

SOLUTIONS

April ♦ 2014

Professionally Speaking

SAVE the DATE

GPCC Spring Nonprofit Seminar:
Changes in Charitable Giving

Thursday, June 12, 2014

8:00-10:00 am

University of the Arts
Terra Hall, Caplan Center

211 South Broad Street
(corner of Walnut)
Philadelphia, PA

Join Frances Sperling Feldbaum, CPA, at the Greater Philadelphia Chamber of Commerce Spring Nonprofit Seminar for an informative discussion about how the changing philanthropic environment impacts nonprofits. Fran will join representatives from PIDC and other regional business and organizational leaders on the panel, where she will address the impact of these changes on financial reporting and the challenges of fundraising. Register now on the Calendar of Events page at www.greaterphilachamber.com.



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Dear Clients and Friends

How Will Social Security Affect Your Retirement Funding? Do You Have a Social Security Strategy?

When Patrick Cahill, CRPC, Regional Vice President of Allianz Life Financial Services, joined us on March 27 to present a program on enhancing your Social Security benefits, our ground floor conference room was filled to capacity. Clearly, many people are concerned about how their Social Security benefits will factor into their retirement planning, and how long their funds will last.

While asset income, pensions, and employment may supplement Social Security benefits, Social Security is the foundation of retirement income for 86% of people ages 65 and older. And as Pat explained it, understanding how to maximize Social Security retirement benefits can be one of the most confusing—but most important—phases of your retirement strategies. Although many people believe that collecting Social Security is rigid, in

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If you missed this popular program in March, here's your second chance!

Join us for a free Lunch 'n Learn:

Thursday, May 1 ♦ 12:00-1:30 pm

St. Clair CPA Solutions
101 W. Elm St.
Ground Floor Conference Room
Conshohocken, PA 19428

Complimentary lunch provided.

St. Clair CPA Solutions Earns Top Workplace and Top 25 Accounting Firm Awards Three Years in a Row!



Ralph Pelusi (left) accepts the Top Workplace award from Philly.com Vice President of Advertising Anthony Cuffie at the awards dinner held March 19 at Pennsylvania Academy of Fine Arts.

value our employees. As a locally owned and operated firm since 1986, we work every day

to create a Top Workplace environment where people come first. Our employees are appreciated and supported in their professional growth and development. They share our commitment to clients and community, and are instilled with our corporate values of integrity and exceeding expectations. Thanks to all our employees in our Merchantville, NJ, and Conshohocken, PA offices for making us the TOPs, and helping our firm deliver excellent customer service to our clients. ■

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What's New in Life Insurance? Consider a Policy that Includes Long-Term Care Insurance

Life insurance is a way to help preserve your legacy. It generally pays a tax-free death benefit to your beneficiaries when you die, to help them continue to meet their financial obligations and maintain their lifestyle. Policies may offer an immediate death benefit that can be significantly greater than the premium you pay. This can help you maximize the assets you wish to leave.

Long-term care (LTC) insurance helps reimburse the covered expenses you incur for care at home or in a facility, if you are unable to do some of the basic activities of daily living (ADLs), such as bathing, dressing, eating, continence, toileting, and ambulation.

In addition, it can help:

- ◆ Reduce the possibility of having to dip into money you have set aside to pay for other things.
- ◆ Give you a wider range of choices about who provides your care and where you receive it.
- ◆ Maintain your independence by offering coverage for care at home.

The need for long-term care may result from an accident, advanced aging, a chronic health condition or other event. It might also stem from a severe cognitive impairment such as dementia or Alzheimer's disease.

Median annual cost of long-term care*

Type of Long-term Care	National Median Rate
Assisted Living Facility	\$41,400
Home Care	\$44,479
Nursing Home	\$83,950

*Median annual rates are calculated as follows:

Assisted Living Facility; One-bedroom, single occupancy: Monthly rate x 12 months.

Home Care Licensed Home Health Aide Service: (Hourly rate x 44 hours/week) x 52 weeks.

Nursing Home Private Room: Daily rate x 365 days.

Genworth 2013 Cost of Care Survey, conducted by CareScout®, April 2013. CareScout is a Genworth company.

Long-term care services are expensive and, generally, traditional health insurance plans do not cover these costs. Nor was Medicare designed to adequately cover these expenses. Medicaid may pay for these services, but generally requires

that you spend down your own assets first. If you choose to self-insure, you may have to pay for your care from current income, accumulated savings or both.

A new kind of policy introduced in recent months now provides a convenient way for you to purchase both universal life and long-term care insurance in a single policy. By paying an initial lump sum premium, you immediately create a death benefit for your beneficiaries AND a pool of money to pay for covered long-term care needs. The long-term care benefits and the death benefit paid under these policies are generally tax free.

When considering a combination life insurance/LTC policy, look for one with these features:

- ◆ **If you never need long-term care**, your beneficiaries will still receive an income-tax free death benefit that is typically greater than your initial premium.
- ◆ **If your long-term care needs require the use of some or all of your LTC pool of money**, a minimum death benefit is still guaranteed.
- ◆ **If you change your mind or need to get your money out**, you can get a full refund if you purchase the optional Return of Premium Rider (ROP) when you apply for the policy. This rider typically guarantees that you can surrender your policy after the 2nd policy year—for any reason—and get back at least 100% of your initial premium.
- ◆ **Reimbursement for actual expenses incurred** for the covered care and services described, up to 100% of your LTC monthly maximum, except as indicated.

A good policy will provide for long-term care that you receive at home or in your community, including:

- ◆ Nurse and therapist visits
- ◆ Homemaker services
- ◆ Emergency medical response systems
- ◆ Training for those who provide care on an unpaid basis
- ◆ Adult day care

It may also help reimburse for the cost of services from informal caregivers—like friends or neighbors—who provide care to help you stay in your home. Informal caregivers do not have to be from an agency and can be hired independent of other long-term care services.

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What's New in Life Insurance? Consider a Policy that Includes Long-Term Care Insurance, cont.

In an assisted living or nursing facility, covered expenses should include:

- ◆ Personal care services associated with ADLs or severe cognitive impairment
- ◆ Medication monitoring
- ◆ Meals and room charges
- ◆ All levels of care, including skilled, intermediate and custodial care
- ◆ Therapist services
- ◆ Room and board charges.

We can help you understand the details of these new combination policies, and determine if a policy that offers both universal life and LTC insurance provisions can help you protect your assets and family's future inheritance. Ryan Tyrell, Director of Insurance and Annuity Services at CPA Financial Group, LLC, our financial services affiliate, will provide you with information, answer your questions, and speak or meet with you at your convenience to discuss your personal financial goals and objectives. Please contact Ryan in our offices or at rtyrell@cpasolutionsllc.net. ■

How Will Social Security Affect your Retirement Funding? Do You Have a Social Security Strategy?, cont.

fact, there are options that give you some control. Since you will need to make elections regarding your Social Security distributions, and Social Security may be the basis of all your retirement income decisions, it is important to fully understand the implications of the decisions you make.

Because this is such an important topic, we are offering this Lunch 'n Learn again on Thursday, May 1, so that more people will have the opportunity to hear Pat discuss:

1. Social Security basics
2. Medicare
3. Income benefits
4. Tax implications
5. When to start benefits
6. Working in retirement
7. Spousal and survivor benefits.

Did you know that in order to qualify for retirement benefits, you must be fully insured, which means you've earned the required number of Social Security credits? For most workers, that means you need 40 credits or about 10 years of work (at four quarters each year). But through the years, the way you earn credits has changed. For 2013, one credit was recorded for every \$1,160 you earned in the year. Individuals who don't have enough credits to be eligible for retirement benefits, or those who have never worked, may be eligible for spousal or survivor benefits.

Your own retirement benefit is based on your primary insurance amount (PIA), which is calculated using your average indexed monthly earnings (AIME)—a figure based on your lifetime earnings history. Note that your actual Social Security benefit may be different from your PIA, depending on when you start taking benefits: if you take benefits before you reach your full retirement age, your benefit will be reduced; if you delay taking benefits until after you reach your full retirement age, your benefit will be greater. If you are married, understanding how to optimize your spousal benefit may be a critical part of your retirement strategy.

We can help you explore and understand the impact of various Social Security elections with a calculator that allows you to see the financial results of different decisions. As you'll see on May 1 if you attend the Lunch 'n Learn, this powerful tool can be useful in planning your retirement strategy. Whether or not you can attend, a review of your Social Security situation is critical to your future planning. Ryan Tyrell of CPA Financial Group, LLC, our financial services affiliate, will gladly meet with you to run the calculator and discuss your personal Social Security strategy. To arrange your private consultation, please contact Ryan at 610-862-1998 or 856-482-5600, or rtyrell@cpasolutionsllc.net. If you are unable to attend the May 1 Lunch 'n Learn, Ryan can also provide you with the program handouts.

Your family and guests are welcome to attend the May 1 Lunch 'n Learn. As seating is limited, please pre-register using the registration link found on our website Community/Events page at www.cpasolutions.net. ■