

## Could Your Living Situation **Change as You Grow Older?**

Recent research from the U.S. Department of Health and Human Services suggests that most Americans turning age 65 will need long-term care support during their lifetimes.<sup>1</sup>

If the need arises, how will you handle potential long-term care for yourself or a loved one? Planning for the consequences of aging in general, and long-term care in particular, will depend on your preferences and circumstances. A long-term care plan should account for the different types of care you may need and the different settings in which you might receive that care. These are the most common options.

### Your Home

Given a choice, you might prefer to receive long-term care support in your own home. Family caregivers, friends, or trained homemakers could provide assistance with everyday tasks, and professionals such as nurses and home health aides could provide home health care. In addition, a variety of community support services may be available, including adult day-care centers and transportation services. In any case, receiving care at home offers a measure of independence in

a familiar environment.

### Community Care Retirement Communities (CCRCs)

Also known as life plan communities, CCRCs provide a range of services — from independent living to full-time skilled nursing care — all in the same location, allowing you to age in place. Most CCRCs combine housing options at one location and may include townhouses or cottages for independent living, assisted living apartments, and nursing home accommodations.

### Assisted Living Facilities

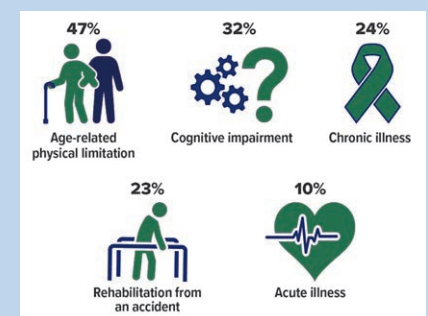
If you want to remain independent but need some assistance with activities of daily living, you might choose to live in an assisted living facility. These home-like facilities offer housing, meals, and personal care services, but generally not medical or nursing services.

### Nursing Homes

People who enter a nursing home usually have a disabling condition or cognitive disorder and can no longer take care of themselves. State-licensed nursing facilities offer more specialized skilled care, intermediate care, and custodial care. This is the most expensive way to receive long-



## Reasons for Care



A 65-year-old has a nearly 70% chance of needing long-term care support and services at some point. The average length of long-term care in 2021 was 3.5 years, up from 3 years in 2018. People need care for a variety of reasons, but the most common is simply the physical limitations of aging.

term care.

Take some time to think about what the future might hold. Planning ahead can help ensure that you receive the type of care you need, in the setting that you prefer, as you grow older.

<sup>1</sup>) U.S. Department of Health and Human Services, 2021

# Creating Your Own Operation London Bridge



"London Bridge is down." On September 8, 2022, those words were reportedly used to launch what were arguably the most complex end-of-life proceedings the world had ever witnessed: the funeral arrangements for Queen Elizabeth II. The plan, known as Operation London Bridge, laid out in exacting detail how the ensuing days would unfold. Although most families don't need a playbook as intricate as the royals, a comprehensive end-of-life plan can significantly ease the burden on family members during a highly emotional period.

## Guidance in a Medical Crisis

What would happen if you became incapacitated and could not make financial or medical decisions for yourself? To help ensure that your affairs continue to be managed by someone you trust and according to your wishes, you might consider creating a durable power of attorney (DPOA) and an advance medical directive.

A DPOA authorizes someone to manage your finances on your behalf, while a medical directive documents your wishes for medical care, such as whether you want extraordinary measures to prolong life if there is no chance of recovery. There are several types of DPOAs and advance medical directives; each has its own purpose, benefits, and drawbacks and may not be effective in some states.

## Funeral Instructions

Planning your funeral or similar commemoration can relieve significant stress on your family members. Decisions would typically cover whether you want a burial or cremation, a wake with or without viewing, a religious ceremony or secular event, and could include details such as music, readings, speakers/clergy, flowers, venues, and an obituary. You might discuss thoughts with family members, taking their ideas into consideration. You might also consult a trusted funeral director who can help you navigate the various options, decide whether to prepay for arrangements, and become a valuable resource to your family when the time comes.

## Estate Management

The most fundamental components of an estate plan are also among the most important: a will and a letter of instruction.

A will states how you wish to disburse your assets, names an executor to act as your legal representative, provides guidance for the management of your financial affairs, and (if appropriate) identifies who you want to be guardian of your minor children and their assets. A letter of instruction has no legal status but provides vital details that complement your will (see graphic).

You might also familiarize yourself with the death-related tax rules at both the federal and state levels. The 2023 federal estate tax exemption is \$12.92 million. Although that sounds like a lot, 17 states impose their own estate and/or inheritance tax — most at much lower thresholds. When you consider that an estate includes the value of your home, insurance policies, retirement plans, and other assets, it may be easier than you'd expect to trigger a taxable situation. (Estate tax is imposed on the estate of the deceased, while an inheritance tax is imposed on the beneficiary.)

## Seek Assistance

For more information on how to create your own Operation London Bridge, contact an estate planning attorney. Once your plan is established, store all documents in a safe place and communicate its location to your executor.

## What Might a Letter of Instruction Include?

- Funeral instructions or how to find them
- The location of your will and other estate planning documents, as well as other legal documents (e.g., Social Security cards, birth and marriage certificates, titles, deeds)
- Contact information for attorneys and financial professionals
- Financial institution names, account numbers, usernames, passwords, and PINs, with beneficiaries and account balances (as of a given date)
- Bills, credit and loan account information
- Life insurance policy information, including beneficiaries
- A list of all tangible assets (e.g., jewelry, antiques, art), their location, and related inheritance instructions not included in your will
- Location of keys to safes or safe-deposit boxes
- Social media usernames and passwords
- Care instructions for your pets
- Preferred charities



# 50 and Older? Here's Your Chance to Catch Up on Retirement Saving

If you are age 50 or older and still working, you have a valuable opportunity to super-charge your retirement savings while managing your income tax liability. Catch-up contributions offer the chance to invest amounts over and above the standard annual limits in IRAs and workplace retirement plans.

## 2023 Limits

In 2023, the IRA catch-up limit is an additional \$1,000 over the standard annual amount of \$6,500. Participants in 401(k), 403(b), and government 457(b) plans can contribute an extra \$7,500 over the standard limit of \$22,500. For SIMPLE plans, the catch-up amount is \$3,500 over the standard limit of \$15,500.<sup>1</sup>

## Tax Benefits

Contributions to traditional workplace plans are made on a pre-tax basis, which reduces the amount of income subject to current taxes. Contributions to traditional IRAs may be deductible, depending on certain circumstances.

If you are not covered by a retirement plan at work, your traditional IRA contributions are fully tax deductible. If you are covered by a workplace plan, you may deduct the full amount if your adjusted gross income is \$73,000 or less as a single taxpayer or \$116,000 or less if you're married and file jointly. If you are not covered by a workplace plan but your spouse is, you are eligible for a full deduction if you file jointly and your income is \$218,000 or less.<sup>2</sup>

Contributions to Roth accounts do not offer immediate tax benefits, but qualified distributions are tax-free at the federal, and possibly state, level. A qualified distribution is one made after the account has been held for five years and the account owner reaches age 59½, dies, or becomes disabled.

Distributions from traditional accounts prior to age 59½ and nonqualified distributions from Roth accounts are subject to ordinary income taxes and a 10% penalty, unless an exception applies.

## Still Time for 2022 Contribution

If you qualify, you can make a deductible IRA contribution for 2022 up until the tax filing deadline on April 18, 2023. The total contribution limit for someone age 50 or older in 2022 is \$7,000. You can open a new IRA or invest in a current one but be sure to specify the contribution is for the 2022 tax year. The income limits for a full deduction in 2022 are \$68,000 for single taxpayers, \$109,000 for married taxpayers filing jointly, and \$204,000 for taxpayers who aren't covered by a workplace plan but their spouse is.<sup>2</sup>

1) Participants in 403(b) and 457(b) plans may benefit from other catch-up contributions specific to each plan type. Participants in government 457(b) plans cannot combine age 50 catch-up contributions with other catch-up contributions. When calculating allowable annual amounts, contributions to all plans except 457(b)s must be aggregated.

2) Phaseout limits apply. Married couples filing separately cannot take a full deduction. You must have earned income at least equal to your IRA contribution. Talk to a tax professional.



# Virtual Health Care Is Here to Stay

The use of telehealth skyrocketed early in the COVID-19 pandemic, with the number of remote office visits and outpatient services 78 times higher in April 2020 than in February 2020. Usage has stabilized since then, but as of early 2021 remained 38 times higher than the pre-pandemic level.<sup>1</sup>

More recent data indicates that remote health care is here to stay. In August 2022, almost 23% of adults said they had an appointment with a health professional over video or phone during the previous four weeks.<sup>2</sup>

## Remote Access

Telehealth encompasses a broad range of remote services including virtual office visits (also called telemedicine), remote patient monitoring, patient-physician communication through secure emails and websites, and online physician-to-physician consultation. Patients have immediate access to advice and treatment any time of the day or night, while avoiding unnecessary and costly emergency room visits. But telehealth is not only for emergency or off-hours situations; it also can be a more convenient and cost-effective way to get medical care that might normally be handled in a doctor's office.

Telehealth can be used to treat minor problems such as allergies and rashes, or for an urgent condition such as a high fever. It makes it easier to access therapy for mental health issues such as depression and anxiety, and can fill gaps in the availability of specialty care. In other cases, doctors can remotely monitor the vital signs of patients with chronic conditions or follow up after a hospital discharge, and physical therapists can lead patients

through exercises and monitor their progress.

In 2021, 94% of large employers offered traditional telemedicine services, 28% offered a virtual behavioral health-care network, 25% offered targeted virtual health solutions for specific conditions such as diabetes and musculoskeletal problems, and 16% offered a virtual primary-care service or network. About 12% of eligible employees used a telemedicine service in the first half of 2021.<sup>3</sup>

Original Medicare and Medicare Advantage plans also cover a wide variety of telehealth services. Some of these were specifically added to coverage because of the pandemic and are scheduled to expire at the end of 2023.<sup>4</sup> Considering the convenience and cost savings associated with telehealth, it is possible they will be extended, but that remains to be seen.

If your health plan includes telehealth services, you might take a closer look at the details, download the app, and/or register for an online account. You'll be ready to log in quickly the next time you or someone in your family faces a medical problem.

1) McKinsey & Company, July 9, 2021; 2) Centers for Disease Control and Prevention, 2022; 3) Mercer, May 12, 2022; 4) Centers for Medicare & Medicaid Services, 2022



## Contact a Trust Department Staff Member at F&M Bank

As trusts can be complex and influenced by a number of factors, we like to start with a personal appointment where we get to know you and your needs. Contact any of the F&M Trust Department staff members to arrange an appointment today.



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