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But thank you for joining us today for the Career Speaker Series series brings to you the nation's top career authors who provide tips, tools, and best practices you can use to create a successful career and retirement strategy. Hello, my name is Dan Sullivan, and I'll be your host. With me today is Han childs, CEO of North Carolina based Cardinal retirement planning, and speaker and author of the complete Cardinal guide to planning for and living in retirement. So in the next hour, you're going to learn tips and tricks as you plan your retirement years. Now have your pen and paper or electronic device ready to take notes. Check the download option to gain access to resources that will help you use Hahn's ideas. As you learn how to plan for your retirement and certainly ask questions, you can submit your questions by clicking on the menu in front of you. We also want to remind you of this webinar is about you, you're invited to help influence the program by offering your thoughts on how we can continue to be a support to your career. So click on the menu option that says give us your feedback. And keep in mind you can fill the frame of your computer with the presentation today by clicking on the cross arrows on the bottom right of the slides. And when you need to ask questions simply hit the Escape key. So, let me share a brief background about our very accomplished speaker today. Han Sheil, as I mentioned is the CEO of the North Carolina based Cardinal retirement planning Inc, and author of The Amazing complete Cardinal guide to planning for and living in retirement. Throughout his 40 years in the financial services NGO industry, Hans has worked with clients aged 65 plus to help provide them with financial solutions they need to live a long and successful retirement. In his book, Han shares and addresses problems retirees face and can face and he provides simple strategies that can be put in place with the help of a qualified professional. Hans is a certified financial planner, a professional as well as a chartered life underwriter, Chartered Financial consultant and charter advisor for senior living. He also holds Life and Health Insurance licenses and 50 states and the District of

Columbia and is an investment advisor. So there's a lot of information that we're going to be covering today, I think it'd be very excited about and feel much more confident about where you're going. Today, Hans is going to be your private consultant and share with you his philosophies and ideas from his book, The complete Cardinal guide for planning, living in retirement. So join me in welcoming on Sheil. Hans, thanks for joining us.

03:15

Yeah, I'm thank all of you for around the country for tuning in. To hear about this stuff. Just the first slide here, we've got copies of the books that I put out, and have published and I did the second book with one of my associates who's much younger than me, Doug Amos. And the first book was written to try to explain in Simple English, the things you need to deal with, if you're doing a retirement plan. And it's a book of stories. So I've been practicing for over 40 years. And it's a book of stories about real clients, and real things that have happened to them. The second book is, has no stories in it, it has all facts, and figures. And so what the first book is lacking in terms of strategy and figures and numbers and policy. The first book is lacking in that. But a lot of folks don't really are not interested in that kind of detail. So anyhow, these are the two books, they're available on Amazon. And we can also if you're just have one section of the book that you're most interested in, you can download them for free from my website, Cardinal guide COMM And we've made them available chapter by chapter under the seven worries tab. You can just download those and it's not going to cost you anything. So I want to tell you a little bit about myself and my voice of where I got my voice for writing a book about this stuff. My dad really provided my entry into the business. I was 18 years old. At the University of Minnesota and I wish worked part time selling Medicare supplements to people three times my age, and have been in it and calling on people 65. And over really for 42 years this summer. So, I've been a caregiver for both my mother and my father. This is my mother and father getting married in 1951 of my dad was a German immigrant. That's with the kind of different sounding name and my mom was a Navy nurse. And my dad retired from the insurance business and investment business. And he had a very severe stroke in the late 90s. And he unfortunately was not really needing to be cared for for a long period of time, he wouldn't have made a very good patient. And he went on my mother. On the other hand, Mary, she developed Alzheimer's, and I was caring for her part of her care along with my brothers and sisters, for the better part of 10 years. So and I come from three prior generations could be more, really didn't keep track of these kinds of things. They called it hardening of the arteries, when my great grandfather and my grandmother had the disease, but my grandfather, great grandfather, Patrick McLaren, and he passed away in the mid 50s. And he, my father, when he first came over the United States with my mother, actually transported him and was a caregiver for him in like 1951, or 1952, with my mom riding in the backseat with him. My grandmother, who's in the middle of the picture here that shown on the screen, she passed away with Alzheimers at about 85. And I was fortunate enough to be around her a lot. I was in college and just after college, and took part in her care and was helpful and just had some very great times with her. And then my mother, as I mentioned earlier, so I'm real familiar with the disease and memory. And when it comes to long term care insurance and long term care claims, about half the claims are being paid out that are being paid out by insurance companies are for memory related issues. So what I'm going to do with the rest of our time is I'm going to go through the seven worries, or the seven chapters, the seven sections in the book. And what I want to do is level set a little bit where I'm going to just talk about how I arrived at these seven things that people are worries that people need to address from a financial planning standpoint. where most of my life, I've called on people 64 and a half years old, turning 65. And we're still doing it to this day, where that's when you're coming on Medicare, you go on Medicare, actually at 65. And we've been offering you a Medicare supplement for 42 years. And

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so I've been doing that I got into financial planning, I got into the long term care insurance business, a whole multitude of things, became a CFP, and was really writing financial plans for people at this age. For a number of years before I wrote the book, and I wrote the book, just simply because I wanted a way I didn't really imagine getting it published, I wanted something that was written down with my philosophies of the seven things that I think you need to worry about. You need to be concerned about. Now, I'm certain that a lot of the people I'm speaking with are much younger than 64 and a half and you say was this webinar for me? Well, first of all, I want you to be thinking, as you're doing your retirement planning and retirement savings, I want you to be thinking about these seven things in terms of yourself and preparing for them. So that the first time you're looking at it like most people at 64 and a half. Secondly, I want you to think about your parents in your in laws. I mean, we call on people 7075 85 years old, all the time they come in to see us and they haven't really done any of this kind of planning. And what they have is a whole pile of just kind of reactions. And so they're going to be your responsibility as a caregiver. For your parents and your possibly your grandparents, your in laws, your aunts and uncles. And you know you a lot of folks are very private about all of this stuff well into old age. And so I want you thinking about this perhaps with some conversations with mom and dad or in line in law or uncle or aunt Who's going to be relying upon you? Okay, so the first section that we're going to jump on to, and that's the slide we have, we're going to talk about social security. So, you know, what I've got is an example that's in the book of a couple that came in to see us, Robert and Sarah. And these are their kind of young adult children. And with Social Security, what a lot of folks don't really realize is you have the option of starting Social Security, somewhere between 62 years old, and 70 years old. So if you've already started your Social Security, this might validate some of your decisions that you've already made. But for most of you, if you haven't started it, you really want to become educated about this before you just make the decision, or you don't want to be making decisions, just based upon what your brother did, or your friend down at work for somebody that came a little bit before you. So in Roberts example, he was work past 66, which was his full retirement age. And he was actually 68, when he came in to see us. And he had already made the decision to delay his social security, and a lot of people still working, make that decision. Even if they're not still working, he had done the research, fairly sharp guy, he was an executive. And he had just seen that it made economic sense to wait till he was seven. So in that sounds like it made sense to me until we dug in a little bit deeper. So then we found out that his daughter was still in high school, okay, and she was, at the time 17 years old. And he was not aware that he was able to draw an extra Social Security check, based upon having a dependent under 18 and attending high school. So And furthermore, he had missed out on two years of payments of over 15 $100 a month or $18,000, in one year $36,000 in Social Security payments that he would have received, had he filed at age 66. So I just put his story up here, in Boise, we get his attention. And he was really coming into us to get Medicare insurance. He wasn't even really wanting this kind of stuff. But he went ahead and did a financial plan with us. And there were a whole bunch of areas that were able to help him out. Now, a couple other points on Social Security. your spouse's Social Security comes into play. In my book, I have an example of my Social Security statement in the appendix. So that if we're going to help you with something like this, where you're going to go to another professional, or you're going to do it yourself, you're going to need to get a social security statement from social security.gov. And there's instructions on how to do that in both books.

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But your spouse comes into play. And this webinar is too, too much, too little time really to get into that. But you can file for social security against your current spouse, spouse is already deceased, or perhaps the next spouse, and there's there's potential benefits for your taxes on Social Security, you know, that's driven by your other income. So if you are collecting Social Security, and you have no other income, well, you don't have a very great lifestyle, but you're not going to owe any taxes on your social security. If you have other income, it's the amount of the other income, which you have to pay taxes on the drives the taxes that you pay on the social security. And like I said, we have a lot more detail on this specifically in the workbook. Yeah. One other point on this is that if you have if you're a married couple, and you have two checks coming in, and the first one of you passes away, the smaller check goes away. So you know, that's a that's a situation that a lot of people don't think about. But if you're relying a lot on two Social Security checks, when the for the one survivor, there's going to be a substantially reduced income. And a lot of folks consider life insurance to protect themselves for that. Okay, so we move on to the Medicare section, and Medicare happens for most people when you turn 65 or possibly a bit later, after 65 if you're still working, and Medicare kind of seems ho hum to a lot of folks, look, the government just gives it to me. I'll worry about when it comes. Listen, you make some poor decisions or some wrong decisions and Medicare. It could be extremely costly and sometimes hard to reverse. If your health has changed, so what I would say and what we due for people that are coming in, and they're looking at their Medicare plans from us is we work to giving them a good education on the four parts of Medicare Part A and Part B, Part C, and Part D. and the books go into this. It's a short explanation. These are pretty thin books, but they are enough of an export nation that you'll have an understanding, because you can't really make medicare supplement or Medicare Advantage decisions, unless you really understand the Medicare program at a basic level. And we really work on doing that for our clients. And we're doing that within the books. Now, a thing to study about Medigap policies, and we run into folks that have been on these for 20 or 30 years, or we have as clients and they still don't notice every Medigap policy, from all insurance companies, in most states, they're identical or they're standardized. Now, people say now, what does that mean? It means that if you buy a Plan G Medicare Supplement from, say, Mutual of Omaha, and you look at a Plan G medicare supplement, from AARP, those two policies are exactly the same in the benefits, the only difference is going to be the price that they charge you. I just picked those two companies or a couple of very large companies that we write for. But it's important to understand, and you can do this at our website, you can put in your age and your zip code and fuel your gender. And you can get a comparison of every company that sells Medicare Supplement policies in your area. And we do that because consumers most of them even that are on Medicare, they're not aware of this fact. So it really pays to shop Medicare policies, and then to even change them after you've had them for a while. Now, the Medicare Advantage Part C is something completely different than the Medigap policies. Again, we go into this in the book, those are sold in the fall of the year, you can hardly turn the TV on without hearing commercials on the radio. And what that simply means is that you're moving from traditional Medicare, and you're going to receive your government issued Medicare from a private insurance company. And the main reason to do this is you can avoid having a Medigap premium. And the downside to doing it is you're stuck in their networks and hospitals. With a Medicare Supplement policy and traditional Medicare, you're able to really go to any doctor in the United States that takes Medicare, and that freedom of movement and choice. And travel is real valuable to a lot of folks.

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And the last point that's up here is about this thing, there's word, it's kind of a funny word

Irma. But the government has real benign terms to describe things. So that's for income related monthly adjustment amount. What that means is, if you have a high income, other than your Social Security, you're going to pay a whole lot of extra surtax for Medicare as much as $6,000 a year per person. And, again, this is all laid out in the books. It's something that can be planned for. And it's really like a hidden tax or a means testing of Medicare. Okay, so next section here. Now we've got long term care. And really the whole when you get into these books, if you choose to read the books, you're going to find out that every subject and every topic that we plan for relates back to long term care, this is really the hidden and the not talked about financial planning subject within the work that I do. And a lot of financial planners are not real well versed on it. A lot of them deal with extremely affluent people. And it's really easy to dismiss and just say, well, I'll just pay it if this happens to me. It's not a very pleasant subject to discuss. But if there's any real threat in your retirement, that isn't really discussed as often enough, at least to satisfy me, it's this whole area of long term care. So in the book, I take each one of the seven subjects and I relate it back to long term care. So I'm going to do that right now for the two sections that we've already covered. So when it comes to social security, what I'm going to tell you is is if somebody goes into a nursing home or an assisted living, and they have to pay for it themselves. This is the first check that is essentially confiscated to pay the nursing home bill, because it comes in every month that doesn't stop until a person dies. Second subject was Medicare and I I outlined this in the book that Medicare is just not going to pay much for long term care. I mean, I'm going to just leave it at that for the purposes of this presentation. There are some very slim benefits for skilled care. But certainly not enough to rely on what I'm talking about with long term care. I'm talking about months and months and months, and then years, possibly adding up of 678 $1,000 a month, $5,000 a month, that's even going to drain a wealthy person's budget. So, so Enough, enough about throwing all these big numbers out? I mean, what are we talking about here with long term care. Home Health Care, is really where it's all going. When I first started offering Long Term Care Insurance, people were not they really were not going in, you know, it getting care at home. I mean, it was it was just, you get to a certain point is sick, you go to the nursing home, you pay this amount. Home Health Care was just something they did for you, maybe perhaps for a little while, if you're having trouble getting around there. Now, people that never go to facilities that they do at all, in terms of home health care. The slides I have up here are a couple of people that are very near and dear to me, Christina and Michael, and Christina came to us we do a lot of planning for people's aging parents, and she is the daughter of Michael and Michael was down in Florida. And Michael was just his wife passed away was not Christina's mother, he had lived alone, he had some problems with alcohol, and he just wasn't taking care of himself very well had developed dementia. And she got a phone call from Florida, just that he was outside and really in distress. And so she went down there, picked him up, brought him back home, and began has needed to put him in a facility to get taken care of. And then she needed to find all the money to do that. And the point I want to make is he has done almost no planning for long term care. He's a veteran. And so we started with that. That's how I met them as they came in to find out about veterans aid and attendance, and then the financial planning that they needed to do to qualify.

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So don't really want to get into the details of all that. But I will say that the Veterans Administration is much easier to deal with than like the federal government and the state government on Medicaid programs is they will let you at least for now, they will let us do some financial planning, move some money into a trust, to care for him, and still make the qualifications for veterans aid and attendance. So this is a slide where I really want to talk to you about as Christina is just forever. She's become very near and dear friend as well. And she works as a as a nurse in the helicopter service with a local hospital here. It's actually pretty cool to sit down and listen to her and listen to some of the stories. Really neat person really cares for her father a lot. I mean, I could get into the book a little bit. He He's quite a delightful guy as well. And he, I mean, he wasn't even opening his mail for several years, we couldn't even access his money. And I tell some stories I said in the book about them, and about how we were able to help them he had filed tax returns in like 10 years, and how we were able to go back and do all that kind of stuff. So the message here on this slide in this story is, you know, perhaps if you can start some conversations with your parents, and kind of look into their stuff, so that you don't wait till there's a crisis to really look into these things. Okay, so the next section is talking about IRAs and 401, KS. And, you know, what I'm showing here in the left picture is a picture of Ed slot in me and I the way I met Ed slot, who is America's IRA expert, and I started attending his training, really through a client of mine that's here on the right, Marshall and Elizabeth, his clients and I met Marshall and Elizabeth because they had Medicare Supplements with us tell this whole story in the book. And Marshall was very intrigued with using his IRA money to purchase a single premium Long Term Care Policy. Now that sounds a lot, you know, and I don't really want to get into the deep tells you that it's in the book, some of the details. But there is a way now to use your IRA or a portion of your IRA, to put that into a policy that will provide benefits for years for long term care. And then the benefit of is if you don't use it for long term care, then your estate is going to receive that money and more to your beneficiaries will. So Marshall was interested in that, as I got to know him, he had purchased ad slots book off of TV, his slot does a lot of work with the public television, in raising money and gives away his book anyhow, Marshall gave that to me. And I read in the book, really the whole Ed slots concept of that, that an IRA is really a poor estate planning search.

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Report estate planning strategy is, you know, meaning that we run into a lot of people who don't take anything out of their IRA, until they're 70 and a half. And then they only start taking out of there when they're 70 and a half, because the government tells them that they need to take something out, and they tell them the minimum that they have to take out. And then they just start taking their minimum distributions. And they really don't have a plan with their IRA. And really what Marshall was doing, is putting together a plan, he ended up hiring me to do that, of what to do with his IRA. Now, he was fortunate that he really didn't need to live off these minimum distributions, some of you that I'm speaking to, won't have the luxury of not having a plan because you, you're going to need that to supplement your social security and just to live off. So in some ways, that's actually easier, we, you know, we're going to sit down and we're going to look at what we're going to do with it, how we're going to distribute it to, I'm talking about a lot of folks who just have this IRA money and maybe originally was in a 401k. And they they just really kind of don't know what to do with it. And the plan is, is they're just going to leave it to their children. Yeah, what Ed slots theory and we get training, Time after time after time Bureau, I'm about this is that you leave this money to your kids, and you don't do it necessarily in the right way your kids are many times they're going to be at a stage in life, where they're going to need the money. And then they're going to have to pay the taxes on it all at once. So the point I wanted to make is, is it's just not a very effective place to accumulate money, and then leave it to the next generation, there's a lot more a lot better ways to possibly drain the IRA, pay the taxes in little bits over time, and then put it somewhere else. Possibly like a life insurance policy, that's what Marshall did. And then ultimately leave more tax free money to your kids. And then, you know, all that being said, and reading you don't give it to your kids now is you may need it for long term care or some other type of emergency. So anyhow, in the book, we talk about all these strategies with with your IRA and your 401k. And what I would encourage you to do, if you're much younger than that, and you're still accumulating in your 401k is to pay attention to how much you only look at the growth of your 401k. And that's all good if you're accumulating but understand that the day is gonna come where you're no longer into the accumulation, now you're into the distribution. And you really need a plan to do that. And you need a tax plan. Okay. Okay, so now when we talk about retirement income and investment, so a lot of folks are going to look and say I thought you were just talking about that well, so your IRA is going to be included in this. This is talking about how we're generating an income for you in retirement or how you're doing it for yourself, and how much that needs to be, how much you want it to be, and what type of risk and safety that is all involved in that. And

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so Robert and Sarah come up again. And their story was when they were coming into us really for Medicare, and we talked about them back on Social Security. They, Robert had made things real simple as he needed about $70,000 a year, which was his about what he was earning as a software executive. And he felt like that amount was what he needed to live off of. And he really he had this investment company Heading, putting all of his assets into growth stocks, and dividend paying stocks. And they were just projecting that he's going to have about $70,000 a year. And it was a pretty simple solution. And I started asking him some questions, what happens if the stock market does what it did in 2008? And does that all over again, I mean, what's the end, and that same year, you take out $70,000, along with losing money. And so we started talking about that. And pretty soon he was buying a financial plan from us. And we were sitting down in projecting for him really a smart way to invest all of this money. And by the time we got done doing the Social Security work, and some annuities that he already had purchased. Back when he left a job years ago, they gave him an annuity as a pension, we figured out that he really didn't need to pull out much more money, because then he was already entitled to, to add up to the after tax value of $70,000 a year because, you know, 70,000, was his gross income, and he had to pay taxes on that. And taxes can be less than retirement. So I'm just bringing him up again, in his stories in the book that we were able to rearrange some things and put together a much less risky retirement strategy for him. Ross and Fiona on page 54, in the book, and they tell their story, right in this chapter here, I tell their story, their clients who, what Ross did is while he was still working back in 2008, when the stock market tanked, he became very, very scared, because he had counted on that money, and he was just going to retire in a couple of years. So he converted it all to cash, it really the lowest point during 2008. So then he just let it sit there. And then of course, if you look back into history, 2009 1011 12, you know, had, he just hung in there and left it there, that made it all back and then so but here we are talking to Ross for the first time in 2013 2014. And he now still has the amount that he sold that thing at the lowest and I mean, he thought felt like he was doing the right thing at the right time. But he really has no idea of the risks that he was taking. And so generally, I wanted this last bullet that's up there, what I want to stress to people is, you know, I generally want to let him know, he lets you know that he, you know, regardless of what he could have done, should have done, we had what we had, and we couldn't throw him back into the market and take that risk again. And so we talked about how we divided his money up, we use an annuity that is guaranteeing certain amount of income into the future, put some put put his current money that we're drawing the income out of DNA in a very safe bond strategy, a ladder bond strategy that created the kind of income that he needed, he had wisdom assurances that he's never going to run out of money. So and you know, what I what I simply want to say is, is that before you retire, when you're in the accumulation stage, the amount that you earn on your retirement account, is everything. And that's all pretty much people look at and understand. Yeah. after you retire, the income that you can generate from your retirement portfolio is more important to you, then the overall growth of the balances. And then second most important, is some assurances from somebody like me that you're not going to run out of money, that you're not going to be drawn into your principal, and all of a sudden, you're in your 80s still doing well. And you're afraid to run out of money or you're running out of money. So those are all the kinds of things that good financial planning and retirement planning can do for you.

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Okay, so now we're going to talk about life insurance. And we're going to also talk about the state plan, which the two are interrelated. And, you know, the story we have up here of Benjamin and Daphne, who have also become very, very near and dear friends. We do some work with the food bank, through their church together, our whole agency does here at Cardinal II and this gentleman has two military pensions, which I thought is really awesome. And he had he spent some time with him. He was a captain. And he managed, you know, a whole company and listening to help him tell some of his stories about Vietnam and he's very much a law and order and rules kind of guy. Really fun guy. To be around, and Benjamin, he built a new house, when he was in his late 60s for he and Daphne, they build it all on one level, she's got some trouble with their ankles. And, you know, they're now in their late 70s. I think he's early 80s. And this was five years ago. But when we went in and did some financial planning for him, he understood that his two military pensions had no survivor benefits. So, he was making the house payments, and had been making the house payments out of those military pensions, if he were to die, she wouldn't be able to stay in the house. And that was very concerning to him. And everything else, their income, everything else within their stuff look good. And we, so we sat down. And then to add to that, he had some heart trouble. He is all well managed through surgeries, and that kind of thing. So a fib, type two diabetes. And then he was, I believe, 77, at the time, all of that, and now he wants to buy $100,000 worth of life insurance. And he really didn't think that was possible. But life insurance policies have changed. And so we were able to work something out for him and find a company that would accept him. And they're charging him an extra rating. But he's paying for it out of that second pension, and very happy guy. And it is possible to buy life insurance in your 70s. And, well, that wasn't possible 20 years ago, maybe even 10 years ago, even with some health conditions. So he does take pretty good care of himself. talk here about the four documents that you really need. I mean, people, generally this relates back to long term care, we have it under the estate planning. But it's really most people know you need a will. Not everybody has one, but they know you need it. But it's these other two, three documents, really a power of attorney, which is really to give somebody the ability to make financial decisions on your behalf if you can't, and we were going to recommend that just everybody have a power of attorney and they have it, where it's generally one or two of their adult children. Not always, people sometimes don't want to give this authority their kids, there's a way to set it up as a springing power of attorney where it doesn't come into effect until you're incompetent or unable to do those kinds of things. And then you need a separate document called a healthcare power of attorney. And that will allow your children to see medical records and to make decisions, talk to health care providers. very necessary if somebody is negotiating your health care for your long term care, and HIPPA, HIPPA release form. A lot of people say, Oh, I signed one of those down with the doctor. Well, yeah, let's just for that doctor, what a HIPPA release will will we give another person a release that the doctor released from you that a doctor or any medical provider can share sensitive medical information with them? Okay.

38:21

So the last section that we talked about is income taxes. And in the books, we talked about income taxes for the 62 Plus, in so I don't really attempt to write a whole book on, you know, income taxes. In fact, I hire a CPA to do my own. And many of our clients use the same CPA, and they refer him through us. So what I'm focused on in this book is the income taxes you're going to pay, and the planning you can do around those income taxes that are unique to retirees. And that's income tax on your social security check. There's some planning you can do around that, and getting ready. But, you know, in any case, nobody pays taxes on all their Social Security income. And many people in the country pay no taxes on their Social Security income. And then there's a whole group in between that irmo we talked about earlier, income related monthly adjustment amount is the hidden tax for Medicare. People get real riled up about this. There's some planning things we can do around it. I talked about it in the book. You've got Roth IRAs, which I just want to emphasize, those are tax free, you know, a Roth IRA and I have my picture with my wife and I because we're just in the process of converting all of our IRA money over to Roth IRAs. So we're going to be able to create a tax free income in retirement we're also not going to have to pay we're not gonna have any minimum distributions so it is a good way to leave money on to the next gen ration if you don't need to spend it, and then they will have to make distributions, but they're not going to ever have to pay any taxes on that money, which is, you know, it's just wonderful. And I would encourage those of you that are young, if you have a Roth option within your 401k, or when you're just setting up your own IRA, that you would do them as a Roth. And then I want to talk a little bit about modern day estate planning, I mean, they've just bumped the minimum, a state, where you're going to owe a state taxes to 10 million. And for a couple, it's 20 million and some change. So that's ruled out most of the country. So most people, you're not really gonna need to do fancy estate planning, because you're gonna die with less than $10 million.

Now, that doesn't say, those of you that are, you really need to come see us or somebody like us, the folks less than that, it just really just shifted other issues. A lot of folks are not aware of the step up and basis of death, and how you can avoid capital gains. And if it just simply means that, you know, like, my mother in law just passed away a couple of months ago, and she left some land to my wife, that we just got an appraisal that's worth $50,000. Okay. My guess is that my father in law and mother in law paid for those nine acres, probably 5000 bucks 50 years ago, 60 years ago, and we now inherited and my wife inherited at $50,000. So most folks would think that, you know, capital gains taxes on the $45,000 gain, in actually, when she passed away, on the date of her death, the basis in that property stepped up to $50,000. And that's what I mean, so so if you're thinking about holding some type of asset, like stocks, like real estate, like a business, until death, and then leaving them to your children, or like a beach house, you can take advantage of literally avoiding the income tax on the gains in the property. So that's a piece that we pay quite a bit of attention to. You also can buy Long Term Care Insurance. And, you know, if you can't buy Long Term Care Insurance, or you choose not to, we have a whole strategy to actually pay the long term care out of your IRA balance. So those are the seven subjects. They're all covered in the book. Like I said, the top book there is about stories. The second book is about really the facts and the figures. This is the information if anybody wanted to get in touch with me, if you want to email me with a question. If you'd like a copy of the book, we will be glad to send you one.

43:14

You know, sure we, my publisher would love for you to buy it on Amazon, and the Kindle initiative edition, it's they're each just $1.99. So we've lowered the price of them pretty substantially. If you really want to get a copy of it, we're happy to send one out to you complimentary. You can see how to do that right here. And likewise, if you just had a particular section you're interested in, you don't even need to get the book, you can go to our website, Cardinal guide, comm go to the specific of the seven worries to the one you're interested in. And you can just click on. I believe that wraps up my part of it. And so I'm going to turn it back to you.

44:00

Hey, hon, thank you so much. This is very valuable information. It's a lot to comprehend. And of course, you could deal with questions. First question out of the box relates to a quest. And mother is 82. She receives about 12 $100 a month and from Social Security and about $200 from a pension. That's her sole income and and is wondering if she is required to file her IRS Form or taxes for her mother.

44:41

I mean, let me answer the question this way. A lot of people in this situation don't. And it doesn't seem like the IRS is running them down. Okay. I mean, it's a it's a it's a tough question. I mean, I'd love to say, No, she's not required, but I don't want to go on record is saying that because I'm not an expert on the IRS rules, okay. But I would, I would just say from the numbers that you've given me, I certainly wouldn't worry about it if I were her.

45:16

That Yeah, the IRS has a lot of other things to do. Another question coming in from Harold he's got or anticipating 28 28k a year in Social Security benefits, he's 65 is not collecting them yet and anticipates continuing to work and earn about 50k a year. until he's about 75. So his question is related to does he pay taxes on the 28k Social Security he will receive, as well as the income you'll generate from a salary of 50k?

46:00

Okay, and so what you're telling me, did you throw up 65? is he now? 65? Correct? Yeah, he's not in yet. Okay, so his full retirement age, if he's coming to retirement right now, is actually 66. So, you know, if he elects to take his social security at 65, and take this 28k, I mean, not only is he going to have to pay taxes on it, he's going to have to give a good bit of it back, because of the 50k that he's earning while still working. So if you take your Social Security before your full retirement age, the government basically picks it back from you. So I wouldn't recommend doing that. Okay. So as long as he's still working, I'd suggest that he wait till he's 66. And then he might get, you know, 30k instead of 28k. And then he can go ahead and do that at 66, because that's his full retirement age. And then he'll have the, what is now we're just guessing 30k plus the 50k that he's earning from work. Okay, so he's gonna have to pay First of all, he's gonna have to pay tax on the 50k that he's earning from work plus included in that any investments, and then based upon that, he's going to owe tax on somewhere between 50% and 85%. of his social security income. So, you know, in other words, if he's drawn 30 a year Social Security, somewhere between 15 and 25,000 of that will be taxable income, and taxed at his highest rate. Does that make sense?

47:48

Yeah, is it should so you would probably advise this person to try to not take his social security at 66? If he's earning 50k? until he's 70?

48:04

Well, if he did that, I mean, that would depend upon his income, his need for income. But if he doesn't need the Social Security, if he's living just fine on the 50, that would be one thing. Sure. I'd think about waiting. Because if he'd Wait, his social security is 70. Maybe like 42 or 44, instead of 30 minutes, for starters, a pretty nice bump. But then I would wait, I would also determine what's his health situation, because if he's in poor health, or just moderately poor health, he doesn't have a long life expectancy, he's probably better off at 66 just taking the money and paying the taxes and just saving the difference and, you know, leaving it to zero, then it gets into does he have a surviving spouse? So there's a whole bunch of factors, but just generally, I'd say that a lot of people like that might wait. But I would I really have to talk to him because there's so many factors involved.

49:06

Okay. Yeah, you bring up a good point in terms of evaluating his own Health and Family longevity. I think I read something earlier that suggested that if you're going to wait till 70, to take your absolute full Social Security amount, you need to make sure that you're going to live until about 80 to 85, to root to then begin to get the advantage of those extra dollars or that your spouse will succeed you further years beyond that. Yeah.

49:44

I mean, if you have a surviving spouse, then you know, sure you could you then it becomes how long does the one of you last? Okay, and there's a pretty good chance of that if you had two people 66 right now Know that one of them is going to make it past 80 or so that number that I use is generally about 80 on the waiting till 70. And a lot of people don't wait all the way till 70 we have software that runs reports on these, and a lot of times the optimal age seems to come out at about 68 for some reason. So where you collect the maximum lifetime amount based on life expectancy, but yeah, it, you can be wrong either way, just depending upon what your situation is, by taking it too early or waiting too long.

50:35

Yeah, it's interesting with the Herald example to Hello, not wise to take that if he's paying $15,000 kind of visit penalty and Ira, or if IRS payments by taking an early fee, let's sit is got further compounding of that money?

51:07

Yeah, well, what I was saying is that if he's at the 50% level, he was not going to have to give that 15,000 to the government, it just means 15 of the 30 is actually taxable income. And then if you applied like a 25% rate to that or somewhere there abouts, I mean, then you're going to be at, like 3500 to $4,000 of actual tax, federal tax that he's going to pay on that 30 grand is Social Security. Does that make sense?

51:39

Yeah, it makes sense. Yeah. Thanks for explaining that. Back to your thoughts about a younger person switching to a Roth IRA? Could you share a little bit more detail on why one should do that? And what's the ideal age to start switching that over to a Roth IRA?

52:01

Okay, so what I'm thinking about a younger person, is we're going to start with it being a Roth right from the first place, I mean, when I'm, so I'm not necessarily advising people that are like, say, 30 years old, if they've got $50,000, in their 401k, that they and they have a Roth option that they would go and switch it all to the Roth option, because they're going to have to pay the income taxes on the 50 grand. So that doesn't really make a lot of sense. I mean, it can for some people, but it it really, and it's really hard for a lot of people that are young, I mean, they just don't have money sitting around to pay taxes. So what what I was speaking more to is, the person has 15 grand, or the person that has very little money in there, they just started their work. And so what I'm going to recommend is that they make their initial contribution as Roth contributions, and then they won't get the deduction. So it's going to cost them a little more in taxes right now. But that money is going to be forever tax free. So that was my advice for the young person or the middle aged person, that they would just start putting their current contributions into Roth. Now for the person approaching retirement, or in their 50s, late 50s 60s. Now that's going to I personally did a conversion. And that's going to be really a situation by situation thing, because in order to do that conversion, you got to pay the income taxes. And that usually stops the whole train. Now, I was gonna give some advice on that, I really would need to do a financial plan around that to see if it makes sense. But generally, if a person has a high income, and they've got a good size, IRA or 401k balance, and makes sense to do this, and to spread it out over several years before retirement. Okay.

54:16

Make sense? Question. We've got Fred is 66. Like Benjamin, he has a fib and currently no life insurance. So you offered a kind of a good news to him that one could still find some life insurance. Can you give him some advice on when what organizations or how does he present himself or Who does he reach out to it sounds like certainly could contact you.

54:49

He could, and there are, you know, we represent between 50 and 100 individual life insurance companies. Okay, and there's a several of those that specialize in writing life insurance for older folks are for people with health conditions, okay, it's just health conditions don't kill you like they used to. So there's people that manage chronic health conditions that last for several years, so, and there were life insurance is much more available than it was before. With many companies, there's still some companies that are very hardline about health condition. So it's gonna, you're gonna want to get to an independent agent that works in this kind of thing. And then what I would ask him is, you know, who's dependent upon his income or his assets for their lifestyle? And, you know, does he have a spouse? Does he have a children that he's still, you know, even though they may be of age, he may be still taking care of and helping them. So what kind of financial loss is going to go on when he passes away, and for the average senior, who, you know, a lot of times, it's just a small amount of life insurance that they need, just to take care of the immediate financial shock, and they have enough assets to make up the difference. So, you know, it's good news for him. There's life insurance plans available. As you said, he could certainly get in touch with me and I would, you know, again, could find him somebody in his local area. I will tell you that there's two companies Gerber, other New York Gerber life insurance company, and there's another company AIG, they offer life insurance with no health questions. So, you know, you could contact either one of those companies directly, and we represent both of them as well.

56:50

Excellent, great feedback. Well, Hans, we're coming to the close of a very fast hour filled with a lot of information. Can you share with us what you want our audience to do? Starting tomorrow, if they, as they take this information, what's the first steps or most important thing you'd like to see someone at done?

57:12

I'd like to see him have conversations with their parents, and really just look at the face of this whole problem around long term care, and the possibility, not necessarily the probability that it could happen to them. So if you're a person in your 40s, or 50s, and you, you know, can sit down with your mother and your father, if they're still here, and your in laws and really have a conversation with them about what type of planning or what they're going to look for out of the kids, the adult kids. If you're one of those people in your 60s, or 70s, or 80s, I would encourage you to have a conversation with your kids and with your most responsible kid. And understand that you get at a later age to really pick who are you going to rely on which one of your kids is really going to be the one that's going to come through. So I I just like to that that's kind of my personal bias in this whole financial planning and retirement planning, as I'd like people to begin to really look at Long Term Care, and demystify it.

58:27

Fantastic, great advice for not only the younger members of our audience, to begin to help their parents unravel this sometimes complicated issue, as well as boomers who are entering into their retirement or may already be there. Great advice, Hans. Thanks for taking the time to share this with us today. Thank you. And to our audience, thank you for taking the time out of your busy schedule to join us today. Your continued investment in your career will not only give you greater control over your career and your retirement, but your personal happiness too. Don't forget to take a look at Hans books. He gave you a great deal of information that you can walk away with today, but we encourage you to dig in deeper, reach out to them. If you don't pick up a copy of the book on Amazon or Barnes and Noble. Go to his website. Check out the resources that he provides you. We encourage you to continue to watch our on demand lectures by authors like Khan's who will share tips and strategies to help you advance your career.