of this process and properly fund the trust, or the benefits of having a revocable trust may be lost.

## I am too young for an estate plan.

False. History is filled with stories of celebrities who died at a young age without creating an estate plan and the resulting chaos to their estate and heirs. These stories should be cautionary to everyone because you never know when you might need an estate plan.

Are your assets correctly titled or have completed beneficiary designations? This step can easily begin by contacting your advisor at LFA and we'll help you out.

Source: Schwab Center for Financial Research 03.23 Austin Jarvis, JD



## Blueberry Banana Bread *Topped with an Oatmeal Crumble*

ELIZABETH POETT—THE RANCH TABLE

### INGREDIENTS:

#### For Bread:

- 1 ½ cups all-purpose flour
- ¾ cup light brown sugar
- 1 teaspoon baking powder
- 6 tablespoons unsalted butter, at room temp
- 2 eggs, beaten
- ½ teaspoon kosher salt
- 2 bananas, ripe and mashed
- 1-pound fresh blueberries

#### For Topping:

- ½ cup old fashioned rolled oats
- ¼ cup light brown sugar
- ½ teaspoon of salt

### DIRECTIONS:

1. Preheat the oven to 350°F and line a 9x5 baking dish with parchment paper.
2. In a medium bowl, mix flour, baking powder and salt together.
3. In a large bowl using a hand mixer, mix sugar and butter until well combined. Add in eggs, banana and mix well.
4. Mix in dry ingredients a little at a time until fully incorporated. Then with a wooden spoon add in blueberries and mix carefully. Pour into the prepared pan.
5. For Topping: In a medium bowl mix oats, sugar, and salt. Top banana mixture generously.
6. Bake for 1 hour or until a toothpick comes out clean. Let cool for 15 minutes before cutting into the bread.



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CATEGORY	3 MOS	YTD	1 YEAR	5 YEAR
Large Cap Value	-4.82%	-0.32%	9.39%	5.90%
Large Cap Blend	-4.80%	8.20%	14.32%	8.20%
Large Cap Growth	-4.91%	18.04%	18.79%	8.78%
Mid Cap Value	-6.29%	-0.57%	7.94%	5.19%
Mid Cap Blend	-6.53%	1.40%	8.05%	5.24%
Mid Cap Growth	-7.67%	5.21%	7.42%	5.49%
Small Cap Value	-5.62%	0.32%	8.56%	4.02%
Small Cap Blend	-7.23%	0.15%	6.37%	3.34%
Small Cap Growth	-9.09%	1.73%	3.42%	3.57%
Foreign	-7.02%	3.33%	17.58%	2.45%
Govt. Bonds (Interm.)	-4.23%	-2.95%	-2.73%	-0.75%
Corp. Bonds (Interm.)	-4.14%	-2.27%	-1.43%	-0.21%

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*The LFA Report*

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