



EPA Financial Services

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Richards/Barone Family Update

This year is proving to be one of great obstacles and great triumphs. March 23, 2022, we had the boys vaccinated due to our cruise to Alaska and Michael Robert was to attend a Leadership Conference at Yale University in July (of course as it turns out he tested positive for Covid the day before he was to go and couldn't go!) After all his health issues, we instilled in Michael to be aware of his body the day before the shot and the day after. Thank God we did. The next day, after complaining of chest pains, we took him to Ocean Medical in Brick. They found a small blood clot in his right lung. After an ambulance ride to Jersey Shore, the next day they sat us down to tell us he had a blood clot on his heart too. A helicopter ride to CHOP later that day resulted in a third clot being found in his upper right chest. After receiving three days of TPA (blood clot busting drug) in the PICU at CHOP, it was determined he would come home on blood thinners. We took him to Anthony's cardiologist, Dr. Lapman. After two months of blood thinners another echocardiogram determined that object on his heart had not changed one bit! Dr. Lapman showed the results and shared Michael's journey with his colleagues.

At this time, it was determined by the professionals that there was no way this could be a blood clot, and that the more likely explanation is that this is scar tissue from the PICC line Michael had in early 2021, which would explain the blood clot in his upper chest, as well. The only way to know for sure if this is scar tissue or a blood clot would be surgery and they are not willing to do that. Michael is free to resume life and has since early June and we all are praying that this kid can go more than a few months without any medical issues!

As I said earlier, we went on a cruise to Alaska. This was to be my mom's birthday present from March 2020 but due to Covid it had been canceled twice and of course mom passed away in September. While she did not get to fulfill her wish to see Alaska, I have no doubt she was there. I will say, I was not really looking forward to going but I can say now it was an AMAZING trip. The scenery and excursions were spectacular. My boys, dad and Anthony and I all agree it was a trip of a lifetime. Mom was never so present, as all AJ and Michael wanted to see was a whale breach the surface, and on our last day and by complete surprise, 50 yards off the side of the boat, a whale came out of the water headfirst and back down. It was the most incredible experience.

Boys will be boys and my dad is no exception. Dad broke his finger playing softball. I realize through the loss of my mom that I now have four boys to take care of!!!! Dad has been keeping busy. Unfortunately, to add to the horrible year we have been having we had to put down my mom's dog Shiloh. As we said then, mom spent the last 9 months loving on Duffy and Pippin in Heaven now she wanted her Shiloh too.

AJ was fantastic in his school production of Willy Wonka. He also did a performance arts camp at Donovan and loved it. He entered the 7th grade and just turned 13 years old. I now officially have two teenagers!

Anthony and I celebrate 20 years of marriage on October 13, 2022, and I have to say next to my boys, it is the one thing I most proud of, especially in this day and age.

I hope everyone has/had a great summer and we look forward to seeing you soon!

**October
2022**

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Until Next Time ~ Heather

Bob's words of wisdom!

MEDICAID ESTATE RECOVERY

Medicaid is a joint federal and state program which provides a wide range of health care services to persons with limited means as well as disabled individuals. The federal government sets the broad framework for the program, and each state develops its own version within those parameters.

Since 1993, the federal government has required the states to place a lien on recipients' estates for the number of benefits paid during their lifetime. Thus, when a Medicaid beneficiary dies, it is the state who issues the levy against the decedents probate and in some states, non-probate estate. Basically, anyone who received Medicaid benefits and lived in a residential facility or received home and community-based services will be subject to recovery.

Federal law requires the state to recover assets from a beneficiary's probate estate, (those passing through a last will and testament). States have the right to expand that recovery to assets which pass directly to heirs. These would include assets passing by joint tenancy, beneficiary arrangements in annuities or life insurance policies, IRA's, and 401K's.

Because Medicaid requires one to be virtually broke before they are covered, the only large assets remaining may be the family home. Currently, the healthy spouse may remain in the home, but a lien may be placed on it to recover Medicaid costs should the healthy spouse die.

An annuity purchased as part of the spend down period is not subject to the recovery process. These Medicaid Annuities, however, do require the state's Medicaid agency to be the primary beneficiary of any remaining funds, up to the amount paid to the deceased recipient.

While a lien can decimate an estate, it can be delayed and sometimes forgiven during the lifetime of the Medicaid recipient's spouse.

Some states have partnership programs, whereby Medicaid recipients who have long term care insurance can have certain assets exempted from the recovery process once the insurance benefits have been exhausted and Medicaid begins. States recognize the good intentions of the recipient and allow the families to retain and protect some of their assets.

No matter what your situation, I encourage everyone to consider what they would do if a long-term care crisis arose. We always advocate for planning ahead, even if you don't act now, you should know what your options are. We stand ready to help and advise you before it's too late and you don't have any choices.

Regards,

Bob

I am a huge advocate for financial literacy. This past year I was honored to go into High School East and talk for 6 periods to the students about what I do. Any time I am asked to talk to children I say yes! It is important as adults that we pass on our “tips” to the younger generation. One way we can do that is by talking with the teens in your life about how you earned money and how and why you saved. I found the following that will hopefully begin to help the teen in your life start to understand money and saving.

Teaching teens the difference between a checking and savings account is challenging for most parents. We're often at the receiving end of the dreaded eye roll the moment we mention anything administrative—never mind chores! To help your teen feel less lectured to consider sending them these two videos:

1. The What Is a Savings Account? (<https://www.youtube.com/watch?v=PnTA-fu759A>) video uses simple visuals to explain why saving money is smart. It also likens a piggy bank to a credit union or bank and provides two important reasons why kids should keep their money at the latter—money is safer in a bank vault and collects interest.

2. The What's the Difference Between Checking and Savings? (<https://www.youtube.com/watch?v=7K8pDRX3oaM>) Kal Penn Explains video provides a simplified explanation so teens can understand the difference between the two accounts. (No, you can't write a check from your savings account.) The message is delivered with humor by actor Kal Penn, drawing your teen's attention to the different purposes and uses behind each account type.

It's important for teens to understand that checking and savings accounts are different. One is a transactional tool that ebbs and flows with your child's income and, as a result, doesn't receive interest. The other helps your child establish savings goals and experience the positive long-term effect of compound interest. When your teen finds a balance between the two, they hopefully will be on their way to building financial independence.

As always, please reach out at any time if you have concerns or questions about your financial health.

All my best to you and your family,

Heather

From the Desk of Bridget...

Happy Fall Everyone!!

Hope this letter finds you well as we turn our attention to pumpkins and football and the brutal heat, we had this summer is finally in our rear-view mirror.

As usual things have been busy here at EPA Financial Services. In addition to meeting with wholesalers for the funds we recommend, Bob and Heather have been researching and analyzing the ever-changing market conditions in order to help navigate your portfolios through this time. I always like to remind everyone we like to meet to review your portfolio with you at least once per year.

Since we are entering into the final quarter of the year, anyone who is required to take a distribution from their retirement account has until December 31, 2022, to do so. Many of you have set up your distributions already, but for anyone that has not yet done so, or if you have inherited an IRA, please call me.

Did you know it's easier than ever to deposit funds into your investment account? If you have a bank account on file, simply call me up and we can arrange for the funds to be sent from the bank into your investment account. No need to write a check! If you would like to add a bank account to take advantage of this, give me a call.

You've got mail!! Don't miss out on our email articles. Make sure we have your current email address on file. It's a great way to stay on top of important news and updates in between our newsletters.

Now that in person events are back, our workshops are back! They are a great way to learn more about a topic, ask questions, and get introduced to new ideas. As always, our workshops are free of charge and if you have a friend or relative that you feel would enjoy learning, bring them along!! Give me a call or email me at Bridget@epafinancial.com to sign up today! Don't forget when you're here to stop in and check out our library. We have a diverse selection of reading materials for your favorite outdoor spot, airplane, or at home in a reading nook.

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I hope everyone has a safe, healthy, enjoyable harvest season! It is my pleasure to assist you with any need you may have. Until next time and remember, Don't Keep Us A Secret!

Bridget

Portfolio Gains and Losses

For the past couple of months, I have been telling my clients that they owed money or would be receiving a smaller refund on their 2021 tax return. The reason for this change in my client's tax picture ... 2021 was a great year to be invested in the stock market. While none of my client's disagreed with that statement, I realized many of them did not fully understand how the changes in the stock market affected their tax picture. Question – how do changes in the stock market affect someone's tax return?

A change in the value of someone's investments does not necessarily have an impact on your taxes. This is because the change in the value of someone's investments is made up of a couple of components. Let's begin with the two most common and always taxable components called interest and dividends. If you receive interest or dividends from a bank, broker, credit union, a stock, a bond a mutual fund or any other financial instrument or institution, you will owe tax in the year that you received the interest or dividends. The entity paying you the interest or dividends will issue you a Form 1099 stating how much interest/dividends they paid you that year. An exception to this is if you earn less than \$10 of interest from your bank, the bank is not required to send you a Form 1099 at the end of the year.

The other two components are realized and unrealized gains and losses. Realized gains/losses are when a security that you own is sold for a gain or loss. Realized gains are fully taxable in the year that the security is sold. Realized losses are limited to offsetting any realized gains. If the realized losses exceed the realized gains in any given year, you are allowed to deduct \$3,000 of realized losses against the rest of your income. If your realized losses exceed \$3,000, they will be carryforward indefinitely until they have been utilized.

Unrealized gains/losses are when your investments increase/decrease in value which changes in the market. Say you purchased 100 shares of a stock for \$1,000 per share. At the end of 2021, these shares would have been worth \$333,434. You would have an unrealized gain of the shares of \$233,434 (\$333,434 proceeds of sale less \$100,000 cost of shares). This amount is not taxable until you sell the shares. If you had purchased 100 shares of a stock on December 31, 2021, for \$333,434, those shares would be worth \$230,293 as of May 27, 2022. This would give you an unrealized loss of \$103,141 (\$230,293 market value less \$333,434 cost of shares). This loss is NOT tax deductible, because you have not sold the shares.

How do you minimize your tax bite? Instruct your broker or investment adviser to always sell the shares with the smallest gain. Although it may not be practical, you can avoid dividend paying stocks. These will help keep your taxes lower. If you own mutual funds, be aware of their tax efficiency. You can speak to your broker, investment advisor or read the prospectus for any mutual funds you own.

No one likes to see their investments decline in value, but the current market downturn may provide tax planning opportunities. Consult your tax adviser.

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We send out timely and informative emails about a variety of financial topics. We do not send them out every day or even every week so do not worry we will inundate you with emails. If you would like to receive these emails, please send an email to bridget@epafinancial.com . If you know someone who would benefit from these emails, please give them Bridget's email address.

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