

## Long Term Care Policies are Difficult to Understand

As soon as you feel too old to do a thing, do it!!

Aging is an insightful and necessary aspect of living. There is a paradox described in Kenny Chesney's lyrics "Everybody wants to go to heaven, but nobody wants to go now".

Strategizing for the more senior years of our journey might include the use of long-term care insurance policies. These tools are some of the most complicated tools I have used to help families.

Indiana has an Indiana Long Term Care Program. This system defines the parameters of these policies in which those who acquire them can 'protect/preserve' assets for their families if all the hurdles are jumped along the way.

We have helped families with these over the years and have seen the benefits of them. However, there are some challenges even with these. The partnership described in the

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## Inflated Prices and Shrunken Dollars (#19)



Keith Tyner

I was 19 when I noticed someone shrinking the dollars in my pocket. I first thought it was the gas station owners who were raising their prices. But then I began to understand a government tax known as inflation.

Governments tax their citizens with inflation by running their printing presses faster and faster creating more and more money. Suppose a country had \$1,000,000 of money and they chose to print another \$100,000. Simultaneously you wanted to buy something for \$1. To your amazement, the price was now \$1.10 for your widget. The store didn't raise their prices, your government shrank the value of your

dollars.

Seigniorage is the profit made by governments issuing currency. Argentina's new president, Javier Milei is preparing a bill for their congress that would penalize the central bankers with jail time for printing currency. South American countries have suffered from this folly for decades. These policies create chaos including extreme poverty for their citizens.

Whenever your dollars don't stretch as far as they used to at the grocery store, your federal government has been silently taxing you. **This tax is most punitive to the poor and aged.**

According to the US Bureau of Labor Statistics our inflation in 2021 was 7%, 2022 6.5% and 2023 3.4%. These were the first readings of more than 2.3% in a decade.

This month's Anchor was sent with an explicit expression of inflation. Your envelope included several stamps to ensure its delivery. Those stamps are from the 1950s onward. The number of stamps represents how many times the cost of postage has grown through the years. Some of you had yours delivered with four stamps and others with seven or more. In other words, one letter was delivered for what seven would have been in the past.

Your city, state and federal politicians are taxing you with inflationary policies. Although the jury is still out on what sort of success Javier Milei will have in Argentina, the public discovered the source of their financial burdens and responded at the ballot box! We believe that is a wise decision!

## Presidential Election Cycle

The presidential election happens every four years. It seems more emotional today than in decades past. The media has a mantra "if it bleeds, it leads". This means the more outrageous the news, the more likely it will land on the front page. It's called click bait in the world of social media.

We anticipate an increase in emotional information that will be targeted your way over the next six months. These emotions tend to impact the short-term fluctuations in the markets as many investors are tempted by their emotions.

No one knows the future.  
Often the markets rally after

the election results are known. I attribute this to the fact the markets don't like extreme uncertainty. Higher investor emotions lead to greater market volatility. Uncertainty adds emotions to investors thoughts. Once an event is certain, investors have the chance to decide what they believe about it and how they want to respond in the markets.

Don't be surprised by an emotional summer in the news, markets, and community. We believe the future is bright and opportunities are created by others emotional responses to markets. Keep the faith!

## Life's a Tugfest

The citizens of LeClaire, IA and Port Byron, IL line the Mississippi River every summer to assert their dominance. The TugFest tug of war involves a massive rope draped across the river with teams on each side pulling for victory.

Many of life's opportunities are painted with the conflict of crisis. If I have children, my expenses will rise. If I buy a house my budget will be pinched. If I start a company, I will lose the security of being an employee. Most opportunities require a sacrifice at some point. There is a constant tug to determine the best choice. When in fact there is no known best choice as the alternative result is impossible to know.

What do you think about this quandary? You have the freedom to preserve your income or consume it every paycheck.

If you consume your income, you will have less future income than if you preserve some of it. Suppose your family has an income of \$100,000 and you save 10%. In 10 years, you would preserve \$100,000 of income for the future.

And if you were able to invest that money in some sort of investment which was able to earn 5% annually, you would have



created an extra \$5,000 of income. The sheer sacrifice of saving 10% of your income would create great possibilities for your future.

BUT, if you choose to consume that \$10,000 of cash flow, you will create amazing memories and stories for the future. Imagine the stories, experiences and friendships bolstered along the way.

So-called financial gurus generally hype the benefits of saving for the future and yet many people leave significant inheritances behind. Past Anchors have pointed out how many people are naturally savers and others are gifted spenders. How does one find the equilibrium of living today as opposed to storing up for tomorrow?

**It made sense to me to preserve early in my life as to create margin for future days.**

We used our preservation mode to accelerate the elimination of debt. Those early sacrifices allowed us to become debt-free early and have free cash flow for some consumption along the way.

Consider your personality. Are you a spender? Maybe this month you could preserve a little extra for the future. If you are a saver, maybe you could splurge on a memorable activity.

**There is no perfect solution.**

The best advice I can offer is to enjoy today and find the beauty in the simple components of life!

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description is a partnership between the state of Indiana and insurance companies.

In the 1980s these policies were sold in a manner that almost guaranteed the insurance companies would never pay benefits to the insured. Insurance commissions all over the country began challenging these policies and then working with reputable insurance companies to develop help for the aging population and adopted partnership programs. Indiana was a trailblazer.

However, over time the families who invested in these

policies 10 or 20 years ago have seen increases in their annual premiums. These premium increases are packaged with alternatives to the higher annual costs. **We believe it is best to call us or your agent when you receive one of these notices!** The policy offers a substantial benefit that may be altered to your detriment if you accept the reduced cost.

Long term care policies and strategies are worth your consideration. If you have not reviewed them recently or if you receive one of these sort of notices from your carrier, please call us to help you think through the decision.



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