



# Financial Update

## *Ideas and Action Steps for Achievers*

**Jepsen Financial**  
 Les Jepsen  
 8075 9th Street Way N  
 Saint Paul, MN 55128  
 651-264-1979  
 jepsenfinancial@gmail.com  
 JepsenFinancial.com

### What Happened to Your Money?



If you don't know what happened to your money during the past year, it's time to find out. December and January are the perfect months to look back at what you earned, saved, and spent, as W-2s, account

statements, and other year-end financial summaries roll in.

#### How much have you saved?

If you resolved last year to save more or you set a specific financial goal (for example, saving 15% of your income for retirement), did you accomplish your objective? Start by taking a look at your account balances. How much did you save for college or retirement? Were you able to increase your emergency fund? If you were saving for a large purchase, did you save as much as you expected?

#### How did your investments perform?

Review any investment statements you've received. How have your investments performed in comparison to general market conditions, against industry benchmarks, and in relationship to your expectations and needs? Do you need to make any adjustments based on your own circumstances, your tolerance for risk, or because of market conditions?

#### Did you reduce debt?

Tracking your spending is just as important as tracking your savings, but it's hard to do when you're caught up in an endless cycle of paying down your debt and then borrowing more money. Fortunately, end-of-year mortgage statements, credit card statements, and vehicle financing statements will all spell out the amount of debt you still owe and how much you've really been able to pay off. You may even find that you're making more progress than you think. Keep these paper or online statements so you have an easy way to track your progress next year.

#### Where did your employment taxes go?

If you're covered by Social Security, the W-2 you receive from your employer by the end of January will show how much you paid into the Social Security system via payroll (FICA) taxes collected. If you're self-employed, you report and pay these taxes (called self-employment taxes) yourself. FICA taxes help fund future Social Security benefits, including retirement, disability, and survivor benefits, but many people have no idea what they can expect to receive from Social Security in the future.

This year, get in the habit of checking your Social Security Statement annually to find out how much you've been contributing to the Social Security system and what future benefits you might expect, based on current law. To access your Statement, sign up for a *my* Social Security account at the Social Security Administration website, [socialsecurity.gov](http://socialsecurity.gov).

#### Did your finances improve?

Once you've reviewed your account balances and financial statements, your next step is to look at your whole financial picture. Taking into account your income, your savings and investments, and your debt load, did your finances improve over the course of the year? If not, why not?

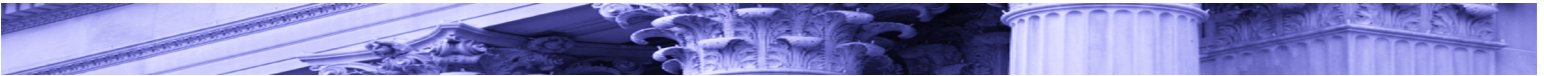
Next, it's time to think about the changes you would like to make for next year. Start by considering the following questions:

- What are your greatest financial concerns?
- Do you need help or advice in certain areas?
- Are your financial goals the same as they were last year?
- Do you need to revise your budget now that you've reviewed what you've earned, saved, and spent?

Use what you've learned about your finances to set your course for the new year ahead. Challenge yourself to save more and spend less so that you can make steady financial progress.

### December 2018

- Reviewing Your Estate Plan
- Alzheimer's Disease Myths and Facts Quiz
- Is bulk buying worth it?
- Cartoon: Happy New Year



***An estate plan should be reviewed periodically, especially after a major life event. Here are some ideas about when to review your estate plan and some things to review when you do.***

## Reviewing Your Estate Plan

An estate plan is a map that explains how you want your personal and financial affairs to be handled in the event of your incapacity or death. Due to its importance and because circumstances change over time, you should periodically review your estate plan and update it as needed.

### **When should you review your estate plan?**

Reviewing your estate plan will alert you to any changes that need to be addressed. For example, you may need to make changes to your plan to ensure it meets all of your goals, or when an executor, trustee, or guardian can no longer serve in that capacity. Although there's no hard-and-fast rule about when you should review your estate plan, you'll probably want to do a quick review each year, because changes in the economy and in the tax code often occur on a yearly basis. Every five years, do a more thorough review.

You should also review your estate plan immediately after a major life event or change in your circumstances. Events that should trigger a review include:

- There has been a change in your marital status (many states have laws that revoke part or all of your will if you marry or get divorced) or that of your children or grandchildren.
- There has been an addition to your family through birth, adoption, or marriage (stepchildren).
- Your spouse or a family member has died, has become ill, or is incapacitated.
- Your spouse, your parents, or another family member has become dependent on you.
- There has been a substantial change in the value of your assets or in your plans for their use.
- You have received a sizable inheritance or gift.
- Your income level or requirements have changed.
- You are retiring.
- You have made (or are considering making) a change to any part of your estate plan.

### **Some things to review**

Here are some things to consider while doing a periodic review of your estate plan:

- Who are your family members and friends? What is your relationship with them? What are their circumstances in life? Do any have special needs?

- Do you have a valid will? Does it reflect your current goals and objectives about who receives what after you die? Is your choice of an executor or a guardian for your minor children still appropriate?
- In the event you become incapacitated, do you have a living will, durable power of attorney for health care, or Do Not Resuscitate order to manage medical decisions?
- In the event you become incapacitated, do you have a living trust or durable power of attorney to manage your property?
- What property do you own and how is it titled (e.g., outright or jointly with right of survivorship)? Property owned jointly with right of survivorship passes automatically to the surviving owner(s) at your death.
- Have you reviewed your beneficiary designations for your retirement plans and life insurance policies? These types of property pass automatically to the designated beneficiaries at your death.
- Do you have any trusts, living or testamentary? Property held in trust passes to beneficiaries according to the terms of the trust. There are up-front costs and often ongoing expenses associated with the creation and maintenance of trusts.
- Do you plan to make any lifetime gifts to family members or friends?
- Do you have any plans for charitable gifts or bequests?
- If you own or co-own a business, have provisions been made to transfer your business interest? Is there a buy-sell agreement with adequate funding? Would lifetime gifts be appropriate?
- Do you own sufficient life insurance to meet your needs at death? Have those needs been evaluated?
- Have you considered the impact of gift, estate, generation-skipping, and income taxes, both federal and state?

This is just a brief overview of some ideas for a periodic review of your estate plan. Each person's situation is unique. An estate planning attorney may be able to assist you with this process.



## Alzheimer's Disease Myths and Facts Quiz



### Additional facts

According to the [Alzheimer's Association](http://www.alz.org) ([www.alz.org](http://www.alz.org)):

5.7 million Americans are living with Alzheimer's disease.

Between 2000 and 2015, deaths from heart disease have decreased 11% while deaths from Alzheimer's disease have increased 123%.

One in three people dies with Alzheimer's disease or another dementia.

Over 18 billion hours of care, valued at more than \$232 billion, are provided by family and other unpaid caregivers.

People with Alzheimer's disease or other dementias have twice as many hospital stays per year as other older people, and almost two-thirds of Americans with Alzheimer's disease are women.

The probability of needing long-term care is growing. According to the U.S. Department of Health and Human Services, Americans turning age 65 today have nearly a 70% chance of needing some type of long-term care services in their remaining years.<sup>1</sup> There are many reasons why you may need long-term care, but one of the growing causes includes forms of dementia, particularly Alzheimer's disease.

While estimates vary, experts suggest that more than 5.7 million Americans may have Alzheimer's.<sup>2</sup> Alzheimer's disease is currently ranked as the sixth leading cause of death in the United States, but recent estimates indicate that the disorder may rank third, just behind heart disease and cancer.<sup>2</sup>

Here's a short quiz that may help you understand more about dementia and Alzheimer's disease and the need to plan for their potential onset.

### Quiz

#### 1. True or False: There is a way to prevent Alzheimer's disease.

- a. True
- b. False

#### 2. Which statement is true?

- a. Alzheimer's disease affects only people in their 60s and older
- b. Alzheimer's disease is always hereditary
- c. Currently, there is no cure for Alzheimer's disease

#### 3. What is the greatest risk factor for Alzheimer's disease?

- a. Increased age
- b. Gender
- c. Genetics

#### 4. What is often one of the first signs of Alzheimer's disease?

- a. Skin rash
- b. Difficulty walking
- c. Difficulty finding the right words

#### 5. When or how can Alzheimer's disease be diagnosed with certainty?

- a. Through blood tests
- b. Only after death
- c. Through an MRI

#### 6. True or False: Some medications can be used to treat symptoms of Alzheimer's disease.

- a. True

- b. False

#### 7. What is the approximate lifetime cost of care for an individual with dementia in 2018?

- a. \$145,000
- b. \$879,000
- c. \$342,000

#### 8. According to latest figures, approximately how many Americans provide unpaid care for people with Alzheimer's disease?

- a. 1 million
- b. 16 million
- c. 5 million

#### 9. Which statement is true about communicating with someone who has dementia or Alzheimer's disease?

- a. Avoid eye contact
- b. Interrupt the person and try to finish his or her sentences
- c. Offer simple instructions and allow ample time for a response

#### 10. Examples of advance directives for health care include each of the following except?

- a. A living will
- b. A durable power of attorney for health care
- c. A deed

### Plan now

Planning for long-term care and the possibility of dementia or Alzheimer's disease is important for you and your loved ones. What type of health care would you want if you weren't able to communicate your choices? Plan ahead to make sure you get the medical care you want.

<sup>1</sup> [U.S. Dept. of Health and Human Services](http://www.hhs.gov)

<sup>2</sup> [National Institute on Aging](http://www.nia.nih.gov)

### Quiz answers

- 1. [b \(Alzheimer's Association\)](http://www.alz.org)
- 2. [c \(National Institute on Aging\)](http://www.nia.nih.gov)
- 3. [a \(National Institute on Aging\)](http://www.nia.nih.gov)
- 4. [c \(National Institute on Aging\)](http://www.nia.nih.gov)
- 5. [b \(National Institute on Aging\)](http://www.nia.nih.gov)
- 6. [a \(Alzheimer's Association\)](http://www.alz.org)
- 7. [c \(Alzheimer's Association\)](http://www.alz.org)
- 8. [b \(Alzheimer's Association\)](http://www.alz.org)
- 9. [c \(National Institute on Aging\)](http://www.nia.nih.gov)
- 10. [c \(National Institute on Aging\)](http://www.nia.nih.gov)



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### Is bulk buying worth it?

In theory, buying goods in bulk seems like a smart, money-saving strategy. But in practice, is it really worth it?

Next time you're out shopping, consider the following before you stock up on large quantities of your favorite products.

An obvious benefit of bulk buying is that it tends to be an economical way to shop because you're often paying a lower price per unit of each individual item. For example, buying a five-pound bag of potatoes will typically cost you less per pound than buying individual potatoes.

In addition to saving you some money, buying items in bulk can also save you time and energy. You won't need to take as many trips to the store if you've stocked up on essentials.

But there are some drawbacks to bulk buying. Unless you have a large family who will go through items bought in bulk quickly, it probably won't make as much sense for you to stock up on groceries and other household goods. Plus, items sold in bulk are often packaged in larger containers. You'll need to store these somewhere, and you might not necessarily have space to accommodate everything.

Also consider that some wholesalers charge membership fees. The cost of membership and frequency of renewal could be pricey.

While there are advantages and disadvantages to bulk buying, you can help determine whether it is worthwhile by asking yourself the following questions:

- Have you compared prices of bulk-packaged products to see if you're really getting a deal?
- Have you previously tried and liked the product? Can you bear the risk of having it go to waste if you discover that you don't like it after you've purchased a bulk quantity?
- Do you actually need that much of a particular item? Will it spoil before you can use it?
- Do you have enough storage space for items purchased in bulk?

Avoid buying in bulk just because you can. Take the time to consider your needs, and weigh wholesale rates against supermarket rates in order to help yourself save as much as possible.



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