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From Ken's Desk

Why the ACA is Not Sustainable

First of all, let me say that this country is in dire need of healthcare reform. The cost of healthcare, the lack of transparency in pricing and the spiraling costs of health insurance premiums have become a huge issue over the past decade. When the ACA was passed, the primary focus was getting health insurance for those previously denied due to pre-existing medical conditions and for those who could not afford health insurance.

These are two important ingredients to a workable healthcare reform, but are far from resolving the most important issues of overall cost control.

It is my experience as a businessman that the ACA falls way short of being the answer to our country's healthcare problems. Due to federal coverage mandates, insurance plans for those who could not get federal premium subsidies, for the most part, increased and benefits decreased. Any program, whether in private business or governmental in nature, has to serve the total universe applicable to its execution. The ACA only is beneficial to a segment that accounts for far less than 50% of this total universe.

The coverage and profitability mandates placed on insurance companies have led to a major increase in network physicians and hospitals in the individual segment of the market. Over the long-term, this has to erode the quality of healthcare available to the consumer. There are many out there who will not realize this effect until they visit an out-of-network hospital or physician and are faced with a huge bill for out-of-network services.

The execution of the ACA was implemented far before all ingredients were finalized and not only led to much frustration in consumers attempting to sign up for coverage, but also led to a portion of those signing up early having to change plans due to their physicians and hospitals dropping out of networks. The numbers reported by the government and misleading since many lost their coverage January 1 and were forced to move to new plans. Also, many were jumped into the Medicaid system. The true number of previously uninsured who have signed up for Obamacare is far less than the 7.1 million touted by the Feds.

So, what is the answer here? In my opinion due to the lack of cost control, this current program is not sustainable for the long term. Due to the imbalance of healthy versus unhealthy signups, premiums are projected to rise dramatically. To those who call for a universal single payer system, are you ready for the heavy taxation that would have to accompany such a venture? There is no free lunch in today's governmental economy. This country simply cannot afford to take on universal care at this point in time due to the deficit and budgetary imbalance prevalent today. It is my opinion that a panel consisting of corporate business leaders, physicians, politicians, insurance executives and others from leading medical research institutions should be formed to work diligently to fix this program over the next few months prior to the beginning 2015 open enrollment.

It is ludicrous for the politicians to be patting themselves on the back and touting the success of a program that, in its current state, is unsustainable. Check the egos at the door and form a coalition that can compromise and fix the problems. This approach will help us all and take the focus off a small segment and place it squarely on the total universe of the healthcare arena.

Information compiled by Ken Marinace

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Are Your Doctor's Hands Clean? This Wristband Knows

An RFID-reading, motion-sensing wristband buzzes to tell health-care workers if they are washing their hands properly.

A startup called IntelligentM wants to make hospitals healthier by encouraging workers to clean their hands properly. Its solution is a bracelet that vibrates when the wearer has scrubbed sufficiently, giving employees a way to check their habits and letting employers know who is and isn't doing things right.

Some 100,000 people a year in the United States alone die because of infections that arise from hospital visits, according to the Centers for Disease Control and Prevention, and a lot of these infections occur because doctors, nurses, and technicians don't wash well enough. The problem has garnered more attention lately, in part because Medicare and other payers have stopped reimbursing hospitals for expenses related to treating hospital-acquired infections.

Currently, compliance with hand-washing standards is monitored mostly by supposedly secret observers who watch hospital employees as they work. "People are aware that they are being monitored and change their behavior based on that fact," says Polly Trexler, associate director of hospital epidemiology and infection control at the Johns Hopkins Hospital. But this type of monitoring is labor intensive and typically happens only during the day, says Trexler.

Worse, studies find that hospital workers meet proper standards around half the time or less. IntelligentM is just one of many companies trying to address this problem with technology; other solutions include dispensers that measure the amount of liquid used, chemical sensors that sniff out the presence of soap or sanitizer, and RFID-based systems that know the location of each cleaning station and whether a hospital worker has been there.

"Everybody is trying to solve the same problem," says Brent Nibarger, chief client officer of BioVigil, a company developing a chemical-sensing monitor that can detect soap and alcohol-based sanitizers on workers' hands. The challenge is to develop a cost-effective system that's suited to the pace of clinical work and is not too complex to set up or use, he says.

IntelligentM's wristband reads RFID tags on hand-washing and sanitizing stations. An accelerometer can detect how long an employee spends washing; the wristband buzzes once if it's done correctly and three times if it's not.

"Over the last two years, we have developed a technology that allows us to alert health-care workers on the spot if they aren't washing or sanitizing according to the [Centers for Disease Control] specifications," says IntelligentM president Seth Freedman.

Because RFID tags are also placed outside patients' rooms and on some equipment, Freedman says, the system alerts health-care workers to clean their hands before doing a procedure that carries a high infection risk, such as inserting a catheter.

It also collects data from the bracelets through a microUSB connection at the end of each shift, which gives hospital epidemiologists a chance to see how each employee is doing.

Thanks to Doug Remington for this article.

Source: MIT Technology Review

Did you know that ....

…Sniffing peanut butter can diagnose Alzheimer's? One of the first areas of the brain to be affected by Alzheimer's is the one that controls the sense of smell. People with Alzheimer's couldn't smell a teaspoon of peanut butter until it was five centimeters (about two inches) away. People without Alzheimer's could smell it when it was 17 centimeters (about seven inches) away, on average.

Source: Study by researchers at McKnight Brain Institute Center for Smell and Taste, University of Florida, Gainesville, Florida, published in Journal of the Neurological Sciences.

Top Cancer Centers Often Are Not Covered by Obamacare

People seeking treatment at the top cancer center Memorial Sloan-Kettering in New York City probably won't be covered by insurance if they signed up for Obamacare in New York state. That's because Sloan-Kettering is included in the networks of only two of the 16 insurers in that state's Obamacare marketplace, according to an Associated Press study. Sloan-Kettering is not alone. City of Hope National Medical Center, in Duarte, California is participating in certain plans through the Affordable Care Act and Covered California.

Only four of the 19 nationally recognized comprehensive cancer centers that participated in the AP study, were in-network for every insurer offering plans through their state's marketplace (and even those four were not necessarily in network for every plan offered by each of those insurers).

"Narrow network" plans that exclude many hospitals and doctors have become more common particularly in Obamacare marketplaces. Insurers are not allowed to exclude expensive to-insure patients who have serious health problems from Affordable Care Act (Obamacare) plans, which increases their incentive to control costs by excluding the most expensive health-care providers.

If it is very important that you obtain treatment at a cancer center that is not in your plan's network, look into your plan's out-of-network coverage.

If access to a specific cancer center remains an important issue for you as 2014 draws to a close, switch to a plan that does have this center in its provider network during the 2015 Obamacare open enrollment, which is slated to run from November 15, 2014, through February 15, 2015.

Source: Bottom Line Personal

WHAT HAPPENED TO MICKEY ROONEY'S MONEY?

One-time Hollywood king died with $18,000 in assets, squabbling heirs and plenty of bills to show for nine decades in show business.

Any ending you can walk away from: Mickey Rooney died solvent.

Mickey Rooney started working the vaudeville stage when he learned to walk. He was still working when he died on April 6, 2014.

But somewhere in the intervening 90 years, maybe $38 million in career earnings evaporated and he ended up with only $18,000 to his name.

Because from a financial point of view, the only thing worse than dying as close to the edge of insolvency as Mickey Rooney is running entirely out of ways to pay the bills.

Rooney was the top-paid actor in Hollywood in his teens. Unfortunately, that was right before World War II, and the world has changed a lot since then.

For one thing, American men are living a full 23 years longer than when Rooney was born back in 1920, so any retirement plan his management put together back in his glory years would have needed to stretch just to get him through the 1970s.

While beating statistics by another four decades after that was an achievement in itself — equivalent to someone born in 1950 living past his 105th birthday — once again, his advisors should have stepped up at regular intervals to tweak the plan.

And as medical science advances and healthcare costs rise ahead of inflation, many wealthy seniors find the deck stacked in favor of draining the portfolio faster in order to extend their lives.

Doctor bills ate into what Rooney was able to earn from residuals and the occasional appearance fee or movie role. His health wasn't terrible and he managed to stay out of the nursing home, although he did have to move in with a stepson a few years ago.

Otherwise, the bills would have gotten a lot bigger. Long-term care insurance was still relatively obscure until Rooney was in his 80s and undoubtedly ineligible for an affordable policy. A long hospitalization or private in-home care might not have been affordable either.

He would have had Social Security and a Screen Actors Guild pension, but the fact that he kept working until he died tells you how far those checks covered his expenses.

As it was, a long and eventful life left him without any savings to supplement the bare necessities.

Rooney filed for his first bankruptcy in his early 40s after five divorces turned a $12 million nest egg into pocket change.

He recovered, married a few more women, went bankrupt again in the late 1990s rather than pay the IRS $1.7 million in back taxes and rebuilt his life one more time.

By the time he turned 75, he had bounced back to the point that he had a few million dollars to play with – easily enough to support a relatively modest retiree's lifestyle in perpetuity.

He even put together an estate plan. It was a mistake.

Rooney apparently created a trust in 2003 that would have passed his remaining wealth on to wife No. 8 after his death.

In theory, it was the kind of move that Trust Advisor readers know makes plenty of sense when it comes to minimizing the impact of tax on wealth left behind.

But Rooney had two problems that made the trust backfire.

First, he appointed a stepson as executor of his will, conservator of his business affairs and de facto trustee.

Unfortunately, far from acting in Rooney's best interests, his hand-picked guardian only leeched his accounts and withheld his medication to create the appearance of mental deterioration.

It was a now-classic case of elder abuse that a judge eventually ruled cost Rooney $6 million in assets that he could have otherwise lived on comfortably by the time he regained his freedom.

And by that point, because his remaining money was tied up in the trust, he couldn't get to it. The estate plan was too well made to keep up with his changing needs.

Meanwhile, wife No. 8 took her son's side – and as sole beneficiary to the trust, she seems to think she still has a stake in Rooney's money even though he disowned her when they separated in 2012.

The lawyers eventually helped Rooney regain control of the trust, but did they manage to change beneficiaries without telling everyone?

The fact that we're even having to ask the question shows how much stress a really solid estate plan has to be built to withstand.

Rooney threw just about everything a human being could throw at his finances – multiple bankruptcies, endless divorces, a crooked conservator — and just about broke even.

He could probably have done better with more active guidance. For starters, getting a corporate trustee instead of picking an apparently troubled relative would have helped him leave a more robust estate behind.

Maybe he could have even quit working and coasted for a while, although to hear his lawyers tell it, retirement would have killed him years ago.

That right there is a lesson for those who are in danger of outliving their money: work as long as they can, in whatever field they actually enjoy. Keep the cash flow on your side.

So Mickey Rooney died solvent and left a little money to the one stepson he liked at the end. All the surviving ex-wives and the other kids were cut entirely out of his will.

It's not an optimal outcome, but he apparently died with a positive bank balance and some measure of contentment. It could have been worse.

Source: Trust Advisor

CFS Golden Circle - Clients for 20 years or longer

Annette Alender
Connie Alvero
Irv & Zel Bagley
Arnold & Wendy (Glaus) Baker
Dr. Martin Barmatz & Carolyn Small
Dave Bochard
Steve & Lynne Brener
Kelley Brock
Joan Bruner
Jim Burgess
Harlene Button
Barbara Chasse
Philip Clements & Claudia Squibb
Louis & Doreen Darin
Dr. George & Oleta Diamond
Joe & Liz Dilibert
Rita Dillon
Marshall & Mimi Drucker
Jim Dyrness
Reg & Jan Fear
Horace & Betty Jean Fernandez
Jim & Kathy Forman
Imre & Patricia Foti
Ralph Gerrard & Susan Leeper
Valerie Giudici
Vorda Gordon
Dr. Stuart Grant
Helena Gratland & Bob Mazzocco
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Eunice Greenwood
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Dennis Hall & Evelyn Rollins
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Mitch & Ilona Stein
Giselle Temmel
David & Kellye Wallett
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Don & Lorraine White
Jack & Teena Wolcott
Toby & Carole Zwikel

HAPPY BIRTHDAY

SEPTEMBER

1 - Nancy Malinowski
1 - Hans Haag
4 - Diane Benjamin
4 - Robert Simonfy
6 - Candy Hanks
7 - Connie Greenberg
8 - Phil Efland
8 - Ahny Sevier
8 - John Morrow
8 - Evelyn Schirmer
8 - Cindy Altenfelder
10 - Jody Junor
18 - Joe Terranova
23 - Tom Jamentz
23 - Ricky Parker
28 - Jack Leahy
29 - Paul Milward
29 - Marlene L Burton
30 - Bruce Crosley
30 - Cheryl Levy

OCTOBER

2 - Tim McCool
4 - Dr. Stuart Grant
5 - Tina Larkins
7 - Jon Aranita
7 - Gloria Aranita
8 - Simona Elkin
8 - Donna Mahoney
9 - Patricia Barmatz
9 - Jan Loporchio
10 - Hedi Herold
10 - Bruce Nelson
11 - David Newsham
12 - Janet Knolhoff
13 - Maddy Maskell
14 - Elinore Hedgcock
15 - Jeff Wheat
15 - Louise Sanchez
16 - Gary Larkins
18 - Jane Washburn
19 - Dale Temmel
19 - Doug Boehme
21 - Jacqueline Luk-Paredes
22 - Carmen Luk
25 - Roger Koll
25 - Haig Mermerian
26 - Kathy Nelson
28 - Marjorie Joy
29 - Yvette Davis

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We certainly welcome your referrals and are always most appreciative when clients pass our name along to others. We would like to take this opportunity to express our thanks for your continued confidence and look forward to providing quality confidential financial services to you, your friends, and associates.

When you refer us to others, you can be assured that your personal information provided by you and those whom you refer is treated with a high degree of confidentiality.

Our sincere thanks to our recent referrals go to:

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Anna's Recent Read: The sexes differ in retirement habits

Women are more diversified than men, but neither are saving enough in 401(k)s.

Women are less likely to take full advantage of a workplace retirement plan, but when they do, their portfolios are often more diversified, according to data released by Wells Fargo & Co.

Only about half of employed men and 43% of employed women are enrolled in a workplace retirement plan, according to the data, which were based on 2,036 companies.

Moreover, most men and women are failing to meet the recommended benchmark for annual retirement savings contributions of 10% of income, including any employer match.

Just 43% of men contribute at this annual rate, among women, the number is 39%.

Most employees attain a reasonable level of diversification, with women doing slightly better than men: 70% of women, as opposed to 67% of men, meet the minimum standard.

Wells Fargo defined a minimum level of diversification as two equity funds and a fixed-income fund, and less than 20% of the portfolio invested in employer stock.

The main reason women are more diversified is that they are more likely to use managed investments.

About three-quarters of women and 71% of men are invested in these types of accounts.

Employees' diversification has improve in recent years, thanks to the flourishing of target date funds, a managed investment that automatically adjusts holdings to maintain a desired level of risk.

The percentage of people invested in managed options has jumped nearly 5% in the past two years.

This helped drive a 4.2% increase in respondents with diversified portfolios during the same period.

More employees are using Roth 401(k) plans when their employers offer them.

Over the past two years, usage of Roth 401(k)s jumped to 10.4% of participants, from 8.6%.

Millennials are the biggest users of the Roth 401(k), which takes after-tax contributions and allows participants to withdraw funds tax-free in retirement.

Source: information compiled by Anna Luke

Retirement woe: Financial literacy

A new study shows serious deficits in Americans' financial knowledge, and the potential threat to retirement readiness.

- 3 out of 5 adults believe there is a correlation between financial literacy and retirement readiness.

However, only 46% actively seek out financial knowledge.

Reasons for not actively seeking out financial knowledge:

- 45% say the complexity of financial products
- 37% lack of time
- 18% uncertainly about how to get started

Gender and financial literacy

Women are less likely than men to seek out financial knowledge actively.

- 61% of men who seek to deepen their understanding of financial matters, when only 34% of women who seek to deepen their understanding of financial matters.

Learning curve ahead

- 48% Women say the biggest roadblock for not learning more about financial matters is the complexity of financial products
- 39% Men say the biggest roadblock for not learning more about financial matters is the complexity of financial products

Online survey conducted in November 2013 of 1,016 adults (ages 25 and over with household incomes of $50,000 or higher) in the U.S.

Source: Genworth Financial Resources and Engagement Study

One In Four Americans' Nest Egg Balance: $0

It's bad enough that many Americans are not saving enough to retire when they want. A COUNTRY Financial Security Index® survey revealed that one-quarter of Americans, across all age groups, admit they are not saving at all for retirement.

Even more alarming are the four in ten (38 percent) of those 40 and older who say they regret decisions they've made with their retirement savings, namely not starting to save early enough (47 percent). Nearly half (46 percent) said it's not possible for a typical middle-income family to save for a secure retirement.

Other pessimistic news from the survey showed that the majority (55 percent) of those who said they are saving for retirement said they are not participating or do not know if they participate in a 401(k).

One positive side, though, 43 percent of those who said they are saving for retirement said they check the health of their retirement savings every few months. Of the 45 percent who do have 401(k), nearly one-third (30 percent) do not know where their contributions are invested.

Source: InsuranceNewsNet Magazine

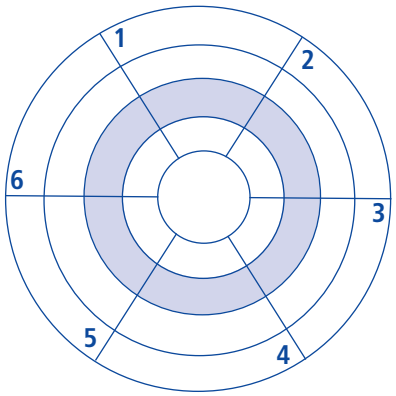
"If I were given the opportunity to present a gift to the next generation, it would be the ability for each individual to learn to laugh at himself."

– Charles M. Schulz

Brain Teaser #77 – "On Target"

The answers to the clues read from the outer circle to the center, all ending with the same letter. When you've finished, the letters in the shaded ring will give a word.

1 Father's brother
2 Orange-yellow color
3 Military blockade
4 Largest of the Greek islands
5 One of the five senses
6 Portion



The first person with the correct answers will receive an American Express gift card. Please email your answers to Martha at martha@cfsburbank.com.

Use your smartphone to visit our website!

Brain Teaser #76 – "City Search" (Answers)

Napier, Sydney, Madrid, Lahore, Venice, Geneva

The first response with the correct answer came from Mark Evans. Congratulations Mark!

Financial *Insights*

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In This Issue

Stat Bank

35 … Percentage of Americans who have had a bank overdraft in the last year. *(MagnifyMoney)*

57 … Percentage of Americans who never carry cash, relying on credit and debit cards for daily expenses. *(vouchercloud.net)*

$10,902 … Average credit card debt among American consumers. *(MagnifyMoney)*

23 … Percentage of millionaire investors who say their biggest investing mistake was failing to adequately diversity their portfolio. *(deVere Group)*

$64,700 … Average net worth of U.S. households headed by a young, college educated adult without any student debt obligations. *(Pew Research Center)*

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