

The Harvest Times

The Harvest Times

Famous People Who Failed to Plan Properly



It's almost impossible to overstate the importance of taking the time to plan your estate. Nevertheless, it's surprising how many American adults haven't done so. You

might think that those who are rich and famous would be way ahead of the curve when it comes to planning their estates properly, considering the resources and lawyers presumably available to them. Yet there are plenty of celebrities and people of note who died with inadequate (or nonexistent) estate plans.

Most recently

The Queen of Soul, **Aretha Franklin**, died in 2018, leaving behind a score of wonderful music and countless memories. But it appears Ms. Franklin died without a will or estate plan in place. Her four sons filed documents in the Oakland County (Michigan) Probate Court listing themselves as interested parties, while Ms. Franklin's niece asked the court to appoint her as personal representative of the estate.

All of this information is available to the public. Her estate will be distributed according to the laws of her state of residence (Michigan). In addition, creditors will have a chance to make claims against her estate and may get paid before any of her heirs. And if she owned property in more than one state (according to public records, she did), then probate will likely have to be opened in each state where she owned property (called ancillary probate). The settling of her estate could drag on for years at a potentially high financial cost.

A few years ago

Prince Rogers Nelson, who was better known as **Prince**, died in 2016. He was 57 years old and still making incredible music and entertaining millions of fans throughout the world. The first filing in the Probate Court for Carver County, Minnesota, was by a woman claiming to be the sister of Prince, asking the court to appoint a special administrator because there was no will or other testamentary documents. As of November 2018, there have been hundreds of court filings

from prospective heirs, creditors, and other "interested parties." There will be no private administration of Prince's estate, as the entire ongoing proceeding is open and available to anyone for scrutiny.

A long time ago

Here are some other notable personalities who died many years ago without planning their estates.

Pablo Picasso died in 1973 at the ripe old age of 91, apparently leaving no will or other testamentary instructions. He left behind nearly 45,000 works of art, rights and licensing deals, real estate, and other assets. The division of his estate assets took six years and included seven heirs. The settlement among his nearest relatives cost an estimated \$30 million in legal fees and other related costs.

The administration of the estate of **Howard Hughes** made headlines for several years following his death in 1976. Along the way, bogus wills were offered; people claiming to be his wives came forward, as did countless alleged relatives. Three states — Nevada, California, and Texas — claimed to be responsible for the distribution of his estate. Ultimately, by 1983, his estimated \$2.5 billion estate was split among some 22 "relatives" and the Howard Hughes Medical Institute.

Abraham Lincoln, one of America's greatest presidents, was also a lawyer. Yet when he met his untimely and tragic death at the hands of John Wilkes Booth in 1865, he died intestate — without a will or other testamentary documents. On the day of his death, Lincoln's son, Robert, asked Supreme Court Justice David Davis to assist in handling his father's financial affairs. Davis ultimately was appointed as the administrator of Lincoln's estate. It took more than two years to settle his estate, which was divided between his surviving widow and two sons.

The Harvest Group

800 South Street, Suite 200
Waltham, MA 02453
888-245-4206
info@myharvestgroup.com
http://myharvestgroup.com

Welcome to the August, 2019 Harvest Group Wealth Management newsletter. Each month it is our goal to provide you with timely and informative information on topics that we feel are important to you and your family. However, if there is a topic you would like to learn more about, please let us know and we will do our best to include information about that topic in future newsletters.

In addition, if there is someone important to you that you think could benefit from receiving this newsletter, please ask for their permission, then provide us with their contact information and we will include them on our distribution list.

Best Regards, Roger

August 2019

Famous People Who Failed to Plan Properly

Quiz: How Much Have You Thought About Health and Health-Care Costs in Retirement?

Four Reasons Your Parents Might Be in Financial Trouble

How can I get a tax break for child care?



The **Harvest Group**
WEALTH MANAGEMENT FOR LIFE™

Quiz: How Much Have You Thought About Health and Health-Care Costs in Retirement?



According to the 2018 Senior Report from America's Health Rankings, social isolation is associated with increased mortality, poor health status, and greater use of health-care resources. The risk of social isolation for seniors is highest in Mississippi and Louisiana and lowest in Utah and New Hampshire.

When planning for retirement, it's important to consider a wide variety of factors. One of the most important is health and its associated costs. Thinking about your future health and the rising cost of health care can help you better plan for retirement in terms of both your finances and overall well-being. This quiz can help you assess your current knowledge of health and health-care costs in retirement.

Questions

1. Health-care costs typically rise faster than the rate of inflation.

True.

False.

2. You could need more than \$500,000 just to cover health-care costs in retirement.

True.

False.

3. Medicare covers the costs of long-term care, as well as most other medical costs.

True.

False.

4. The southern, warmer states are generally the healthiest places for seniors to live.

True.

False.

5. If you're concerned about health-care costs in retirement, you can just delay your retirement in order to maintain your employer-sponsored health benefits.

True.

False.

Answers

1. True. The average inflation rate from 2010 to 2017 was less than 2%, while the average spending on prescriptions, doctors, and hospitals grew between 4% and 5%. From 1970 to 2017, annual per-capita out-of-pocket spending on health care grew from about \$600 to approximately \$1,100 (in 2017 dollars).¹

2. True. In 2017, America's Health Rankings projected that a 45-year-old couple retiring in 20 years could need about \$600,000 to cover their health-care costs, excluding the cost of long-term care. The same report projected that about 70% of those age 65 and older will need some form of long-term care services. And according to the Department of Health and Human Services, the average cost of a one-year stay in a nursing home (semi-private room) was \$82,000 in 2016.²

3. False. Original Medicare Parts A and B help cover inpatient hospital care, physicians' visits, preventive care, certain laboratory and rehabilitative services such as physical therapy, and skilled nursing care and home health care that are not long term. Medicare Part D helps cover the cost of prescriptions (within certain guidelines and limits). Medicare does not cover several other costs, including long-term care, dental care, eye exams related to eye glasses, and hearing aids. Seniors may need to purchase additional insurance to cover these and other services not covered by Medicare.³

4. False. Interestingly, America's Health Rankings found that the five healthiest states for seniors were (1) Utah, (2) Hawaii, (3) New Hampshire, (4) Minnesota, and (5) Colorado.⁴

5. Maybe true, maybe false. Many people believe they will work well into their traditional retirement years, both to accumulate as large a nest egg as possible and to take advantage of employer-sponsored health benefits (if offered beyond Medicare age). While this is an admirable goal, you may not be able to control when you actually retire. In a 2018 retirement survey, nearly 70% of workers said they planned to work beyond age 65; 31% said they would retire at age 70 or older. But the reality is that nearly 70% of current retirees retired before age 65. Many of those individuals retired earlier than planned due to a health problem, disability, or other unforeseen hardship.⁵

The bottom line is that while it's hard, if not impossible, to predict your future health needs and health-care costs, it's important to work these considerations into your overall retirement planning strategies. Take steps now to keep yourself healthy — eat right, exercise, get enough sleep, and manage stress. And be sure to account for health-care expenses in your savings and investment strategies.

¹ Consumer Price Index, Bureau of Labor Statistics, 2018, and Peterson-Kaiser Health System Tracker, 2018

² Preparing for Health Care Costs in Retirement, America's Health Rankings, 2017, and LongTermCare.gov, 2018

³ Medicare.gov

⁴ Senior Report, America's Health Rankings, 2018

⁵ 2018 Retirement Confidence Survey, Employee Benefit Research Institute



Four Reasons Your Parents Might Be in Financial Trouble



When retirees were asked about their overall expenses and spending in retirement, 37% said they were higher than expected, 52% said they were about what they expected, and just 8% said they were lower than expected.

Source: 2018 Retirement Confidence Survey, Employee Benefit Research Institute

Broadridge Disclosure

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable — we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

As your parents age, they will probably need more help from you. But it may be difficult to provide the help they need, especially if they're experiencing financial trouble.

Money can be a sensitive subject to discuss, but you'll need to talk to your parents about it in order to get to the root of their problems and come up with a solution. Before you start the conversation, consider the following four scenarios as signs that your parents might be experiencing financial challenges, and how you can make things easier for them.

1. They are dealing with debt

Perhaps your parents have fallen behind on their mortgage or credit card payments. Maybe they're dealing with the aftermath of a large, unexpected medical bill. Or it could be that years of generously supporting their children and grandchildren have left their finances in shambles.

Whatever the cause, debt among older Americans is a growing trend. In 2010, the average debt for a family in which the head of household was age 75 or older was \$30,288. In 2016 (most recent data available), that number grew to \$36,757.¹

2. They are falling for fraud

According to a report by the Federal Trade Commission, older adults have been targeted or disproportionately affected by fraud. Moreover, older adults have reported much higher dollar losses to certain types of fraud than younger consumers.²

Why do scammers target older individuals? There are many explanations for this trend. Some older individuals lack an awareness about major financial issues. Others may be attractive targets for scammers because they have access to retirement account assets or have built up home equity. Additional factors that increase an older adult's vulnerability to scams include cognitive decline and isolation from family and friends.

3. They aren't used to managing finances

The loss of a spouse can create many challenges for the survivor, especially if the deceased spouse was in charge of finances. Many widows or widowers might find themselves keeping track of statements, paying bills, budgeting, and handling other financial matters for the first time, which can be a complicated reality to face.

4. They struggle with change

As financial institutions continue to innovate and increase online and mobile access to customer accounts, it can be difficult for older consumers to keep up. For example, some older adults may struggle with accessing their financial information online. Others might get frustrated or confused when financial institutions implement new policies and procedures, especially if they've had an account with an institution for decades.

One report described the most common issues that older consumers identified with bank accounts or services. The top three complaints involved account management (47%), deposits and withdrawals (27%), and problems caused by low funds (12%).³

Ways you can help

Regardless of the reasons why your parents might be having money problems, there are steps you can take to help them.

- **Set up a meeting with a financial professional.** Encourage your parents to meet with a professional to evaluate their financial situation.
- **Help them reduce spending.** Look for big and small ways that they can scale back on expenses, such as downsizing to a smaller home, cutting cable plans, or canceling unnecessary memberships/subscriptions.
- **Have them tested for dementia.** If you've noticed behavioral or memory changes in one or both of your parents, share your concerns with a medical professional. Cognitive decline can result in difficulty managing finances.
- **Lend money (using caution).** If you decide to help your parents monetarily, consider paying your parents' expenses directly rather than giving them cash so you can ensure that their bills are paid on time.
- **Help them apply for assistance.** The National Council on Aging has a website, [BenefitsCheckUp.org](https://www.benefitscheckup.org), that can help you determine your parents' eligibility for federal, state, and private benefit programs.

¹ Debt of the Elderly and Near Elderly, 1992-2016, Employee Benefit Research Institute, 2018

² Protecting Older Consumers: 2017-2018, Federal Trade Commission, 2018

³ Monthly Complaint Report, Vol. 23, Consumer Financial Protection Bureau, May 2017



Harvest Group Disclosure

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by The Harvest Group Wealth Management, LLC ("The Harvest Group")), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from The Harvest Group. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. The Harvest Group is neither a law firm, nor a certified public accounting firm, and no portion of the newsletter content should be construed as legal or accounting advice. A copy of The Harvest Group's current written disclosure Brochure discussing our advisory services and fees is available upon request. Please Note: If you are a The Harvest Group client, please remember to contact The Harvest Group, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/visiting our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. The Harvest Group shall continue to rely on the accuracy of information that you have provided.



How can I get a tax break for child care?

More than 60% of children under age six in the United States have two parents in the workforce.¹ Many of these working parents must spend a burdensome share of their earnings on child care, especially if they don't have relatives who are willing and able to help out.

The following tax benefits may help you offset some of the costs paid for a nanny, babysitter, day care, preschool, or day camp, but only if the services are used so you can work.

Child-care tax credit

Families with one qualifying child (typically age 12 or younger) can claim up to \$3,000 per year in child-care expenses; those with two or more qualifying children have a \$6,000 annual limit. The credit is worth 20% to 35% of eligible child-care expenses, depending on income. As income rises, the credit amount drops until it hits a minimum of 20% for households with \$43,000 or more in adjusted gross income.

For example, families with one qualifying child can receive a credit of \$600 to \$1,050; those with two or more children can receive a credit of \$1,200 to \$2,100. A tax credit lowers a family's tax liability dollar for dollar.

Dependent-care flexible spending account (FSA)

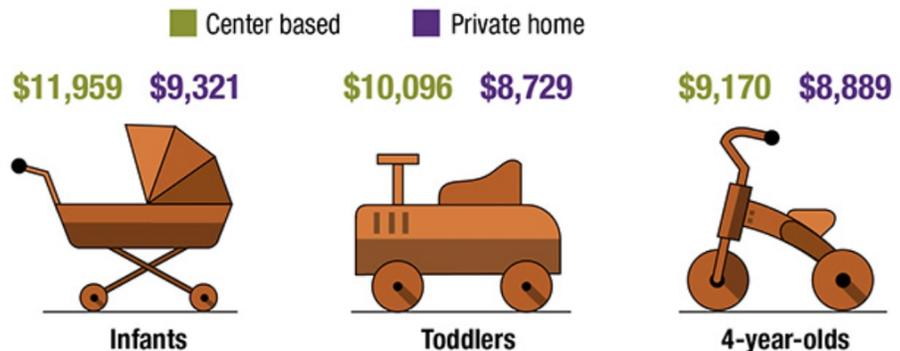
Higher-income families may realize a bigger tax benefit from an FSA if it is offered by an employer. Up to \$5,000 a year can be set aside to cover eligible child-care costs for qualifying children, and this money is free of federal income tax and Social Security and Medicare taxes. You are not allowed to use pre-tax money from an FSA and take a credit for the same expenses. However, after spending \$5,000 from an FSA, you may take a tax credit for up to \$1,000 in additional child-care expenses if you have more than one child.

¹ Child Care Aware® of America, 2017

How much does child care really cost?

Typical child-care fees vary widely by state, as do other living costs. But in all regions, the average annual cost of center-based care for one infant now exceeds the average amount of money families spend on food and transportation combined. Child-care costs for two children exceed the median cost of housing for homeowners with a mortgage in 35 states and the District of Columbia.

Average annual cost for full-time child care (nationwide)



Source: Child Care Aware® of America, 2018 (data for 2017)

