
JUNE 2014

The Last Full Measure.

Sometimes I think about it. Usually I don't. Yet, my experience as a soldier in the US Army frames much of my belief system. Some people think that's good. Some not so much. Sometimes I think about experiences I'd much rather forget. Sometimes I don't think about the camaraderie, sense of purpose and teamwork, and shared experiences.

As an enlisted man, I was used to taking orders and seeing where the mission took me. As an Officer, I planned and worried about the success of the mission, the welfare of my men, safe return. Even in so-called 'peacetime' there was always the distinct possibility of death or serious injury.

I never saw combat. I am in awe of those who have. Although many assignments took me to places where something might have happened, hostilities did not occur on my watch. There was no call to offer 'the last full measure of devotion' so noted by Abraham Lincoln at the Gettysburg Address.

The Last Full Measure (cont).

Some soldiers in my units died. Some died from training accidents, some from foolish off-duty escapades, and one from a strange illness. In these cases, I was either their Commander, or assigned by higher Headquarters to be a 'Survival Assistance Officer.' This amounted to processing everything a widow would need to transition her family from the military to civilian life, and secure her benefits from the Army. Having done this job several times, it equipped me to understand my current career.

There is a saying that goes 'preplanning might not be perfect, but it beats chaos.' So even though we as spouses and parents are not asked to give our 'full measure' as a soldier is, we too have our part to play. Our 'portion' in this life is to make sure that our loved ones suffer not from a lack of forethought and planning. It is a simple task. Let me help you get it done.

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"Be not hasty in your utterance and not let your heart be quick to make a promise in God's presence. God is in heaven and you are on earth; therefore let your words be few. When you make a vow to God, delay not its fulfillment. For God has no pleasure with fools; fulfill what you have vowed.

Ecclesiastes. 5. 1-3.



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Tyranny, broadly defined is the use of power to dehumanize the individual and delegitimize his nature. Political Utopianism is tyranny disguised as desirable, workable and even paradisiacal governing ideology. These..social experimentslead to subjugation.

Mark Levin, Ameritopia, Ch 1.

MISCONCEPTIONS ABOUT THE UNLIMITED MARITAL DEDUCTION.

The marital deduction eliminates both the federal estate and gift tax on transfers of property between spouses, in effect treating them as one economic unit.

The amount of property that can be transferred between them is unlimited, meaning that a spouse can transfer all of his or her property to the other spouse, during lifetime or at death, and completely escape any federal estate or gift tax on this first transfer. However, property transferred in excess of the unified credit equivalent will ultimately be subject to estate tax in the estate of the surviving spouse, meaning that use of the unlimited marital deduction will **NOT** eliminate estate settlement costs.

Consider the following:

- • **At best**, the unlimited marital deduction will **POSTPONE** payment of the federal estate tax, **not ELIMINATE** it. If the estate of the surviving spouse exceeds the unified credit equivalent⁽¹⁾, federal estate tax will be payable at the second death. In fact, postponing payment of the tax may even result in a higher federal estate tax, if estate assets continue to grow.
- • The unlimited marital deduction does not eliminate the need for estate liquidity to pay administrative costs, such as funeral expenses, probate costs, legal fees and final expenses.
- • The unlimited marital deduction is **NOT** available to:
 - • Surviving spouses;
 - • Single or divorced people; or
 - • A married person person who wants/needs to leave property to someone other than the spouse.

(1) The 2010 Tax Relief Act provided for "**portability**" of the maximum estate tax unified credit between spouses if death occurred in 2011 or 2012. The American Taxpayer Relief Act of 2012 subsequently made the portability provision permanent. This means that a surviving spouse can elect to take advantage of any unused portion of the estate tax unified credit of a deceased spouse (\$5 million as adjusted for inflation; \$5,340,000 in 2014). As a result, with this election and careful estate planning, married couples can effectively shield up to at least \$10 million (as adjusted for inflation) from the federal estate and gift tax without use of marital deduction planning techniques.

With proper advance planning, it may be possible to take full advantage of the marital deduction at both spouses' deaths, reducing estate tax liability and increasing the size of the estate ultimately left to surviving family members.

"To dream anything that you want to dream. That is the beauty of the human mind. To do anything that you want to do. That is the strength of the human will. To trust yourself to test your limits. That is the courage to succeed."

-- Bernard Edmonds

Did You Know...

About one-third of individuals turning 65 in 2010 will need at least three months of nursing home care, 24% more than a year, and 9% more than five years.

(Source: What Is the Distribution of Lifetime Health Care Costs from Age 65?, Center for Retirement Research at Boston College, March 2010)

About 71% of nursing home residents are women.

(Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009)

The national median daily rate in 2013 for a private room in a nursing home was \$230, an increase of 3.6% from 2012.

(Source: Genworth 2013 Cost of Care Survey, March 2013)

The average length of a nursing home stay is 835 days.

(Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009)

At a median daily rate of \$230, an average nursing home stay of 835 days currently costs over \$192,000, making it virtually unaffordable for many Americans.

Medicare does not pay for long-term care services, as explained by the Social Security Administration: "About Social Security and Medicare..."

Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay for inpatient hospital care, nursing care, doctors' fees, drugs, and other medical services and or supplies to people age 65 and older as well as to people who have been receiving Social Security disability benefits for two years more. **Medicare does not pay for long-term care, so you may want to consider options for private insurance** (emphasis added)."

FOUR ESSENTIALS FOR HAPPINESS

by Brian Tracy

You may have a thousand different goals over the course of your lifetime, but they all will fall into one of four basic categories.

Everything you do is an attempt to enhance the quality of your life in one or more of these areas.

THE KEY TO HAPPINESS: The first category is your desire for happy relationships. You want to love and be loved by others. You want to have a happy, harmonious home life. You want to get along well with the people around you, and you want to earn the respect of the people you respect. Your involvement in social and community affairs results from your desire to have happy interactions with others and to make a contribution to the society you live in.

ENJOY YOUR WORK: The second category is your desire for interesting and challenging work. You want to make a good living, of course, but more than that, you want to really enjoy your occupation or profession.

BECOME FINANCIALLY

INDEPENDENT: You want to be free from worries about money. You want to have enough money in the bank so that you can make decisions without counting your pennies. You want to achieve a certain financial state so that you can retire in comfort and never have to be concerned about whether or not you have enough money to support your lifestyle. If you save throughout your working life, you will eventually reach the point where you will never have to work again.

ENJOY EXCELLENT HEALTH: The final category is the desire for good health, to be free of pain and illness, to have a continuous flow of energy and feelings of well-being. In fact, good health is so central to our lives that we take it for granted until something happens to disrupt it.

PEACE OF MIND IS THE KEY:

Peace of mind is essential. The greater your peace of mind, the better your relationships, the more relaxed and positive you are, the less stress you suffer, the better is your overall health. On the inside, you will do your work better and take more pride in it.

CONTROL YOUR ATTENTION: Life is very much a study of attention.

Whatever you dwell upon and think about grows and expands in your life. The more you pay attention to your relationships, the quality and quantity of your work, your finances and your health, the better they will become

UPCOMING EVENTS.

1. Fundamentals of Estate Planning. Rice County Conference Room, June 12th. 10am and Noon.
2. Rethinking Retirement Dinner Seminars, June 17th and 19th, The Smokin' Oak Restaurant, Red Wing.

To Register for the Dinner Seminars, Please call (800) 451-6117

Tools for Thought

❖ *Inflation The Thief in the night. One of the topics I cover in my seminars and workshops is inflation. Many people who are in social security have received small increases in their checks. This is due to how the Federal Government calculates inflation. I always point out that real inflation is higher, because the government does not include the cost of fuel, food and medical care in their calculation.*

According to Thomas E. Woods, Jr, the dollar has lost 95% of its purchasing power since 1913. What two things happened in 1913? We voted in the income tax, and established the Federal Reserve Bank. "Inflation" Mr. Woods says is "wrongly described as rising prices," but "an increase in the amount of (fiat) money in circulation." The reason for rising prices is too much meaningless currency circulating, without real value.

Mr. Woods continues: "inflation hurts those on fixed incomes, or those who rely on accumulated savings.....the same amount of money possesses less real purchasing power as a result of the governments' increasing the money supply....the economically vulnerable and others become the victims of the (governments policies) causing indirect theft.

One of the most pressing concerns of potential clients is how to deal with inflation. With no sign of a reversal of monetary policy this is an transcendent concern. There are types of plans that do offer guaranteed increases in income, as well as inflation protection features included in income enhancements. People seeking guarantees and safety not reliant on Monetary Policy find these products comforting and attractive. And We have them.

What Can Be Given to a Charity?

While most anything can be given to charity, these are the more common forms of donated property:

Cash: Cash gifts are the easiest to give to a charity, both in terms of substantiating the deduction and in determining the value of the gift. The full value of a cash gift is deductible, up to the AGI percentage limits discussed previously.

Real Estate: Real estate that is owned outright and which has appreciated in value can be given to a charity. The donor can generally deduct the fair market value of the property.

Securities: The best securities to donate tend to be those that have increased substantially in value. The donor can generally deduct the fair market value of the security and the capital gain escapes taxation when the security is sold by the charity.

Life Insurance: If a charitable organization is made the owner and beneficiary of an existing life insurance policy, the donor can deduct the value of the policy as of the date of the transfer of ownership. The donor may then deduct all future amounts given to the charity to pay the premiums. If a charity is named just the beneficiary of an insurance policy on the donor's life, no current income tax deduction is available. .

Retirement Plan Assets: A charity can be named as beneficiary of the funds in an IRA or employer-sponsored retirement plan, providing a double tax benefit. At the owner's death, the gift will be eligible for the estate tax charitable deduction and the charity will pay no income tax on the value of the retirement plan assets it receives.

Tangible Personal Property: Contributions of tangible personal property, such as art, jewelry, stamps, etc., can be donated to charity and deducted at the lower of the item's fair market value or cost basis. Clothing and household goods given to a charity must be in "good condition" or better for the donor to receive a tax deduction. A limited exception allows a deduction for single items in "less than good" condition if worth more than \$500.

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