

LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- Don't let finances come between love
- Peace of mind for your future
- Women and Social Security
- Funnies, call-in times, and more...

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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Keeping Money From Ruining a Marriage

The week of love is almost upon us. Are you ready? Yes, some say it's a "Hallmark Holiday," but then some spouses think otherwise, right?

Far too many marriages fall apart. And, sadly, one of the most often cited reasons for that being the case is financial angst.

We've seen enough beautiful marriages around here, that I believe I can put together a few commonalities of how finances are handled in some of the best of relationships— be they marriage, or otherwise.

Start saving when you're young. Every seven years you delay starting a savings plan cuts in half your ultimate net worth in retirement. Chances are that you know someone who's getting married this year, so send them a copy of this article. It may be more valuable than any check you write.

Budget together. Couples that share church activities or philanthropic causes do better financially because their common vision allows them to work together instead of pulling in different directions. They do well while doing good.



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Planning for Tomorrow With Long-Term Care Insurance

You insure your home, your car, even your medical expenses. But, what about insuring your future, too?

It can be hard to think about that many years ahead – especially if you're feeling fine and healthy right now – but, long-term care insurance (LTC for short) is an increasingly popular choice for peace of mind.

Like many things about the future, this option comes with pros and cons, but it's worth looking into. So, let's walk through it.

Why do I need more insurance now?

Lead a healthy lifestyle? Come from a family where people just seem to hang on for a really long time? ..

Believe it or not, it's because you're fit as a fiddle that you might need extra financial help for that long haul. In one of life's little ironies, the healthiest people often wind up needing long-term care assistance later in life. See, not only might heart disease, cancer, or some other illness take somebody else sooner than they would you, those illnesses also usually require care that's covered under many standard health insurance policies.

Many people do go into nursing homes when they get older – if they can afford it. Though varying from state to state, the average cost of a nursing home is a three-figure sum per day (you heard right: *per day*), though assisted living facilities average a little less. Too many people spend down their assets until they qualify for Medicaid.

While care facilities might be excellent for some, suppose you'd just like to live on your own for as long as you can? If you stay fit far into old age – knock on wood – the kind of care you might need would be more day-to-day independence: cooking, cleaning, dressing, maybe somebody to make sure you take your pills and help you keep things in order.

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Planning for Tomorrow With Long-Term Care Insurance—continued from page 1

That stuff definitely isn't covered by standard health insurance.

Money matters

The American Association for Long-Term Care Insurance says that last year hundreds of millions of dollars more were paid out in LTC than in 2020. Right now, insurers are paying out billions more than they did just four years ago. The average claim was close to forty grand.

Know going in that LTC is like any other kind of insurance: You may payout for years and never use the coverage. Consider yourself lucky in that case.

Now, let's assume you're not rich and the sky is not the limit on your sunshine years lifestyle. The average LTC policy bumps up against two grand a year. That provides coverage that you would burn through quickly if you had to go to a full nursing home – but, an amount that could keep you living on your own in your own home, with a little help, for some time.

All that also assumes that your income during your later years will be zero. But like most, you're probably somewhere between a billionaire and a pauper. Suppose when you get older you have an IRA, Social Security, and maybe even a pension? Supplemented by that income, suddenly a cheaper LTC plan might work great for you.

Pros

LTC can free up some of your income in those later years for fun, like traveling. If your health holds, those fun things will be at the top of the bucket list. So, it would be nice to have the cash available.

Having this insurance can help you avoid dipping into assets like stocks to pay for care.

If your policy qualifies (check with the insurer), you can – as tax laws stand now – deduct your premiums from your taxes if you itemize deductions, and if your medical costs are more than a certain portion of your income.

Cons

Beyond the possibility that you'll never need your LTC payout (but again, luck of the draw here), these policies can be expensive and detailed.

You'll probably need to pass a physical to qualify. And a lot of people don't pass. And it can be almost impossible to figure out what kind of coverage you're going to need in which years of your later life.

Knowing LTC's pros and cons can help you decide if the coverage is for you. We're accounting and tax experts, but we'd be happy to help you find an insurance pro who can help. ✧



Valentine's Day Giggles

"All you need is love. But a little chocolate now and then doesn't hurt." ~ Charles M. Schulz

"Without Valentine's Day, February would be... well, January." ~ Jim Gaffigan

"Love may not make the world go round, but I must admit that it makes the ride worthwhile." ~ Sean Connery

"If love is blind, why is lingerie so popular?" ~ Dorothy Parker



"I love being married. It's so great to find that one special person you want to annoy for the rest of your life." ~ Rita Rudner

"The jewelry stores say, 'Tell your wife you love her with a diamond,' while wives tell you they love you with 'OK, but only because it's Valentine's Day.'" ~ George Lopez

Q. Did Adam and Eve ever have a date? A. No, they had an apple!

Q. Where do all the hamburgers take their girlfriends on Valentine's Day? A. To a meatball.

Q. What's the difference between a \$20 steak and a \$50 steak? A. February 14th.

Q. Do you have a date for Valentine's Day? A. Yes, February 14.

Keeping Money From Ruining a Marriage—*continued from page 1*

So, the more chances you have to do something which helps you to clarify your shared vision, the better the marriage team. Even the simple process of creating and adjusting a family budget provides a forum for discussion of what is really important to the family.

Realize that a budget brings freedom, not constraint. Couples without a budget can, and often do, fight over every dollar spent. But, couples who have worked together on a budget are already in agreement on the big picture. Once the difficult decisions are made, the specific purchases in each category are much less critical.

Here's one way this works (among many): having decided how much money the family can afford to spend on clothes for him and for her, it doesn't matter as much if he prefers lots of inexpensive clothes and she prefers a few nice pieces, or vice versa. A budget allows discretion and freedom to prevail within the context of cooperation and teamwork.

Pay your family first! Even if it hurts, at first, saving equals paying yourself. And don't worry so much in the beginning about where you are placing your savings—only after you've saved several times your annual salary does the rate of appreciation become more important than the actual rate of savings. The main thing, early on, is to do it!

Because money makes money. And the money that makes money, makes even more money.

Limit the amount you spend unless you both agree. One big mistake can undo months of frugality and sacrifice. So, it's a good idea, that for big purchases, you require both members of the team to agree. Honoring each other in this way helps avoid resentment and disgust.

Have a small slush fund. Both members of a marriage should have a slice of the budget which is completely at their discretion. So long as their spending stays within this slice of the budget pie, they can be completely frivolous. Maybe it's only 0.5% of your total budget, but it will provide a place to put purchases which otherwise might cause marital strife.

If one member collects ceramic pink pigs and the other signed collectible hockey cards, they can both enjoy their frivolous expenditures without jeopardizing budget items that are more important to the family.

Couples that learn to live proportionately maintain their balance, whether they are rich or poor. No matter the circumstances, they include some fun, some gifting, and some investing as a reflection of their shared family values.

And it starts with having the conversation. So, do it! ※

What Every Woman Should Know About Social Security

According to a report by the Trustees of the Social Security program issued August 2022, 70 million people received some type of Social Security benefit in 2021, totaling \$1.133 trillion.

According to the Social Security Fact Sheet, among elderly Social Security beneficiaries, 37 percent of men and 42 percent of women receive 50 percent or more of their income from Social Security. Among the same group, 12 percent of men and 15 percent of women rely on Social Security for 90% or more of their income.

The poverty rate for those age 65 and older was 35 percent in 1960. In 2018, the poverty rate for those age 65 and over was 9.7 percent. But, had it not been for Social Security benefits, that age group would have had a poverty rate of 40.5 percent.

Nearly 55 percent of the adults receiving Social Security benefits are women. 71 percent of the women receive retired-worker benefits and 11 percent receive survivor benefits.

Women face greater economic challenges in retirement. First, women tend to live longer than men. A 65-year-old woman can expect to live, on average, to age 87. A 65-year-old man can expect, on average, to live until about 84. Second, women often have lower lifetime earnings than their male counterparts. And third, women may reach retirement with smaller pensions and other assets than men.

Social Security only replaces a portion of your pre-retirement earnings. It serves as a safety net, but you will also need to have other income from things like pensions, savings, and investments.

Today, women have challenging choices to make. Some may spend their entire adulthood in a career or job outside the home. Some may work a few years, leave the labor force to raise children, and eventually return to work. Others may choose not to work outside the home. Whether they work, have worked, or have never worked, women must understand how Social Security can help them and their families. Women tend to care for many people – spouses, children, and parents. They're also less often covered by private retirement plans and more dependent on Social Security.





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(251) 633-4070 or info@CPAMobileAL.com.

What Every Woman Should Know About Social Security—*continued from page 3*

In addition to understanding the benefits to which they may be entitled, women need to be aware of other aspects of the Social Security program.

If you change your name, be sure to report the change to the Social Security Administration. Otherwise, your earnings may not be recorded properly, and you may not receive all the benefits you are due. To report a name change, you can use the SSA's SSN and Card application available at www.ssa.gov/ssnumber to start the application online. You'll need to submit proof of your identity and proof that you legally changed your name.

Most people need 40 credits (usually 10 years of work) to qualify for retirement benefits. Your benefits are based on your earnings averaged over most of your working career. Higher lifetime earnings result in higher benefits.

Your benefits are also affected by your age at the time you start receiving benefits. You may start receiving retirement benefits at age 62. If you do, the benefits will be lower than if you wait until your full retirement age.

If you're age 65 or older, or blind or have a disability, and your income and the value of your resources are limited, you may be eligible to receive monthly payments under the Supplemental Security Income (SSI) program. There may also be state help available for Medicare expenses under the Medicare savings programs.

If you're married, but haven't worked, or don't have enough Social Security credits, you may be eligible for Social Security benefits as a result of your spouse's work. You, and your children younger than 18, have Social Security protection through your spouse's work if

they have enough credits. When your spouse retires, or if your spouse develops a disability, you could be eligible for benefits as early as age 62.

If you're divorced, you could receive benefits based on your ex-spouse's work if your marriage lasted 10 years or longer, you're unmarried, you're age 62 or older, and your ex-spouse is entitled to Social Security benefits.

Social Security is a vital program, especially for women, but it was never intended to cover all of their financial needs. To live comfortably, everyone needs to plan accordingly. Living within one's means and saving for the future are big parts of that plan. ✧

This month's special Member-Only call-in times for Lindsey's Insider's Circle will be 2/20/23 from 2:00 to 4:00 pm.

To schedule your appointment, contact Kristen at (251) 633-4070.

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