



## The Truth About How Your Money Really Works

### Quick Links

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**Gary Pevey**

Certified Financial Planner  
Chartered Life Underwriter  
Chartered Financial  
Consultant



Dear Gary,

### November 2016

**The race is over.** We have new leadership in the White House. The overall comment on the street was "what an unexpected event." Just six months ago no one would have anticipated the outcome.

**We don't know what the future holds, but most of us agree that things in Washington will be different.**

**What can we learn from the results of this election as it relates to our money and the benefits money provides?**

What we do know is that the past does not determine the future.  
**The decisions we make today determine our future.**

**Life is a series of both expected and unexpected events.** We cannot control many of these events, but we can minimize the economic impact they have on our lives. It is important to first identify the threats to our money, and then develop strategies to minimize these threats so we can fulfill our obligations.

The next couple of years in our Country should be very interesting.  
**Let us help you make sure your expected and unexpected events are covered.**

**In the meantime, check out the money tips below!**

**Out of the Box Thinking on a Very Popular Subject - Money**

## What Keeps You Up at Night?

- Money for Retirement
- Paying for College
- Family Security
- Losing your Income
- Life Events
- Leaving a Legacy
- Business Succession
- Retaining Key Employees

**1. The scammers are at it again!** Notices with fake IRS bills are circulating allegedly from the IRS related to the Affordable Care Act. The notice is labeled CP2000, and appears to be issued from an Austin, Texas IRS office. Contact your tax professional if you receive one of these notices to verify the authenticity.

**2. Open enrollment for medical insurance is here.** Don't overlook the value of purchasing a high-deductible health plan (HDHP) with a health savings account attached to it. The health savings account is a terrific tool because it contains three key tax components.

- Funds deposited into the account are tax deductible.
- Any account growth is tax deferred.
- Withdrawals are tax free when used for any medically eligible expense.

Health Savings Accounts are the only financial instruments that provide all three tax components.

The maximum contribution for 2016 is \$3,350 for an individual and \$6,750 for a family. The maximum contribution for 2017 is \$3,400 for an individual, Family remains at \$6,750. Anyone age 55-65 and not yet enrolled in Medicare can deposit an additional \$1,000 under the Catch Up contribution.

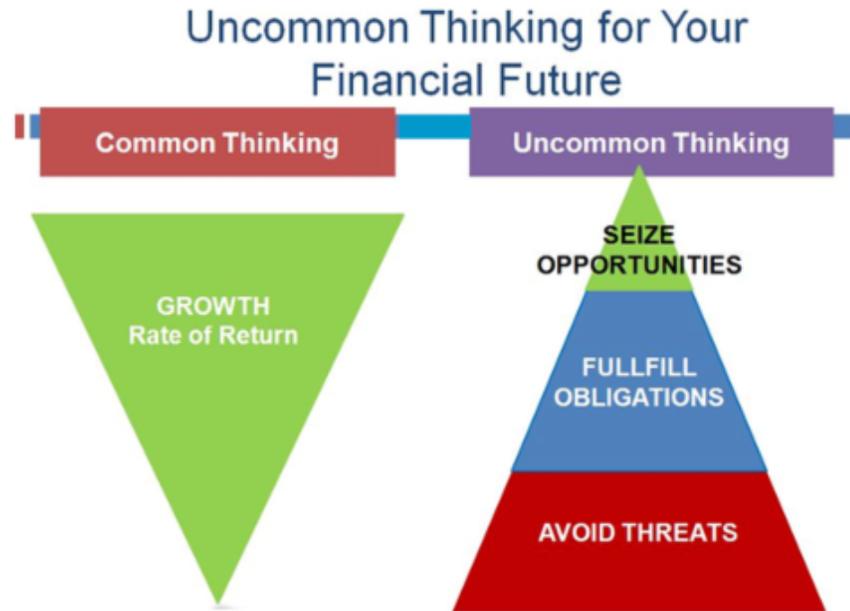
### **3. What comes to mind when you think of Long Term Care?**

Most people respond by thinking of a nursing home. According to OneAmerica Insurance Company, over 80% of Long-Term Care is administered in the home. It is important that your long term care insurance is comprehensive. Make sure coverage includes:

- Home Care
- Nursing Home Care
- Assisted Living Care
- Adult Day Care

**4. Investing and Saving.** What are the differences? We find that most people seek rate of return and growth with their money, but that comes with risk. We suggest you consider the safety of your

money along with considering investment opportunities.

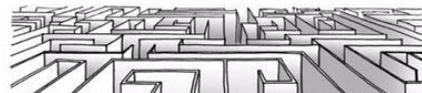


**5. How do you calculate your inflation rate when planning for retirement?** The Consumer Price Index measures inflation for a basket of goods purchased by a hypothetical American family. Every household spending is different and so is their inflation rate. Most likely, yours is higher than the government average. It is prudent to do a more personal evaluation of your inflation rate.

**6. What is the main goal of your retirement money?** It should be the ability to create enough cash flow for both you and your spouse or significant other to last a lifetime. Listed are a few items you should consider implementing before retiring:

- If you think you can live on less in retirement, and your plan includes this assumption, than live-on less before you retire and see if you can make it happen.
- Estimate your after-tax essential income. This is the money you will need to pay all of your daily lifestyle expenses.
- Plan for inflation on an annual basis and make it a key part of your model.
- Your essential income should be safe, sustainable, predictable, and last throughout your lifetime.
- Don't overlook the importance of planning for Long-Term Care. We are living longer and this protection is important for preserving family assets.
- Planning for retirement is a process, not an event or destination. The only guarantee you have is circumstances will change and you will need to make adjustments along the way.

**7. Medicare is a maze of confusion.** It is important to break it into bite-size pieces. It is also critical to get it right the first time.



- Enroll at the right time. Medicare has a lot of different enrollment periods. It is important to use the right one.
- Choose the right Medicare coverage. There are only two main paths. One is original Medicare (Parts A and B) combined with a Medigap Policy (also called a supplement) and Part D a prescription drug plan. The other is a Medicare Advantage plan (Part C) which is all inclusive.
- It is important to understand the differences between the plans, what they cover, and how to use them to obtain your best coverage.



**8. Social Security cost of living increase was recently announced. Ouch!** The increase was only .02%. Last year, there was no rate increase. A person receiving \$2,000 per month would only see an increase in their check of \$4.00 per month. The increase over the last five years has been on the average of 1.36% per year.

**9. The year 2016 will soon be in the record books.** This is a good time to make sure you have all of your essential estate planning documents in order. We recommend finding a competent attorney to discuss and execute, at least, the following basic documents:

- Last Will and Testament
- Designation of Health Care Surrogate
- Durable Power of Attorney
- Living Will
- HIPAA Consent Form

**10. Be wary of "consensus" advice from an Advisor.** It is important to receive advice from an independent and open-minded thinker that questions conventional wisdom. Most advisors are trained by the financial institutions which may have their own agenda. We cannot assume that conventional wisdom works now or will in the future. The world moves at a much faster pace than just a few years ago. We are inundated with information, much of which are opinions. Refuse to accept opinions as absolute truth. Remember, "Opinions without documentation are only opinions." Check it out for yourself or ask for verification before making decisions about your money.

*Source: First Benefits Group 2016*

Sincerely,

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