



Ellenbecker  
Investment Group

# In Touch

Since 1996

4th Quarter 2018

## Financial Emotions and Expectations

As we all hear in headlines, it has been a bull market for a significant period of time and the market is at an all-time high. It is easy to forget how things felt during the financial crisis of 2008 and 2009. Some of the headlines of that time resulted in great fear and plan abandonment for the average investor. Thankfully, the financial world did not collapse, inflation did not skyrocket and the dollar did not disappear. Auto industry bailouts did not bankrupt our economy and the people who were ignoring their fiduciary responsibility were persecuted. However, when the headlines and television reporters were bombarding us with those fears, the uncertainty was almost too much to bear for many investors. Although things appear more positive today, there is still the fear of something changing without warning.

We do not have control over what happens with the financial market. However, we can control the risk you have in your investment portfolio. At Ellenbecker Investment Group we have four significant considerations while managing your portfolio.

- 1) **Diversification** — Allows us the upside potential while also protecting the downside of market volatility. Asset allocation as a strategy of buying and holding high quality investments can result in positive performance and downside protection. Managing money in an “up” market is equally as important as managing money in a “down” market. Our responsibility is to help you determine what asset allocation you are comfortable with in any market climate.
- 2) **High Quality Investments** — Even when the portfolio goes down, with high quality investments, we are confident they will rebound when the market does.
- 3) **Tax Efficiency** — Paying attention to dividends, capital gains and distributions is critical in managing a tax

efficient portfolio. Tax planning has a large impact on the overall longevity of your investment portfolio.



**Julie Ellenbecker-Lipsky, CFP®**  
President & Sr. Wealth Advisor  
Ellenbecker Investment Group

#### 4) **Fees and Expenses** —

It is important to keep fees and expenses low. Using investments with manageable fees plays a big role in the stability of your portfolio, especially in a negative market climate.

Today is a great time to pause and reflect on how you felt in the most recent market downturn. Remember how it felt to read headlines and talk at cocktail parties about the doom and dread in the world economy. Knowing that we will most likely live through another down market, determine if you would be comfortable going through a similar market cycle with your portfolio as it is currently positioned. Our job is to help you understand your plan so that when turbulent markets occur you can sleep soundly each and every night.

Many of us have enjoyed the opportunity of market growth and stellar performance over the last several years. Let’s work together to ensure that you have the same comfort and confidence going into a possible volatile market climate. Schedule time to talk with your advisor today.

Turn to page 4 for a timely and helpful story during an uncertain market climate. ■

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Karen & Julie.



N35 W23877 Highfield Court, Suite 200 | Pewaukee, WI 53072 | (262) 691-3200  
705 E. Silver Spring Drive | Whitefish Bay, WI 53217 | (414) 727-6920  
27499 Riverview Center Blvd., Suite 210A | Bonita Springs, FL 34134 | (239) 444-6110

# Never Too Small (or Big) for an Estate Plan

When legendary Aretha Franklin died without a will, she was in good company with other poor planners like Michael Jackson, Howard Hughes, Pablo Picasso, Prince and James Brown. A 2017 *Caring.com* survey shows that six out of ten Americans do not have a will. Of those surveyed, the main reason for not having a will was procrastination, just not making time to do it or feeling that their estate was too small to warrant one.

I wrongly assumed that wealthy and famous people would seek out professional advice to ensure that their family was taking care of in the event of their death. Unfortunately, either they did not have anyone that had their back when it came to plan for their death or they just ignored the advice from professionals.

How does this scenario play out with less famous people (like us) who are just as hard working and have accumulated wealth? It is a rare occasion that I sit down with someone that has no need for an estate plan. An estate plan consists of a will, Revocable Trust and Durable Powers of Attorney for both Health Care and Finances and can be tailored to your specific needs. If you die intestate (without a will), the government determines how your assets will be divided. Under Intestacy laws, the distribution of your estate is predetermined according to degree of the relationships. You give up the ability to direct how your assets pass, to avoid estate and income taxes and limit privacy. Simply put, if you die without a will, you give up control of your assets at your death. If you do not have a will the government has one for you!

## **Some observations:**

**Not Enough Money** — I have found that the younger you are, the more resistance there is to doing estate planning. Many young individuals think they are too young to plan and they inadvertently underestimate their net worth. One of the most overlooked assets is employer provided life insurance. Another trap that many fall into is ignoring the value of retirement accounts and who is listed as the beneficiary. Calculating your net worth when you are alive can be dramatically different than calculating it at your death.

**Too Hard to Think About** — Oftentimes younger parents struggle with who to name to raise their minor children in the event of a tragedy. This can be tricky and forces us to look at a very difficult situation. The important thing to remember is that guardians can always be changed as time goes on but it is incredibly important for you to

select who you want to step in and take care of your children if you are unable. As difficult of a decision as this may be, do you think a judge will do a better job selecting that person for you?

## **Family Feuds** —

Sometimes parents just do not want to have the conversation and they decide to let the chips fall where they may once they are gone. This scenario causes more heartache and separation than can be imagined. Finding the courage to address these difficult issues prior to your death sets the stage for harmony and maintaining family connections after you are gone. It gives you peace of mind and it puts the cards on the table so you can resolve any issues that may arise.

**Just Too Busy** — Probate will not give Aretha Franklin any “respect” as it relates to her asset distribution. Her estate will go through probate and be divided to the people in her blood line, regardless if that is what she wanted. She will be honored with no privacy and a ton of legal bills. Ultimately, this may result in other people contesting the will or other drawn out public legal battles. It is not a difficult, complicated or expensive process to ensure your estate planning documents are in good order. The first step is finding an attorney that you trust. We have several attorneys that we collaborate with at EIG that provide a free consultation to flush out what you want to happen after your death. If you are comfortable and choose to move forward, they will quote you a flat fee to draft your documents. We do not revenue share with any of the attorneys we recommend and we are happy to work with an attorney of your choice. We help with any additional paperwork and update beneficiary designations once the documents are completed. This process will take about thirty days from start to finish with about two hours of meeting time.

Why let the distribution of your accumulated wealth and personal objects land in the hands of the state? Why pay more taxes than necessary? Why cause dysfunctional behavior amongst your beneficiaries? Why let your final affairs become public? I suggest you take time to work with an attorney to provide a legal structure to put your wishes in place.

Look for our billboard “Advisors who Inspire Confidence”. We are here to inspire you to move forward in the planning process, so you are in control of your financial well-being. ■



**Karen J. Ellenbecker**  
Founder & Sr. Wealth Advisor  
Ellenbecker Investment Group

# Informed Aging: Diabetes, Dementia and "Darn It, I Can't Hear You!"



**Diane Byrne, CFP®, AIF®**  
Senior Wealth Advisor  
Ellenbecker Investment Group

Recently we held a panel discussion to share important information about three health-related issues that are more likely to affect us as we age. Here are some of the things we learned:

## Diabetes

According to the American Diabetes Association:

- Diabetes is a problem with your body that causes blood glucose (sugar) levels to rise higher than normal. This is also called hyperglycemia. Type 2 diabetes is the most common form of diabetes.
- If you have type 2 diabetes, your body does not use insulin properly. This is called insulin resistance. At first, your pancreas makes extra insulin to make up for it. But, over time it is not able to keep up and cannot make enough insulin to keep your blood glucose at normal levels. Type 2 is treated with lifestyle changes, oral medications and insulin.
- People with diabetes incur on average medical costs of \$13,700 each year, and \$7,900 of that is attributed to diabetes. This is an increase in medical expenditures of 2.3 times what someone who does not have diabetes incurs.
- A study published in the journal *Neurology* reports that changes in blood vessel activity in the brains of diabetics may lead to drops in cognitive functions and their ability to perform daily activities.

## Dementia

According to the Alzheimer's Association:

- Alzheimer's disease is a degenerative brain disease and the most common form of dementia. Dementia is not a specific disease. It is an overall term that describes a group of symptoms.
- Worldwide, 50 million people are living with Alzheimer's and other dementias.
- One in three adults over the age of 65 will become diagnosed with dementia or Alzheimer's Disease.
- Your memory often changes as you grow older, but memory loss that disrupts daily life is not a typical part of aging.

Elderly people who have cognitive impairments may be at risk of undue influence. This can occur with caregivers, new significant others/spouses, children of previous marriages and "new" friends or neighbors. Undue influence can result in financial abuse.

## "Darn It, I Can't Hear You!"

According to the Hearing Loss Association of America:

- Hearing loss is the third most common physical condition after arthritis and heart disease.
- Noise and aging are the most common causes of hearing loss in adults. There is a strong relationship between age and reported hearing loss.
- Presbycusis, or age-related hearing loss, causes changes in the inner ear as you get older resulting in a slow but steady hearing loss. In older people, a hearing loss is often confused with, or complicates, conditions such as dementia.
- Hearing loss is an invisible condition. Since hearing loss is often not visible, people might jump to the wrong conclusion that someone is aloof, confused, not smart or has had a personality change.
- Your treatment will depend on the degree of your hearing loss, so some treatments will work better for you than others. There are a number of devices and aids that help you hear better when you have hearing loss.

Your ability to make sound financial decisions may be affected by any of the conditions described above. In addition to seeking advice from your health-care providers, you can be proactive and do the following:

- Review your Power of Attorney (POA) for Health Care. Make sure the people you have selected as your agents (primary and successor) know your wishes related to the items listed in the document.
- Review your Power of Attorney for Finance (or Durable Power of Attorney). Is the POA active now (immediate) or activated upon the diagnosis of two doctors or one doctor and one psychologist (springing)? Are the people you have selected as agents still the ones you would want to make financial decisions on your behalf if you were no longer able to do so?
- Make sure a trusted spouse/person has access to your log-ins and passwords for your online accounts.
- Tell your financial advisor if you have health-related issues that may affect your ability to meaningfully participate in conversations and make informed financial decisions. ■

**Sources:** Heather B. Poster, Becker Hickey & Poster S.C, The Financial Burden of Diabetes 12/30/16, Time, How Diabetes Harms the Brain by Alice Park, 7/8/15; alz.org; For more information see [www.diabetes.org](http://www.diabetes.org), [www.alz.org](http://www.alz.org), and [www.hearingloss.org](http://www.hearingloss.org).



CERTIFIED FINANCIAL PLANNER™



Certified Financial Planner Board of Standards Inc. owns these certification marks in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

# Charitable Gifts of Life Insurance

People give to charities for a variety of reasons. Many want to support a favored cause or institution. Others believe they owe something back to society or have compassion for the less fortunate. Still others are looking to benefit from tax incentives for charitable gifts.

A gift of life insurance can make a substantial future gift to the charity of your choice at an affordable cost and offer tax incentives along the way.

There are several ways to make a gift of life insurance:

- Purchase a new life insurance policy on your life and name the charity as the owner and beneficiary of the policy. Each time you make a premium payment on the policy it is deemed a tax-deductible gift to the charity. At your death the insurance company receives the specified death benefit.
- If you have an existing life insurance policy on your life, you can name the charity as the policy beneficiary. Because you continue to own the policy there is no immediate income tax deduction available. At your death the proceeds of the policy will be paid to the charity and there are potential tax benefits to your estate at that time.

- Another option is to gift an existing life insurance policy to the charity. Because you are relinquishing ownership of the policy an immediate gift is recognized for tax purposes. In addition, on-going premium payments on the policy will be considered charitable gifts.



**Diane Gastrow**  
Director of Insurance Planning  
Ellenbecker Investment Group

Both permanent and term life policies can be gifted to charity. The insurance carrier will determine the value of the gift based upon guidelines from the IRS, including a calculation called the Interpolated Terminal Reserve (ITR) value.

Regardless of which approach you take, it is important that you discuss your intentions with your Tax Planner and your Insurance Advisor to make certain you have a full understanding of the mechanics of the process, as well as the tax deductions available today and in the future. ■

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Diane Gastrow.



## Financial Emotions and Expectations

*continued from cover*

As I mentioned in the cover article, below is a story I have shared many times before from [www.horsemouth.com](http://www.horsemouth.com) that I believe is very timely and helpful during this somewhat uncertain market climate.

### ***Sleeping Through the Storm***

*A young man applied for a job as a farmhand. When the farmer asked for his qualifications, he said, "I can sleep when the wind blows." This puzzled the farmer. But he liked the young man and hired him. A few days later, the farmer and his wife were awakened in the night by a violent storm. They quickly began to check to see if all was secure. They found that the shutters of the farmhouse had been tightly fastened. A good supply of logs had been set next to the fireplace. The young man slept soundly. The farmer and his wife then inspected their property. They found that the farm tools had been placed in the storage shed, safe from elements. The tractor had been moved into the garage. The barn was properly locked. Even the animals were calm. All was well. The farmer then understood the meaning of the young man's words, "I can sleep when the wind blows." Because the farmhand did his work loyally and faithfully when the skies were clear, he was prepared for the storm when it broke. So when the wind blew, he was not afraid. He could sleep in peace.*

Today the market skies are relatively clear and many of us have enjoyed the opportunity of market growth and stellar performance over the last several years. There is no better time to meet with your advisor to review, modify and perfect your current financial plan so when the next storm comes our way, like the farmhand, you can sleep well at night. ■

# Social Security

Social Security is an important part of any retirement conversation. Below are frequently asked questions, and we welcome you to join us on November 6 to learn more.

## Can I work in retirement and still collect Social Security benefits?

Yes, but you should be aware that if you are collecting benefits and are younger than full retirement age and make more than the yearly earnings limit, your benefit may be reduced.

**If you are under full retirement age for the entire year,** SSA will deduct \$1 from your benefit payments for every \$2 you earn above the limit. For 2018, that limit is \$17,040.

**In the year you reach full retirement age,** SSA will deduct \$1 in benefits for every \$3 you earn above a different limit. In 2018, the limit on your earnings is \$45,360 but **SSA only counts earnings before the month you reach your full retirement age.**

**When you reach full retirement age,** beginning with the month you reach full retirement age, your earnings no longer reduce your benefits, no matter how much you earn.

## Are my benefits reduced if I retire mid-year?

Some people who retire mid-year have earned more than the yearly earnings limit. There is a **special rule that applies to earnings for one year**, usually the first year of retirement.

The special rule allows SSA to pay a full Social Security check for any whole month you are considered retired, regardless of your yearly earnings.

- If under full retirement age for all of 2018, you are considered retired in any month that your earnings are \$1,420 or less **and** you did not perform substantial services in self-employment.
- If you reach full retirement age in 2018, you are considered retired in any month that your earnings are \$3,780 or less **and** you did not perform substantial services in self-employment.

Substantial services in self-employment means that you devote more than 45 hours a month to a business or between 15 and 45 hours to a business in a highly

skilled occupation.

## Example:

John retires at age 62 on June 30, 2018. He earned \$37,000 in 2018 before he retired. On October 5th, John starts his own business. He works at least 15 hours a week for the rest of 2018 and earns an additional \$3,000 after expenses. His total earnings for 2018 are \$40,000.

Although earnings for the year exceed \$17,040, John will receive a payment for July, August and September as he was not self-employed and his earnings in those months are \$1,420 or less (the limit for people younger than full retirement age).

John will not receive benefits for October, November or December because he worked in his business over 45 hours per month during these three months.

Beginning in 2019, the deductions are based solely on John's annual earnings limit.

## Consider the following when assessing your own personal situation:

- The earnings cap applies to gross wages before any deductions for retirement plan contributions.
- The earnings cap does not apply to unearned income such as other government benefits, investment earnings, interest, pensions, annuities and capital gains.

As each client scenario is unique, please reach out to your advisor to address your specific questions. ■

Register for our Social Security seminar at [Ellenbecker.com/events](http://Ellenbecker.com/events).

Sources: [aarp.org/work/social-security/question-and-answer/how-are-social-security-benefits-calculated.html](http://aarp.org/work/social-security/question-and-answer/how-are-social-security-benefits-calculated.html); [ssa.gov/planners/retire/whileworking.html](http://ssa.gov/planners/retire/whileworking.html); [ssa.gov/planners/retire/rule.html](http://ssa.gov/planners/retire/rule.html)



**Jean Range, CFP®**  
Senior Wealth Advisor  
Ellenbecker Investment Group

Transparency =  
*trust*

# Money Down the Drain?

A recent MyBankTracker survey found that Americans **waste nearly \$3.5 billion in bank fees annually.** What is even scarier, is that the survey only covered the top five U.S. banks. Imagine what that number would be for every bank and credit union across the country!

Surprisingly, quite a few consumers do not even know they are paying fees on their bank accounts. With less paper statements being produced, it can be hard to review your monthly bank statement on a mobile device or tablet. However, everyone should take time to see what fees they are paying.

Some easy ways to avoid fees include using direct deposit, maintaining a minimum balance, not changing banks often and receiving your monthly statements electronically instead of paper. These all may seem basic but most bigger banks charge for not using these services.

Banks can also charge monthly maintenance fees just for having the account. Some other potential fees include foreign transaction fees, replacing a lost or stolen card, redeeming reward points and there are banks that charge to use a human teller. Not very welcoming for a financial institution to charge you when you walk in the door!

These charges and fees range anywhere from \$3 to \$25 per month or per occurrence and over the course of a full calendar year, they can really add up. It is very important to review your monthly statements and determine what fees you can avoid. Banks are slowly providing summary statements of their fee schedules but quite a few still bury it in their disclosure statements that can be challenging to understand.

Thankfully, there are several options out there to minimize or completely eliminate banking fees altogether. What is even better is that the answer could be right in your backyard. Many smaller, local community banks and credit unions have minimal fees, if any. Some even rebate ATM fees if you take money out at a different bank.

Take some time and shop around to find the best option for you and your family. It could put hundreds of dollars back in your wallet. ■



**Brett Engelking**  
Director of Bus. Operations & CCO  
Ellenbecker Investment Group

# Being an Active Listener

Everyone likes to be heard. As a Stephen Minister at my church, I provide Christian-centered care to those facing a challenging time in their life. Simply put, I lend a listening ear and caring presence to help my care receiver sort out feelings and realize clarity and relief to the situation. To be a good listener, you must have a desire, personal commitment and patience. People don't listen well if they don't truly want to hear what is being said.

Committing yourself to being present in the conversation shows a person how much you care. You must patiently take time to understand a person's needs and allow for silence when necessary. Being at ease in silent moments allows the other person to express their feelings and thoughts they might be struggling to put into words. Truly effective listening takes work – physically, mentally and spiritually.

In active listening, you serve as a mirror to help a person see themselves through what you hear and see. Active listening involves paying attention, asking questions and reflecting. Eye contact, leaning forward and avoiding looking at your watch or phone are practical suggestions. Open-ended questions, those that require

an 'essay-type' response and interpretation, encourage the person to elaborate on their answer and feelings.

Reflecting means listening for a while then summarizing what the person said in your own words. This gives the person a chance for greater self-awareness and self-understanding.

Listening develops a trusting environment where both parties feel at ease to share their feelings and concerns. As I help others in their efforts to move through a tough spot, I feel rewarded and blessed in the relationship and deep connection – all through listening. This type of focus on others helps me personally (as a mother of teenagers, wife, friend) and professionally, as well.

"There is a difference between truly listening and waiting for your turn to talk." ~ Ralph Waldo Emerson ■



**Heather Deaton**  
Wealth Advisor Associate (to Julie)  
Ellenbecker Investment Group

Visit [ellenbecker.com/podcasts](https://ellenbecker.com/podcasts) to listen to the podcast by Heather Deaton.





# How to Choose a Charity You Can Trust

*Tips from your Better Business Bureau® Serving Wisconsin*



**Julie Albrecht**

Director of Marketing & Communications  
BBB Serving Wisconsin  
[jalbrecht@wisconsin.bbb.org](mailto:jalbrecht@wisconsin.bbb.org)  
(414) 847-6062

If you are thinking about donating to a charity, do some research before you give. By finding out as much as you can about the charity, you can avoid scammers and fraudsters who try to take advantage of your generosity. Here are 7 tips to help make sure your charitable contributions are put to good use.

## 1. Thoughtful Giving

Take the time to check out the charity. Be proactive and find trusted charities that are providing assistance. Visit [give.org](http://give.org) to verify that a charity meets the BBB Standards for Charitable Accountability.

## 2. Crowdfunding

Keep in mind that some crowdfunding sites do very little vetting and it is often difficult for donors to verify the trustworthiness of crowdfunding requests for support.

## 3. Government Registration

Most states require charities to register with a state government agency before they solicit for charitable gifts. If the charity is not registered, that may be a significant red flag.

## 4. Ask: How Will Donations Be Used?

Watch out for vague appeals that do not identify the intended use of funds.

## 5. Online Caution

Never click on links to charities on unfamiliar websites or in text messages or email. These may take you to a look-alike website where you will be asked to provide personal financial information or may download harmful

malware onto your computer. **Don't assume that charity recommendations on social media have already been vetted.**

## 6. Financial Transparency

It is important for organizations to provide an accounting of how funds are spent. Transparent organizations will post this information on their websites so that anyone can find out right away.

## 7. Tax Deductibility vs. Tax Exempt

Not all organizations collecting funds are tax exempt as charities under section 501(c)(3) of the Internal Revenue Code. Donors can support these other entities, but keep this in mind if they want to take a deduction for federal income tax purposes. Tax exempt means the organization does not have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return.

## Do Your Research and Report Charity Scams

Check if the charity is trustworthy by contacting the **Better Business Bureau's (BBB) Wise Giving Alliance, Charity Navigator, Charity Watch** or **GuideStar**. If you think you have been the victim of a charity scam, report it to BBB Scam Tracker at [bbb.org/scamtracker](http://bbb.org/scamtracker). ■

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Julie Albrecht.



*Ergonomics* continued from page 7

- Your chair should be at a height so that your feet are flat on the floor, your knees are bent 90 degrees and you are able to sit back in the chair with your back supported. Once you sit all the way back you should be able to fit 2-3 fingers between the crease of your knee and your chair. If there is more than this it leads to a lot more tension on your back because your legs are not fully supported. The flip side of that is if you sit all the way back and your feet are not flat on the floor, you may need to add a box or books so your feet are flat.

- If you have a laptop, make a docking station. You can get a monitor riser, separate keyboard and mouse. This is a really cheap alternative to the aches and pains of constantly looking down.
- Use a headset whenever possible if you are on the phone.

Check out Empower Movement Physical Therapy's YouTube channel for stretches to do at work and a deeper overview of workstation set up. ■

# Introducing the HealthMarkets Promise: Convenience, Choice & Counsel at No Additional Cost!



**Jim Larson**

Licensed Independent Insurance Agent  
HealthMarkets Insurance Agency  
**Jim.Larson@healthmarkets.com**  
**(262) 510-6073**

The Medicare Annual Open Enrollment Period is right around the corner! You will have numerous options for covering your health care costs but don't expect your neighbors' plan to be the best choice for you. Be sure to work with a licensed insurance agent to truly understand your options. A good agent will be certified and appointed with multiple carriers, be able to determine which plans will provide the right coverage for YOUR needs, and be able to do all this without costing you a dollar.

The annual enrollment period for Medicare beneficiaries begins October 15th and ends December 7th. This is a great time for seniors to explore new offerings that could provide better coverage and potential savings.

Seniors can potentially enroll in:

1. Original Medicare (A+B), plus a Qualified Drug plan
2. Original Medicare with a Medicare Supplement/Medigap plan (plus a Qualified Drug Plan)
3. Medicare Advantage (Part C) plan (with or without Qualified Drug coverage included)

Medigap plans work to augment Original Medicare. Original Medicare covers 80% of allowed services and Medigap plans typically cover the remaining 20% when structured correctly. Medigap plans are accepted everywhere that accepts Original Medicare. Monthly premiums start at around \$150-\$300/month at age 65 and increase annually. After the initial eligibility

period, medical underwriting applies. Prescriptions are not covered under these plans. You must purchase stand-alone prescription coverage, also known as Part D.

Medicare Advantage plans work in place of Original Medicare. Benefits are administered by private Insurance companies and provide out-of-pocket maximums ranging from \$3000 to \$7000+ in 2019, after which the plan pays 100% of covered expenses. Many services are reduced to simple co-pays. Monthly premiums range from \$0 to almost \$200/month and are not age or health based. Advantage Plans can have Part D coverage included and can offer access to dental, vision, wellness, etc.

Things to consider when choosing: Is my agent working in my best interest? Are my doctors/hospitals/pharmacies covered? Are there copays, deductibles, monthly premiums, maximum out-of-pocket amounts? Are there extra benefits like fitness club memberships, dental, vision, and foreign travel?

Contact a trusted, local, licensed agent soon to review your options for 2019. Register for our Medicare seminar on October 11 at [ellenbecker.com/events](http://ellenbecker.com/events). ■

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Jim Larson.



## Milwaukee's Philanthropic Community Past Guests

Tune in to WISN AM 1130 at 5:00pm CST every other Saturday or connect online at [newstalk1130.com](http://newstalk1130.com). Listen to our past shows on [ellenbecker.com](http://ellenbecker.com). To recommend a non-profit for the show, email [jill@ellenbecker.com](mailto:jill@ellenbecker.com).

### Our previously featured organizations include:

- Stabenfeldt Family Charitable Foundation
- Zachariah's Acres
- Duncan Entertainment Group
- Charles Allis Museum
- Milwaukee Homeless Veterans/WOVIN
- Stars & Stripes Honor Flight
- Make a Wish – Wisconsin
- Gold in September (G9)
- Your Choice to Live
- Generations Against Bullying
- The Joseph Project
- Shepherd's College
- Purposeful Hustle book
- ACT Housing



### Upcoming Show Dates:

- October 6, 20
- November 3, 17
- December 1, 15, 29

# Achieving a Better Life Experience Act of 2014 - ABLE Act



**Anne Mank, CFP®, CPA**  
Wealth Advisor  
Ellenbecker Investment Group

What if I told you there is a way to save for the future of your special needs child without jeopardizing their government benefits like Medicaid or Social Security Income (SSI)? What if I told you there is a way to save for your special needs child and all the growth in the account could be used for their benefit plus be tax free? I know that sounds too good to be true, but I also heard those same comments when the Roth IRA and 529 education plans were created. So why aren't more people using these accounts? The answer is simply that people just don't know they have this option.

Achieving a Better Life Experience, or "ABLE" accounts, were created to ease the financial strain faced by individuals with disabilities by allowing them to cover qualified expenses including education, housing and transportation. The accounts can be funded for the benefit of the disabled individual without adversely affecting their eligibility for public benefits. This account is meant to supplement any and all resources the individual might currently be using.

As with everything in life, there are some rules and requirements to opening, funding and using an ABLE account.

Here are the eligibility requirements for opening an account:

- The age of onset of a significant disability must be before turning 26 years of age.
- If you meet the age requirement and currently receive SSI or Social Security Disability Income (SSDI), you automatically qualify.
- If you meet the age requirement but do not currently receive SSI or SSDI, a licensed physician needs to write a certification letter to say the person meets the Social Security criteria for significant functional limitations.

- There can be only one account per eligible individual.

Here are the funding regulations:

- Annual contributions by all individuals, including family and friends, cannot exceed \$15,000.
- Total lifetime contributions cannot exceed \$300,000.
- If an individual is receiving a SSI cash benefit, they are limited to a balance of \$100,000; otherwise the cash benefit would stop until the balance was once again under \$100,000. There would be no effect on the Medicaid benefits.
- Upon the death of the individual, the state could file a claim to be compensated for the Medicaid benefit received by the individual.

Sounds great, so how do you open an account? Much like the educational 529 plans, states have the option to sponsor their own plan. You can pick the plan from your state or any other state. There could be some tax advantages or investment advantages for each option, so it is recommended that you talk with a financial professional familiar with how the accounts work and what the options are from each state. If you would like a list of questions to consider when looking into each of the state ABLE programs, please email me at [anne@ellenbecker.com](mailto:anne@ellenbecker.com).

Many times, I am working with families who are funding a 529 plan or a brokerage account for their non-disabled children and they don't know how to financially help or support their disabled child. An ABLE account is a cost effective way with possible tax advantages that makes sure your disabled child can supplement their resources and live the life you always imagined for them. ■

Visit [ellenbecker.com/podcasts](http://ellenbecker.com/podcasts) to listen to the podcast by Anne Mank.



# Navigating the Path of Senior Housing

Senior housing is an umbrella term for all types of housing that are designed to accommodate the lifestyle choices and needs of older adults. Under this umbrella are the general categories of Independent Living, Assisted Living, Memory Care and Nursing Home. Independent living communities are not licensed by federal or state agencies. Assisted living and memory care communities are licensed by the state in which they operate. In most states, nursing homes are regulated by both state and federal agencies.

While as simple as the explanation may be above, exploring senior housing can become confusing. Some providers may offer just one of the above services, some offer components of independent living and care, while others offer all four levels. Depending on the independent living lifestyle you want or need, there are choices to be made based on what you envision when transitioning into an apartment or campus lifestyle. To top it off, there are different licensing categories within assisted living that may or may not limit the services the provider is able to offer.

As you prepare for the years ahead, exploring options is worth your time. An independent living apartment can be as simple as an age restricted community that offers nothing more than an apartment and common spaces for social interactions among peers. It can also be

much more robust by offering apartments or townhome options, recreational spaces, dining venues and fitness centers. In Wisconsin there are two terms you may hear when seeking assisted living services: Residential Care Apartment Complex (RCAC) or Community Based Residential Facility (CBRF). In general, the differences reflect admission criteria, scope of service and hours allowed under the license and building code requirements.

Understanding the options can help set your course for the “what if” scenarios that come along with growing older. ■

*(Ellenbecker Investment Group’s Wealth Advisors are happy to help refer clients to partners that can help with important living arrangement decisions. We have partners in Southeastern Wisconsin and Bonita Springs, FL.)*

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Cindy Robinson.



**Cindy Robinson**  
Director of Sales & Marketing  
Capri Senior Communities  
[crobinson@capricommunities.com](mailto:crobinson@capricommunities.com)  
(262) 289-2738

## Book Recommendations

Whether you want to get a jumpstart on your holiday-gift list or just want to inspire the young girl in your life, this month I would like to suggest some fantastic books by age. The Girls Leadership Book Club is, in my opinion, the go-to resource for finding empowering, age-appropriate reads for your girls. I highly recommend you join their Facebook group to get their latest recommendations.

My daughter felt there should be a female-power list for high school girls, so she added a few of her favorites at the end of the Girls Leadership list. There are a lot of great books out there for young girls and women these days. It is refreshing to know there are more choices than I had growing up (Judy Bloom or Nancy Drew anyone?).

Happy reading! ■

### GRADES 2 & 3

*Year of the Book* by Andrea Cheng  
*Babymouse* by Jennifer Holm and Matthew Holm  
*Make Way for Dyanonde Daniel* by Nikki Grimes  
*The Great Cake Mystery* by Alexander McCall Smith  
*Lola Levine Is Not Mean!* by Monica Brown  
*Magnificent Mya Tibbs: Spirit Week Showdown* by Crystal Allen

### GRADES 4 & 5

*Amina’s Voice* by Hena Khan  
*Gaby Lost and Found* by Angela Cervantes  
*The Birchbark House* by Louise Erdrich

### GRADES 4 & 5 (continued)

*The Blossoming Universe of Violet Diamond* by Brenda Woods  
*First Rule of Punk* by Celia C. Perez  
*Stella By Starlight* by Sharon Draper

### GRADES 6, 7 & 8

*Awkward* by Svetlana Chmakova  
*Full Cicada Moon* by Marilyn Hilton  
*Habibi* by Naomi Shibab Nye  
*Chains* by Laurie Halse Anderson  
*The Hired Girl* by Laura Amy Schlitz  
*Flygirl* by Sherri L. Smith

### GRADES 9+

#### (Recommendations by My Daughter)

*The Hate U Give* by Angie Thomas  
*The Power* by Naomi Alderman  
*Homegoing* by Yaa Gyasi  
*I Am Malala* by Malala Yousafzai



**Laura Clydesdale**  
Blogger – “Lead Up”  
[Lauraclaydesdale.com](http://Lauraclaydesdale.com)  
[laura@lauraclydesdale.com](mailto:laura@lauraclydesdale.com)

# Giving to Charity: Ensuring a Tax and Human Benefit

The Tax Cuts and Jobs Act (TCJA) has dramatically changed the tax landscape in 2018. Due to the higher standard deduction, the \$10,000 cap on state tax deductions and other changes, fewer than 10% of taxpayers are expected to itemize this year. That is down from 30% in 2016. Without itemized deductions, most people will lose all tax benefits associated with charitable giving. The Tax Policy Center estimated that the new tax laws will reduce charitable giving by a total of \$12 billion in 2018. That's billion with a "B".

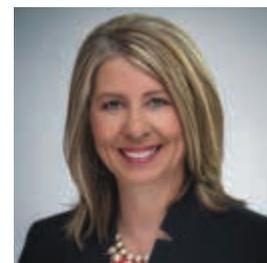
Fortunately, there are options for donors who would like to obtain a tax benefit for their generosity. Charitable stacking or bunching, is quickly emerging as the charitable strategy of the future. It is not complicated. Instead of giving \$10,000 per year over five years to a charity, you would give \$50,000 in one year, taking you above the new \$24,000 standard deduction (for a jointly filed return) and thus providing a tax benefit for your contribution. Let's take it a step further and stack your entire Schedule A. In other words, you should make charitable contributions in years when you have significant medical expenses and maximized state and property tax (SALT) deductions.

Many of these "stacked" contributions will find their way to donor-advised funds, which offer an immediate tax benefit for your irrevocable contribution. They can be funded through gifts of cash or (even better) appreciated securities. The money is later directed through grants by you to the charities of your choice.

Another option permits anyone 70½ or older to make a direct transfer of IRA funds up to \$100,000 per year to a charity. For most donors, these qualified charitable distributions (QCDs) make it possible to net an ever-greater tax benefit because those dollars will never hit your adjusted gross income (AGI).

In the end, what really matters is why we do what we do. The why is tied to emotions and our need to help others. Think about why you give to the nonprofits on your list. Then we can work together towards a tax strategy that provides both a tax benefit AND a human benefit. ■

Visit [moneysenserradio.com](http://moneysenserradio.com) to listen to the Money Sense radio show with Sandra Geisler.



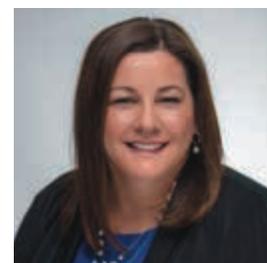
**Sandra Geisler, CPA**  
Director of Tax Planning  
Ellenbecker Investment Group

## Gift Idea for Grandparents

It is often difficult to find that perfect gift for a loved one. I recently learned of the NIXPLAY WIFI PHOTO FRAME. This is a digital picture frame that allows you to submit images to it from email, a mobile device or social media. We love the WIFI photo frame and have given it to my parents, grandparents and college students. I



even have one on my desk at work! You can purchase the frame and connect it to one main account or different members can be connected and allowed to submit photos. My 90 year grandma loves her frame because all of her children and grandchildren can send photos to her frame and it is constantly updating without her having to do a thing. Check out [www.nixplay.com](http://www.nixplay.com). ■



**Julie Ellenbecker-Lipsky, CFP®**  
President & Sr. Wealth Advisor  
Ellenbecker Investment Group

## Quarterly Economic Updates:

# Economic Update

Stocks have continued to rally into the closing days of August, with the S&P 500 reaching a new all-time high in what is now being touted as the longest bull market in history. Despite ongoing concerns regarding rising interest rates, a flattening yield curve and the impact of new tariffs on international trade, stocks have been buoyed by a robust 2Q earnings report season within the context of a strong economic backdrop. According to Standard & Poor's, of the 94% of companies making up the S&P 500 that have reported quarterly results as of this writing, sales increased by a year-over-year average of 11% in the quarter, with earnings up almost 27% by the same measure. Looking ahead, managements' guidance was broadly positive, reflecting an economic environment showing accelerating growth. The Atlanta Fed's GDPNow model is currently projecting 3Q GDP growth of 4.6%, compared to the 4.1% reported in 2Q and 2.2% in 1Q.

For all of 2018, S&P 500 earnings are currently expected to be approximately \$158, an increase of roughly 25% from 2017. Obviously, the impact of tax reform is responsible for a part of this outsized year-over-year increase, yet top line growth and margin expansion will be positive contributors as well. Preliminary earnings estimates for 2019 are in the \$170 range, implying 7% growth and another year of all-time high profits. This is important because stock prices tend to move in line with earnings expectations, as seen in the accompanying chart of the S&P 500's price and earnings.

The Fed Funds rate was increased in June by 0.25% to a target of 1.75% to 2.00%, marking the 6th 0.25% increase in 18 months. One or two more increases are expected with year. While we consider the market's valuation neither cheap nor expensive, rising interest rates may present a challenge to higher valuations in the near term with the S&P 500 selling at a 6% premium to its 20-year average P/E ratio. However, interest rates are low by historical standards, as seen in the table below, which could provide more flexibility:



**Mary Brown, CFA**  
President & CIO  
Campbell Newman  
Asset Management  
[mbrown@campbellnewman.com](mailto:mbrown@campbellnewman.com)  
(414) 908-6670

	Current Rate	40-Year Average Rate
<b>Fed Funds</b>	1.75-2.0%	5.00%
<b>5-Year Treasury</b>	2.72%	5.08%
<b>10-Year Treasury</b>	2.82%	5.29%

Taken together, our team's outlook remains constructive, with the expectation that the underlying fundamentals will support higher stock prices over time. ■

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Mary Brown.



### S&P 500 PRICE & EARNINGS



## Quarterly Economic Updates:

# Economic Update

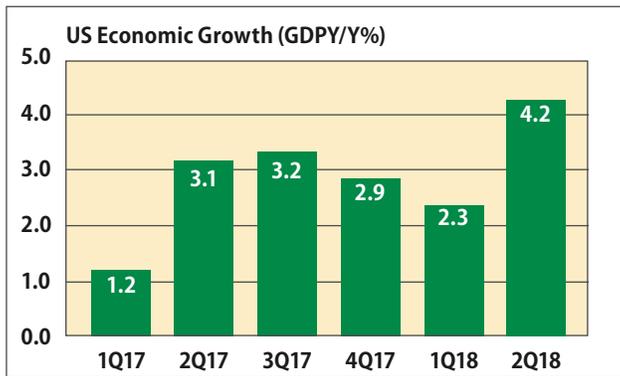
The economy seems to be picking up steam as evidenced by the 4.2% increase in gross domestic product (GDP) in the second quarter. This is the fastest quarterly growth rate in four years and ranks fifth highest in the last 44 quarters (11 years). Similarly, corporate profits have accelerated--up 16% in the past year. It takes some time for this growth to percolate through to every corner of the economy, so we expect further signs of broadening improvement over the coming quarters. For example, average hourly earnings grew at an annual rate of 2.3% from 2012-2017, then accelerated modestly to 2.7% in the past year. Further acceleration is likely over the coming year, especially given the tight labor market (more jobs

and lower tax rates is also fueling increases in business spending. In some ways, this is a virtuous cycle of improvement as money from improved profits flows into business spending which flows into more jobs and then into more consumer spending and back into improved profits.

Offsets to these improvements are rising inflation and a fed that is in tightening mode. For most of the last decade, inflation was contained under 2%, however lately it is running near 3%. This erodes purchasing power and implies that wages will have to increase to offset the impact of higher prices. Secondly, higher inflation has attracted the attention of the fed. They are already raising interest rates, albeit from historically low levels, but persistent inflation above their target (2.00%), might lead to more aggressive interest rate increases in the coming year. The risk is that the fed has a terrible record of raising interest rates "just enough" to offset inflation or other perceived risks. They always overshoot and drive the economy into a recession. Maybe this time will be different, but as investors, we like to play the odds so we will be watching cautiously for signs of more aggressive behavior from them (something we expect to see in late 2019 or 2020). ■



**Terry Pavlic**  
President,  
Pavlic Investment Advisors, Inc.  
[terry@pavlic.com](mailto:terry@pavlic.com)  
(262) 646-4300



Data Source: FactSet

available than qualified workers to fill them). Consumer spending makes up two-thirds of GDP and consumers are feeling confident. Retail sales are accelerating and grew 5.1% in the past year. The combination of a pickup in sales

Visit [moneysenseradio.com](http://moneysenseradio.com) to listen to the Money Sense radio show with Terry Pavlic.



## EIG Group Travel – Oct. 24, 2019

### Discover South America: Chile, Argentina & Uruguay



Travel with Karen Ellenbecker and take this 16-day South American tour. You'll discover a spellbinding blend of native cultures and international influences as you cross the continent from Santiago to Buenos Aires and Montevideo.

Read more and view a video of the tour online: [www.gct.com](http://www.gct.com). Use code: G9-27029 when making your reservation. Optional, pre- and post- trips available. Contact our office for more details: (262) 691-3200. ■



# Calendar of Events

To register or learn more about our events, please visit: [ellenbecker.com/events](http://ellenbecker.com/events).  
To receive our weekly emails, please email: [info@ellenbecker.com](mailto:info@ellenbecker.com).

## October 2018

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
1	2 <b>Adult Bible Study</b> 8:00-9:00 a.m.	3	4	5	6/7 
8	9 <b>Adult Bible Study</b> 8:00-9:00 a.m.	10 <b>Women's Bible Study</b> 5:30-7:00 p.m.	11 <b>Medicare Seminar</b> 1:00-3:00 p.m. & 6:00-8:00 p.m.	12 <b>EIG Charity Casual Dress Day</b>	13/14 
15	16 <b>Adult Bible Study</b> 8:00-9:00 a.m. <b>Armchair Travelers</b> 3:00-5:00 p.m.	17 <b>WI Widows Connected</b> 5:30-7:00 p.m.	18	19	20/21 
22	23 <b>Adult Bible Study</b> 8:00-9:00 a.m. <b>Informed Aging Sem.</b> 3:00-5:00 p.m.	24 <b>Women's Bible Study</b> 5:30-7:00 p.m.	25	26 <b>EIG Charity Casual Dress Day</b>	27/28 
29	30	31			

## November 2018

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
			1	2	3/4 
5	6 <b>Adult Bible Study</b> 8:00-9:00 a.m. <b>Soc. Security Seminar</b> 4:00-6:00 p.m.	7 <b>Women's Bible Study</b> 5:30-7:00 p.m.	8	9 <b>EIG Charity Casual Dress Day</b>	10/11 
12	13 <b>Adult Bible Study</b> 8:00-9:00 a.m. <b>2018 Tax Reform Sem.</b> 1-3 p.m. & 6-8 p.m.	14 <b>WI Widows Connected</b> 5:30-7:00 p.m.	15	16	17/18 
19	20	21	22 <b>EIG Offices Closed – Thanksgiving</b>	23 <b>EIG Offices Closed – Thanksgiving</b>	24/25 
26	27	28 <b>Women's Bible Study</b> 5:30-7:00 p.m.	29	30	

## December 2018

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SAT/SUN
When you stop in the office during December, take a minute to enjoy our holiday decorations and ask for a cup of hot cocoa or pumpkin spiced tea during your meeting.					1/2 
3	4	5 <b>Women's Bible Study</b> 5:30-7:00 p.m.	6	7	8/9 
10	11	12	13	14 <b>EIG Charity Casual Dress Day</b>	15/16 
17	18 <b>Armchair Travelers</b> 3:00-5:00 p.m.	19 <b>WI Widows Connected</b> 5:30-7:00 p.m.	20	21	22/23 
24/31 <b>EIG Offices Closed 1 p.m. Christmas Eve &amp; New Year's Eve</b>	25 <b>EIG Offices Closed – Christmas Day</b>	26	27	28 <b>EIG Charity Casual Dress Day</b>	29/30 

## EIG HR Update

### Employee of the Month

Congratulations to these employees for going above and beyond and being chosen as EIG's Employee of the Month!

**July**  
Karen Miller

**August**  
Courtney Hull

**September**  
Lauren Janke

### Employee Anniversaries

**July**  
Pam Peterson – 11 years

**August**  
Sandy Miller – 5 years

**September**  
Amy Schaubel – 3 years

### Charity Casual Day

We will be collecting donations for the following charities this quarter:

**October**  
National MS Society

**November**  
Christmas Clearing Council

**December**  
Eric Wolfe Brain Tumor Fellowship

### Volunteer Highlight

**EIG Team**  
Soles for Jesus shoe sort

**Jill Economou**  
Secure Futures,  
WCBA Golf Outing

**Diane Byrne**  
Badger Mutual Insurance  
Women's Amateur Golf  
Tournament - Raised money for  
Sojourner Family Peace Center  
and Lotus Legal Clinic

**Diane Gastrow**  
Camp Timber-Lee Golf Outing

**Wendy Bitter**  
Legislative Advocate for JDRF



PRSRT STD  
U.S. POSTAGE  
PAID  
MILWAUKEE, WI  
PERMIT NO. 0188

N35 W23877 Highfield Court, Suite 200  
Pewaukee, Wisconsin 53072



**Every Other Saturday at 5:00pm | WISN AM1130**

Hosted by EIG's Director of Community Outreach, Jill Economou, this unique show explores ways for listeners to have an impact in our local community and the world.



**Saturdays at 2:00pm | Sundays at noon | WISN AM1130**

Karen Ellenbecker and the EIG Wealth Advisors share their unique financial perspective as they interview local and global economists, attorneys, tax professionals and other interesting guests.

**Listen to past shows at [moneysenseradio.com](http://moneysenseradio.com) and follow us online:**

