
MAY 2014

A Matter of Perspective.

You can't turn on the TV or the radio without hearing advertisements for financial products. Many organizations offer meetings and presentations on how to secure retirements through different instruments. These promotions give the impression that unless you talk to ***THEM*** you are at risk of losing your opportunity to retire. A good question someone might ask is 'what is the risk of this not working?' A better question might be 'what is the track record of success?'

In every financial endeavor there is a potential for some kind of risk. The task of the consumer is this: what risk to remove, and what risk to take? The nature of risk changes over time. Our perspective changes. As we run out of 'recovery time' the potential for a market correction imperils our ability to trust markets to support not only our retirement plan, but our income plan. How many people who planned to retire in 2002 or 2008 ended up working for years longer than the planned?

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"Loving means to love that which is unlovable or it is no virtue at all; forgiving means to pardon the unpardonable or it is no virtue at all; faith means believing the unbelievable or it is no virtue at all. And to hope means hoping when things are hopeless, or it is no virtue at all."

G.K Chesterton

(con't) A Matter of Perspective

In the book "Blind Faith" by Edward Winslow, he makes this analogy to people who are trying to shield retirement assets from market stagnation or decline.

"Another was to look at equity indexed annuities is to walk in to a Las Vegas casino and see two blackjack tables. Table one is the usual blackjack where you bet, and if you win, you get to keep 100% of you winnings. If you lose they take 100% of your money. Table two is called Equity Indexed Blackjack. The only difference is that when you win, you get to keep 60 to 70% of your winnings. But if you lose the casino does not take your money. Which would you rather play?"

Winslow continues: *"I'd like to add that when you win on the equity indexed tabled, your winnings are compounded without any risk of losing what you already have"*

My sentiments, exactly.



Phillip M. Scheiber, FICF
(952) 649-0504
www.srins.com

"The trouble with many plans is that they are based on the way things are now. To be successful, your personal plan must focus on what you want, not what you have."

-- Nido Qubein

The Need for Long Term Care Planning

MYTH:
“Medicare and my Medicare supplement policy will cover it.”

FACT, Medicare and “Medigap” insurance were never intended to pay for ongoing, long-term care:
- - Only about 12% of nursing home costs are paid by Medicare, for short-term skilled nursing home care following hospitalization. (Source: National Care Planning Council, 2010)

• • Medicare and most health insurance plans, including Medicare supplement policies, do not pay for long-term custodial care. Source: Medicare & You 2014, Centers for Medicare & Medicaid Services)

MYTH:
“It won’t happen to me.”

FACT: About one-third of individuals turning 65 in 2010 will need at least 3 months of nursing home care, 24% more than a year, and 9% more than 5 years. (Source: What Is the Distribution of Lifetime Health Care Costs from Age 65?, Center for Retirement Research at Boston College, March 2010)

• • Women have a longer life expectancy than men...about 71% of nursing home residents are women. (Source: CDC Vital and Health Statistics, Series 13, No. 167, June 2009)

MYTH:
“I can afford it.”

FACT: As a national average, a year in a nursing home is currently estimated to cost about \$84,000. In some areas, it can easily cost over \$100,000! (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)

• • The national average cost of a one bedroom in an assisted living facility in the U.S. was \$41,400 per year in 2013. (Source: Genworth 2013 Cost of Care Survey, March 2013)

• • Home health care is less expensive, but it still adds up. In 2013, the national average hourly rate for licensed home health aides was \$19. Bringing an aide into your home for 20 hours a week can cost over \$1,600 each month, or almost \$20,000 a year. (Source: Genworth 2013 Cost of Care Survey, March 2013)

MYTH:
“If I can’t afford it, I’ll go on Medicaid.”

FACT: Medicaid, or welfare assistance, has many “strings” attached and is only available to people who meet federal poverty guidelines.

At **Scheiber and Associates** we offer many different types of tools to assist with this pernicious problem that may threaten the assets you have worked so hard to accumulate. To learn more, contact us through our website at www.sfrins.com or by phone at (952) 649 0504.

A country Doctor parked his jalopy in the driveway while he went in to visit his patient. The Dr. came back to the patients’ kids gathered around the jalopy making fun of the car. The Dr. said “well it’s paid for. Then looking at the kids, said: Unlike you and you, and you and you....

- Ronald Reagan

THE 14 ABSOLUTELY UNBREAKABLE LAWS OF SUCCESS

by Brian Tracy

- 1. The Law of Control:** You feel good about yourself to the degree to which you feel that you are in control of your own life.
- 2. The Law of Accident:** Life is a series of random occurrences and things just happen by accident.
- 3. The Law of Responsibility:** You are completely responsible for everything you are and for everything you become and achieve.
- 4. The Law of Direction:** Successful people have a clear sense of purpose and direction in every area of their lives.
- 5. The Law of Compensation:** You are always fully compensated for whatever you do, positive or negative.
- 6. The Law of Service:** Your rewards in life will always be in direct proportion to the value of your service to others.
- 7. The Law of Applied Effort:** All things are amenable to hard work.
- 8. The Law of Overcompensation:** If you always do more than you are paid for, you will always be paid more than you are getting now.
- 9. The Law of Preparation:** Effective performance is preceded by painstaking preparation.
- 10. The Law of Forced Efficiency:** The more things you have to do in a limited period of time, the more you will be forced to work on your most important tasks.
- 11. The Law of Decision:** Every great leap forward in life is preceded by a clear decision and a commitment to action.
- 12. The Law of Creativity:** Every advance in human life begins with an idea in the mind of a single person.
- 13. The Law of Flexibility:** Success is best achieved when you are clear about the goal but flexible about the process of getting there.
- 14. The Law of Persistence:** Your ability to persist in the face of setbacks and disappointments is your measure of your belief in yourself and your ability to succeed.

TODAY IS YESTERDAY'S TOMORROW

by Jim Rohn

The problem with waiting until tomorrow is that when it finally arrives, it is called today. Today is yesterday's tomorrow. The question is what did we do with its opportunity? All too often we will waste tomorrow as we wasted yesterday, and as we are wasting today. All that could have been accomplished can easily elude us, despite our intentions, until we inevitably discover that the things that might have been have slipped from our embrace a single, unused day at a time. Each of us must pause frequently to remind ourselves that the clock is ticking. The same clock that began to tick from the moment we drew our first breath will also someday cease. Time is the great equalizer of all mankind. Time offers opportunity but demands a sense of urgency. When the game of life is finally over, there is no second chance to correct our errors. The clock that is ticking away the moments of our lives does not care about winners and losers. It does not care about who succeeds or who fails. The only essential issue is how we played the game. Regardless of a person's current age, there is a sense of urgency that should drive them into action now - this very moment. We still have all the time we need. We still have chances - lots of opportunities - lots of years to show what we can do. For most of us, there will be a tomorrow, a next week, a next month, and a next year. But unless we develop a sense of urgency, those brief windows of time will be sadly wasted. There isn't an endless supply! So as you think of your dreams and goals of your future tomorrows, begin today to take those very important first steps to making them all come to life.

UPCOMING EVENTS.

1. Jordan School District Community Ed Class
May 24, 6PM. Jordan Community Center
Basics of Social Security Planning
 2. "Rethinking Retirement" Dinner Seminar, May 13th,
The Vintage Ballroom, Faribault, MN
 3. "Rethinking Retirement, May 15th
The Vintage Ballroom, Faribault, MN
 4. Fundamentals of Estate Planning. Rice County
Conference Room, June 12th. 10am and Noon.
 5. 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

❖ *Frozen in place: Making the perfect the enemy of the good.*

Recently I met with a prospective client who had a problem. His financial advisor had sold him two variable annuities. The prospective client told me 'I was told these could never lose money, and the rider would protect the income account from going down'.

Upon looking at the contracts, I unveiled that one of the policies had a death benefit rider, and the other had a return of premium rider. In the first case, what the client thought was 'life insurance' was just a rider that increased the death benefit on his IRA, and was taxable. The second policy just protected the deposit amount of the IRA from a market decline. Neither policy protected income growth or did what the owner thought they were doing. Once I pointed out that he wasn't getting what he wanted, and was paying close to 8% in fees, he wasn't happy. We scheduled a follow-up appointment. That appointment never happened. The prospective client had the disease of over-analysis. During subsequent phone conversations he agreed with me that what he had wasn't what he wanted. After repeated conversations and emails, he told me he wanted to keep his money in those stock market based products, "because" he said "I don't like the fees in an Indexed Annuity". (Fees less than one percent). No reason would sway him to get out of the variable annuities, even though as tools they weren't working. I mentioned he was making the perfect the enemy of the good. After a long silence, he replied 'I want all the market and no risk.' Can't help ya, Pal.

How Can Life Insurance Be Given to a Charity?

Make a Charity the Beneficiary of an Existing Policy.

If you have a life insurance policy you no longer need, you can name the charity as the beneficiary of the policy, meaning that the charity will receive the policy's death benefit after you die. While there are no current tax benefits to this approach, the value of the policy will be removed from your estate for federal estate tax purposes.

Make a Charity the Owner and Beneficiary of an Existing Policy.

Instead of simply naming the charity as beneficiary of an existing life insurance policy, you transfer full ownership of the policy to the charity. The charity will then receive the policy's death benefit after you die. In addition to removing the value of the policy from your estate for federal estate tax purposes, this approach also provides you with current federal income tax deductions.

Help a Charity Purchase a New Insurance Policy on Your Life.

If you wish to make a substantial future gift to a charity at a relatively low cost to you, another alternative is to consider purchasing a new life insurance policy and name the charity as the policy owner and beneficiary. You then arrange to pay the premiums through gifts to the charity. This approach provides federal income tax deductions and the policy proceeds are not included in your estate for federal estate tax purposes.

S & R INSURANCE SERVICES
1008 LEXINGTON AVE N.
NEW PRAGUE, MN 56071

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