early on, including when they first enroll in the program, can have lasting effects in the form of higher premiums or coverage restrictions down the road.

“People have to make some of the most consequential decisions about Medicare right when they know the least about Medicare,” says David Lipschutz, associate director at the Center for Medicare Advocacy.

Throw in a pandemic, a struggling economy and some big changes to the program in 2020, and even seasoned Medicare beneficiaries have plenty to chew on. Rates for 2021 have yet to be announced, but over the summer, Republicans called for freezing 2021 premiums at 2020 levels in their economic stimulus bill. The freeze is no freebie; beneficiaries must repay any shortfall from the premium freeze with monthly surcharges averaging $3.

Social Security’s annual cost of living adjustments (or the lack of them) are another piece of the premium puzzle. Some beneficiaries, but not all, are protected

Medicare From Soup to Nuts

TO THE UNINITIATED, MEDICARE IS AN ALPHABET SOUP of parts and plans. Do you want your basic Medicare—parts A and B—with a dollop of Part D and a medigap side order of Plan G, or go for an all-in-one Medicare Advantage plan instead?

As if those choices aren’t cryptic and confusing enough, thanks to Medicare’s byzantine rules and draconian penalties, the decisions that newcomers make
Delivering lifetime income for more than 75 years...

SAMPLE ANNUITY RATES FOR INDIVIDUALS*

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</table>

RATES VALID THROUGH OCTOBER 31

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from rising Medicare premiums in years when COLAs, which Kiplinger’s forecasts at 1.2% for 2021, are too meager to keep up with rising premiums.

The Main Course
The premiums in question are for Medicare Part B, which pays for physician services, diagnostic tests, physical therapy and other outpatient care. The standard Part B monthly premium is projected to rise to $148.50 in 2021, up from $144.60 this year. That base premium gradually increases depending on income because of Medicare surcharges, also known as income-related monthly adjustment amounts. Rates and income thresholds for Part B are set by the federal government and typically announced toward the end of the year for the following year.

Part B, along with Part A, which covers inpatient care at a hospital or skilled nursing facility, are the meat and potatoes of Medicare coverage. Most people don’t pay a Part A premium because they’ve been funding it through payroll taxes during their working years.

The two parts together sound comprehensive but, in fact, leave gaping holes in coverage, with prescription drugs, hearing aids and routine dental, vision and foot care not included. What’s more, when Part B kicks in, it only pays for 80% of medical costs, leaving you to shoulder the remaining 20%, and that’s after any copayments and deductibles. Part A pays for all hospital costs only for the first 60 days and that’s after a $1,408 deductible. “If you have catastrophic needs, it can get very expensive,” says Jim Blankenship, author of A Medicare Owner’s Manual: Your Guide to Medicare Benefits (independently published, $12.88) and a certified financial planner in New Berlin, Ill.

Medigap on the Side or an Advantage Entree?
Beneficiaries can plug coverage holes and limit out-of-pocket costs with a medigap plan or abandon traditional Medicare for an all-in-one Medicare Advantage plan. Medigap plans fall under the traditional Medicare umbrella, letting you go to any doctor or hospital that accepts Medicare. Administered by private insurers rather than the federal government, Advantage plans work like managed care, with fixed networks of providers and hospitals. Patients pay more for out-of-network care and may need referrals to see a specialist.

As a result, Advantage plans, also known as Medicare Part C, generally have lower premiums and higher out-of-pocket expenses than medigap policies while offering one-stop shopping. Advantage insurers not only administer parts A and B, covering the same benefits as traditional Medicare, including any preexisting conditions, but may also offer extras that medigap plans don’t—like routine dental and vision care or prescription drug coverage. The range of offerings, premiums, copayments and deductibles can make Advantage plans hard to compare so use total out-of-pocket expenses as a baseline and confirm that your doctors participate in the plan’s network.

But the tradeoff for one-stop shopping may be quality of care or even access to it. “People with chronic conditions tend to disproportionately disenroll from Medicare Advantage” because of limited choices within a network and the high cost of going outside it, says Lipschutz. The research, he says, shows that “people typically do better in traditional Medicare.”

For that, you need medigap, which is a Medicare supplement plan. There are currently about 10 types of medigap plans, each beginning with a letter. The lettered plan you choose determines the extent of coverage for out-of-pocket costs in parts A and B. Although offered through private insurers, medigap policies are standardized so that coverage is identical for all plans with the same letter, making an apple-to-apple comparison of prices easy. Medigap is also portable and a better choice for snowbirds than an Advantage plan.
It’s that time of year again, when senior citizens all over America take stock of their Medicare health coverage, and a whole new crop of 65-year-olds navigate the maze of plans and rules. Our cover story walks newcomers and old-timers through the process, including some big changes that took effect this year, like better coverage for prescription drugs.

Medicare, of course, is of little help for people looking to age in place and be cared for at home, a growing trend that the pandemic has only accelerated. But long-term care insurers have noticed. Many are offering policies with more flexible payouts to help pay for home care and, in some cases, even a family caregiver. Check out the story on page 14, and discover which policy provisions to look for when buying the insurance.

With the election weeks away, taxes are on many people’s minds. The federal estate tax exemption is at a record high. On page 18, our tax writer suggests what you may want to do now in case the Democrats win and the exemption returns to its historic norm.

Catherine Siskos
Introducing the future of battery-powered personal transportation.

It’s not a Wheelchair... It’s not a Power Chair...

It’s a Zinger!

More and more Americans are reaching the age where mobility is an everyday concern. Whether from an injury or from the aches and pains that come from getting older—getting around isn’t as easy as it used to be. You may have tried a power chair or a scooter. The Zinger is NOT a power chair or a scooter! The Zinger is quick and nimble, yet it is not prone to tipping like many scooters. Best of all, it weighs only 47.2 pounds and folds and unfolds with ease. You can take it almost anywhere, providing you with independence and freedom.

Years of work by innovative engineers have resulted in a personal electric vehicle that's truly unique. They created a battery that provides powerful energy at a fraction of the weight of most batteries. The Zinger features two steering levers, one on either side of the seat. The user pushes both levers down to go forward, pulls them both up to brake, and pushes one while pulling the other to turn to either side. This enables great mobility, the ability to turn on a dime and to pull right up to tables or desks. The controls are right on the steering lever so it’s simple to operate, and its exclusive footrest swings out of the way when you stand up or sit down. With its rugged yet lightweight aluminum frame, the Zinger is sturdy and durable yet convenient and comfortable! What’s more, it easily folds up for storage in a car seat or trunk. Think about it, you can take your Zinger almost anywhere, so you don’t have to let mobility issues rule your life. It folds in seconds without tools and is safe and reliable. It holds up to 275 pounds, and it goes up to 6 mph and operates for up to 8 miles on a single charge.

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You emerge from the doughnut hole and into the catastrophic phase when your total out-of-pocket costs hit $6,550, the maximum spending limit for beneficiaries in 2021, which is $200 higher than 2020’s cap. Any deductible paid in the initial phase counts toward that annual maximum as does the 25% you contributed while in the doughnut hole and the 70% that pharmaceutical companies paid on your behalf.

Under catastrophic coverage, you pick up the tab for whichever is greater: 5% of the retail price of your medications, or $9.20 for brand-name drugs and $3.70 for generics.

**Maalox Moments**

One of the costliest Medicare traps to fall into is missing your initial enrollment deadline, and it’s easy to do. Having been told that it’s better to postpone claiming Social Security, most Americans don’t realize that the reverse is true for Medicare, where you are penalized if you don’t have qualifying health coverage and don’t enroll at age 65.

If you’re already claiming Social Security benefits by that age, you’re enrolled in Medicare parts A and B automatically. The trap mainly ensnares those who aren’t taking Social Security, which is increasingly more common as the full retirement age for claiming benefits has been rising steadily from 65 to 67, depending on the beneficiary’s birth year.

Your initial enrollment period begins three months before the month you turn 65 and lasts for seven months. Use the first three months of that enrollment period so that the timing of your effective coverage isn’t delayed, says Casey Schwarz, senior counsel for education and federal policy for the Medicare Rights Center. During initial enrollment, you can sign up for parts A, B or both online through Social Security (ssa.gov/benefits/medicare). This is also the window when you can choose a medigap plan without underwriting.

If you are still working and getting insurance through your employer or a spouse’s employer, you may be able to delay Medicare enrollment without penalty, but COBRA doesn’t count. If you have COBRA, you “may be paying for coverage that doesn’t pay for care,” says Schwarz. “COBRA or retiree coverage operates as a secondary payer so the insurer could decline to pay.”

Also, if you delay enrolling because you continue to work, a policy from an employer with fewer than 20 employees may not pay for expenses that could be covered by Medicare, leaving you underinsured. Most people with qualifying coverage through an employer should enroll in Part A, which is free. Keep in mind that once you enroll in Medicare, you can’t contribute to a flexible spending account or a health savings account, though you can tap them to pay for medical costs. If you are over age 65, you must stop contributing to an HSA six months before enrolling in Medicare because the coverage is retroactive by six months.

If you don’t have eligible employer coverage and don’t enroll in Medicare during the initial seven-month window, parts B and D each impose separate penalties. Part B’s penalty is a 10% increase in the monthly premium for each 12-month period that you were eligible to enroll but didn’t. The penalty, Medicare says, lasts “for as long as you have Part B”—in other words, for life. Although Part D is optional, the premium increases 1% for each month you delay enrolling; it too lasts for life. Anyone 65 or older who lost a job and qualifying insurance through an employer has eight months to enroll in Medicare to avoid penalties.

During the pandemic, most people were forced to enroll online, but earlier this year, that wasn’t an option for anyone needing only Part B, a problem that has been corrected, Schwarz says. But getting in-person assistance is still mostly limited to the telephone. Social Security offices are open for “dire-need” appointments only; no walk-ins are allowed.

Medicare’s open enrollment occurs each year from Oct. 15 to Dec. 7. That’s when existing beneficiaries can change plans with coverage beginning Jan. 1. This includes switching between traditional Medicare and Medicare Advantage plans or choosing new Advantage or Part D plans. You can switch medigap plans any time if the new insurer accepts you.

Medicare also has a general enrollment period from Jan. 1 to March 31 each year. During this period, those who missed signing up for Medicare at age 65 and don’t qualify for a special enrollment period can enroll in parts A and B, and Medicare Advantage beneficiaries can switch to traditional Medicare or choose a different Advantage plan. Your new plan takes effect the month after you sign up for it. **K CATHERINE SISKOS**
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INVESTING
What Warren Buffett Has Been Trading

AFTER MOSTLY LAYING LOW THE FIRST THREE MONTHS of the year, Warren Buffett, chairman and CEO of Berkshire Hathaway, made sweeping changes to its stock portfolio during the second quarter. The Oracle of Omaha fully exited seven positions and sold off portions of another 11 stakes. He was a little more active on the buying side, too, adding to four positions and initiating a stake in a company that’s well outside of his traditional wheelhouse.

When Buffett starts a new stake in a company, or adds to an existing one, investors interpret that as a vote of confidence. But if he pares his holdings in a stock, investors sometimes rethink their own investments. That Berkshire Hathaway continued to shed weight even as the market began to rebound in the second quarter underscores how challenging it is to make investing decisions these days.

Here are five stocks that Buffett sold and two that he bought during the second quarter this year (visit kiplinger.com/krr/q2buffett for the full list of 23 traded stocks). Not all “Warren Buffett stocks” are his picks. Some smaller positions are believed to be handled by lieutenants Ted Weschler and Todd Combs.

■ Sirius XM (SIRI, $5.87) reaches more than 100 million listeners via its core satellite radio business and Pandora, which it acquired in 2018. It’s one of several Buffett stock picks related to John Malone, the chairman of Liberty Media, which owns a massive stake in Sirius XM.

Berkshire’s investments in companies tied to Malone’s truly byzantine corporate structure could very well be the responsibility of one of Buffett’s portfolio managers. Liberty Media was a large position held by Ted Weschler’s Peninsula Capital in his pre-Berkshire days. But Berkshire’s affinity for this particular Malone-related position has been waning of late.

Buffett first bought shares in SIRI during the final quarter of 2016. Berkshire unloaded a small portion (1%) of its Sirius XM position during the third quarter of 2019. The Oracle of Omaha then trimmed his position by another 3.9 million shares, or about 2% of Berkshire’s stake, in the first quarter of 2020.

Then Berkshire Hathaway really went to town in the second quarter, unloading more than 82 million shares, bringing its ownership down from 3% to a little more than 1%. As the fourth-largest owner of SIRI stock, Buffett is well behind Liberty Global’s 72% stake.

■ Charter Communications (CHTR, $615.61) markets cable TV, internet, telephone and other services under the Spectrum brand, which is America’s second-largest cable operator behind Comcast. Charter acquired Time Warner Cable and sister company Bright House Networks in 2016.

Buffett entered CHTR in the second quarter of 2014, but he has seemingly lost his love for the telecom company in recent years. His position has been trimmed down from 9.4 million shares in early 2017 to just 5.2 million shares, including a 210,000-share reduction in the second quarter.

The move away from Charter meshed with an awful 2018 for the stock, which lost 15% that year. But he had lousy timing in 2019. He continued to sell his position during the first and second quarters. Then CHTR shares finished the year with a 70% return. Berkshire Hathaway’s current stake still represents a respectable 2.5% ownership in Charter and 1.3% of Berkshire’s equity assets.

■ Visa (V, $211.99) is one of Buffett’s holdings in America’s two largest payments providers that he took a little bite out of last quarter. (The other is MasterCard.) With the world’s largest payments network, Visa is well-positioned to benefit from the growth of cashless transactions and digital mobile payments. Visa was the brainchild of one or both of Buffett’s lieutenants, and Buffett has said that he wished Berkshire had bought more.

Berkshire Hathaway initiated its position in Visa during the third quarter of 2011, and the stock has been a mammoth winner. Including dividends, Visa has delivered a whopping annualized return of 30.7% since Sept. 30, 2011. It’s also a dividend growth machine, ramping up its payout 150% over the past five years alone.

“If I had been as smart as Ted or Todd, I would have (bought Visa),” Buffett told shareholders at the 2018 annual meeting.

Berkshire’s half-percent stake in Visa doesn’t even put it among the top 25 investors, though it’s a not-insignificant 1% or so of Buffett’s portfolio.

■ M&T Bank (MTB, $103.26), like many of Buffett’s other financial holdings, seems to have lost some of his affection. The regional bank operates more than 690 branches in nine states, and it has been profitable for decades as well as a reliable dividend payer.
Buffett has a soft spot for well-run, unassuming businesses, and he frequently cites the importance of management talent when it comes to deciding where to invest. He certainly was a fan of M&T Bank’s late CEO. In 2011, Buffett recommended that Berkshire Hathaway shareholders read M&T’s annual reports, which were written by Robert Wilmers, chairman and CEO from 1983 until his death in 2017.

Nonetheless, Buffett dumped about 850,000 shares during the second quarter. Even so, Berkshire remains M&T’s seventh-largest shareholder at 3.5% of the stock outstanding.

- **Goldman Sachs (GS, $204.87)** was a stake that Berkshire Hathaway had been hacking away at before unloading everything it had left in the second quarter.

Berkshire first picked up its stake in Goldman during the 2008 financial crisis. Buffett paid $5 billion for preferred shares and warrants to purchase common stock. The preferred shares came with a dividend yield of 10%—almost twice the rate of some preferred stocks, which already are considered generous income plays.

Goldman redeemed its preferred shares in 2011. Berkshire bought another $2 billion in GS stock when it exercised the warrants in 2013. Buffett parlayed the original investment into what at one point was a $3.8 billion, 5.1% stake in Wall Street’s preeminent investment bank that made Berkshire its fourth-largest shareholder. But times change. Buffett is now out of the Goldman Sachs business.

- **Kroger (KR, $35.68)** seemed like a sleepy pick when Berkshire Hathaway entered into its stake of the supermarket titan in 2019’s fourth quarter. After all, many investors have soured on traditional grocery chains after Walmart, Amazon.com and other competitors emerged. Also, Kroger stood out as an old-economy value play versus many of the more “growthy” picks Berkshire has made of late, such as Apple or Amazon.

Nonetheless, Buffett entered an 18.9 million-share position at the end of 2019 before adding another 3 million shares (15%) during the second quarter of 2020 to give him nearly 22 million shares. That makes Berkshire the sixth-largest investor in Kroger at 2.8% of shares outstanding. It’s a small 0.37% of Berkshire’s equity assets, but Kroger’s 25% returns year-to-date have no doubt been welcome as so many other Buffett stocks have floundered.

- **Barrick Gold (GOLD, $29.65)** was an unlikely addition to Warren Buffett’s holdings. Of the precious metal, Buffett has been known to say, “It doesn’t do anything but sit there and look at you.” But investing in mining company Barrick Gold isn’t the same as holding gold as an asset class.

True, mining stocks are sensitive to the price of whatever commodity they dig out of the ground, but at least they produce something, like cash flow. In the case of Barrick, it even pays a small dividend. Besides, Barrick has more going for it than gold. It also mines copper, which is used in just about everything. As such, it’s a bet on a return to global growth.

Buffett picked up 20.9 million shares in Barrick in the second quarter. The stake has a value of $563.6 million. The Oracle of Omaha typically doesn’t comment on his reasons for buying or selling a stock, but let’s hope he makes an exception for this one. It would be fascinating to hear his investment thesis for a stock that’s so sensitive to the price of the so-called barbarous relic.

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### Buffett’s Q2 Moves

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Source: Berkshire Hathaway
Information to Act On

**Economy**
- **Energy effect.** Inflation is picking up slightly and is expected to be 1.8% at the end of 2021, up from 1.1% in 2020. Some of the increase is from rising gasoline prices. In general, look for energy costs to recover but not skyrocket in 2021, after mostly falling significantly this year. Assuming there is a solid economic rebound, energy demand will rise too but not at prepandemic levels.

- **Money is cheap.** The cost of borrowing will remain extremely low next year, with the prime lending rate unchanged at 3.25%. Home buyers will be delighted by 30-year fixed mortgage rates, which will remain historically low, about 3%. For investors, the picture is a mixed bag with Treasury bonds at about 1% while corporate profits are expected to soar 30% after 2020’s 23% drop.

**Taxes**
- **IRA withdrawals.** Be careful about withdrawing from an IRA for short-term cash needs. The money must be returned within 60 days or the distribution is taxed and also hit with a 10% penalty if you are younger than 59½. The IRS frowns on waiving the 60-day period, as a private letter ruling shows. It refused to give more time to a man who tapped an IRA to buy a new home. He intended to replenish his IRA with the proceeds from selling his current residence, but that property didn’t sell until more than 60 days after the IRA withdrawal.

- **Amended returns.** The IRS is now accepting electronically filed, amended returns for the 2019 tax year. Individuals can use tax software to e-file Form 1040-X to amend a 2019 1040 or 1040-SR. Amended returns for earlier years will still have to be submitted on paper. The agency expects that e-filing will speed up its processing of amended returns and reduce taxpayer errors. About 3 million Forms 1040-X are filed each year, the IRS says.

**Social Security**
- **You can keep overpayments.** If you received a higher benefit from the Social Security Administration by mistake between March 1 and Sept. 30, 2020, you will not need to repay that money, though you should still request a repayment waiver so that the agency can forgive the debt. “We can assume these debts are not the fault of the affected beneficiaries,” the agency said in an August ruling. “It would be against equity and good conscience to collect them.” Some beneficiaries received larger sums when Social Security stopped processing certain claims manually during the pandemic shutdown.

The overpayments also affected special veterans benefits and those from the Supplemental Security Income program; these debts have also been waived. The agency estimates that it will forgive about $238 million in overpaid benefits that occurred during the pandemic.

- **A windfall from delaying claims.** Waiting to claim Social Security results in a bigger benefit, but just how much more money is it over a person’s retirement years? Claiming strategy company LifeYield recently crunched the numbers of more than 35,000 clients at partnering firms and found that beneficiaries who delay taking Social Security to the most optimal age for their circumstances can reap an average of $150,000 more in benefits.

**Investing**
- **More green from green shares.** Along with bonds, cash and precious metals, you may want to add renewable energy as an investing haven. When stocks crashed during the first quarter this year, Morningstar found that 51 of 57 sustainable investment indexes outperformed their counterparts in the broader market.

Financial services firm BlackRock cites the quality and low volatility of green stocks as attributes that especially attract investors fleeing from danger. Something similar happened during sharp market downturns in 2016 and 2018, when investors also sought refuge in sustainable stocks like clean energy companies, BlackRock says. The out-performance in the first quarter has only magnified as the year progressed. As of late August, the iShares Global Clean Energy ETF was up more than 44% for the year compared with the Dow Jones Industrial Average’s piddly 0.89% gain over the same period.

- **A silver lining for investors.** If you thought gold prices were going through the roof, silver seems headed for the stratosphere. The price of silver rose twice as much as gold for the first eight months of 2020, and investors have noticed. More than $4.8 billion has flooded into silver ETFs this year. Bank of America believes this infatuation with silver is no passing fancy but the beginning of a long-term love affair that investors will have with the precious metal. Bank of America expects silver prices to rise 90% over the next 15 years.
The wrong direction for a fiduciary standard. The Department of Labor has proposed a fiduciary rule for retirement savings that critics say weakens the standards that Congress put in place with the Employment Retirement Income Security Act more than 45 years ago. The Consumer Federation of America says the “loophole-laden” proposed rule, which was open for comments only for 30 days in mid-summer, will make it easier for “financial firms to avoid any financial responsibility” when offering retirement savings advice.

One giant loophole is a one-time recommendation, which isn’t covered at all no matter how consequential the advice was. A salesman who sells you an annuity or an investment adviser who is consulted once about what to do with retirement savings has no fiduciary responsibility, and can offer products or advice that benefits their bottom line, rather than yours, with impunity. Even when a professional is consulted regularly, the fiduciary standard is so watered down that IRA investors especially will find it unenforceable if they are given harmful advice, the Consumer Federation of America says. Worse still, says certified financial planner and 401(k) expert Brian Allen, is that the current proposal will give the impression of solving the problem while not eliminating any conflicts of interest.

Health Care

Delays with mail-order prescription drugs. If your medications aren’t arriving on time, cost-cutting measures by the U.S. Postal Service may be to blame. A recent Ipsos poll found that medications for 1 in 4 Americans were either delayed or never delivered. If you’re experiencing delays and running out of medications, health care technology company Dr. First has this advice: Call your doctor, who may have samples of medication on hand to tide you over or can prescribe a 30-day prescription that can be filled at a local pharmacy. Also, to prevent a reoccurrence of the delay, ask your insurer if a refill can be processed earlier, allowing more time for delivery.

Consumer Spending

A market for used phones. If you’re ready to trade in your older-model smartphone for a newer edition, you may get a better deal for it online than from your carrier. SellCell.com can give you an idea of how much your old phone is really worth so that you can decide if you’re better off selling it rather than trading it in. The company says an iPhone 7 fetched $100 more on SellCell.com in August than a top carrier would have paid for it. SellCell.com doesn’t buy or sell the phones but puts you in touch with companies that do. You can also buy a used phone from some of those same phone-recycling businesses by getting in touch with them through the site.

Retirement Living

A calculator for retiring overseas. If a retirement somewhere exotic beckons, get a quick idea of affordability with this overseas retirement calculator (internationalliving.com/retirement-calculator/) from International Living magazine. Plug in your age, annual retirement income and total retirement savings, and the calculator lists countries you can afford, their average monthly cost of living, and how soon you might be able to exit the rat race and retire there. A 55-year-old with $500,000 in savings and $25,000 in annual income, for example, can retire in Italy on $1,861 a month as soon as 2022, 9 years earlier than the traditional retirement age of 65. If that’s too long a wait, how about Bali? For $1,072 per month, the same 55-year-old can retire there in 27 days, according to the calculator. The magazine’s top five places in 2020 for retiring on less than $30,000 annually: Portugal, Panama, Mexico, Columbia and Costa Rica.

TAX TIP

Self-Employment’s Medicare Deduction

If you become self-employed as, say, a consultant, you can deduct the premiums you pay for Medicare Part B and Part D, plus the cost of a Medicare supplement (medigap) plan or that of a Medicare Advantage policy.

This deduction is available whether or not you itemize and is not subject to the 10% test of adjusted gross income that applies to itemized medical expenses. One caveat: You can’t claim this deduction if you are eligible to be covered under an employer-subsidized health plan offered by either your employer (if you have retiree medical coverage, for example) or your spouse’s employer (if he or she has a job that offers family medical coverage).
This month’s Q&A section is about the new rules for inherited IRAs, which affect non-spouse beneficiaries of anyone who dies in 2020 or later.

**Rules for Retitling**

Under the new rules for the Setting Every Community Up for Retirement Enhancement Act of 2019, should a nonspouse beneficiary retitle an inherited IRA?

Yes, that has not changed under the SECURE Act, which took effect this year. The inherited IRA should be retitled correctly with more than the name of the new owner. The new title should also include the name of the deceased IRA owner, and the account must be identified as a beneficiary IRA, not as the beneficiary’s own IRA. Financial institutions have their own variations of this title, but here is an example of how the title might look: James Anderson IRA (Deceased 8/25/20), f/b/o/ James Anderson Jr., Beneficiary.

**Age Is Mostly Irrelevant**

I am 63-years-old, and I inherited my mother’s IRA this year. Are there any exceptions to the 10-year withdrawal rule for nonspouse beneficiaries who are over 60? Must I begin taking distributions right away?

For most nonspouse beneficiaries, age is irrelevant, and the inherited IRA, whether traditional or Roth, will still need to be emptied by the end of the 10th year after the original owner’s death. The only exceptions to the 10-year rule are for spouses, minor children, disabled or chronically ill individuals, or a beneficiary who is no more than 10 years younger than the deceased IRA owner.

As for required minimum distributions, there aren’t any—just the 10-year deadline. You decide when and how much to withdraw, including skipping a year or taking everything out at once. For traditional inherited IRAs, withdrawals are taxed as ordinary income, so let your tax situation determine your timetable for tapping the funds. You could spread the withdrawals out evenly over 10 years or withdraw larger amounts in lower-earning years. For an inherited Roth, leave the money to grow tax-deferred inside the account as long as possible and then withdraw it all in the last year. Withdrawals from inherited Roths remain tax-free.

**This Is Why Retitling Matters**

My two siblings and I inherited our father’s IRA. We have separated the accounts, but if one of us doesn’t withdraw all the money in 10 years, will the other two beneficiaries pay a penalty?

Not if you’ve separated the accounts and retitled them correctly to include the name of only one new owner in each instance. That way, you and your siblings are each responsible for your respective portions of your father’s IRA. If one of you fails to empty an inherited IRA by the deadline, only that sibling is penalized. The penalty is a 50% tax on the amount not withdrawn.

**Name a Successor**

What happens if the person who inherited the IRA dies before all the money is withdrawn?

If the new owner dies before the account is emptied, anything left will go to the new owner’s beneficiary, also called a successor beneficiary. IRA owners, even those for inherited IRAs, should always designate a beneficiary so that the assets avoid probate. The successor beneficiary does not get to restart the clock but must finish taking out the money in whatever remains of the original 10-year window. So, for example, if the beneficiary dies in year seven before the inherited IRA is depleted, the successor beneficiary has three years to withdraw the remaining funds.

**Refusing the Inheritance**

Can I decline to inherit the IRA, and if I do, who gets it instead?

You can disclaim some or all of an IRA, and you have nine months from the original IRA owner’s death to decide whether you should. The decision cannot be reversed, so get professional advice before disclaiming any assets. As for who gets the money instead, that will depend on the IRA provider’s custodial agreement, which dictates what happens when a beneficiary isn’t named or passes away before inheriting the account. Some IRA custodians pass the money on to the surviving spouse of the IRA’s original owner or to a contingent beneficiary if one is named, but in many cases, the funds become part of the deceased person’s estate. K

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SCENES OF ANXIOUS ADULT CHILDREN PEERING THROUGH windows and holding up signs declaring “I love you” to their parents confined in nursing homes and assisted living facilities during the coronavirus pandemic reinforced a trend that has already been growing in the United States: the desire to remain at home for as long as possible in old age.

“We’re getting more calls,” says Jesse Slome, executive director of the American Association for Long-Term Care Insurance, a trade group. “The initial reports in all of the news on COVID-19 focused on nursing homes and the number of people infected and dying in those homes.”

That made people realize they wanted better options, like aging in place, he says. While there are no guarantees that anyone can live their last days in their own home, there are some ways to make it more likely from a financial standpoint.

Historically, when long-term care insurance first became widely available in the late 1970s, it was primarily used to help pay the costs of nursing homes. That has changed, and almost all such policies cover home care today. Of all claims that began in 2018, 51% were for home care, with the rest divided about equally between assisted care facilities and nursing homes, according to statistics from the American Association of Long-Term Care Insurance.

Perhaps even more interesting, according to the association, is that home care continued to account for the largest share—43%—of all long-term care claims that ended in 2018, with most (72%) terminating due to death, 13% because the customer exhausted all benefits and 14% due to recovery.

Unlike the past, almost any policy sold now will have a pool of benefits that help pay, as needed, for home care, a nursing home, assisted care, a memory unit or something similar, says Barbara Franklin, a long-term care specialist and founder of Franklin & Associates, long-term care insurance brokers.

You can typically collect long-term care insurance—and stop paying your premiums—once you have a recognized cognitive impairment or can’t do two of six “activities of daily living,” such as bathing or dressing. The nature of your benefits will depend on your contract, but here are a few provisions to look for in a long-term care policy with an eye toward aging at home.

Does your long-term care policy pay for informal caregiving? Many policies won’t pay for caregivers unless they come through licensed agencies, which often require you to pay for a minimum of three to four hours of care a day, Franklin says.

But some policies cover nonlicensed caregivers, such as family and friends, and in some cases nurses who offer in-home caregiving, says Vince Bodnar, a partner and long-term care practice leader at Oliver Wyman, a management consulting firm.

This is more true of a relatively new type of long-term care insurance, called a hybrid policy (or sometimes a linked or combination policy), which is connected to life insurance. These hybrid insurance models are typically two to three times more expensive than traditional long-term care insurance because of the death benefits. The policies, which can be purchased with a large lump sum upfront or with premiums, also offer more flexibility when they pay out, Bodnar says.

Unlike those for traditional standalone long-term care insurance, premiums for hybrid policies rarely increase, and if the long-term care benefits are never or only partially used, the policyholder’s beneficiaries will receive money back. But the policies, when they do start paying out, draw first on the life insurance and then on the additional long-term care insurance.

A third way to pay for long-term care (and often informal caregivers, too) is to buy a life insurance policy that allows you to use the money while you are still alive. This option is known as accelerated death benefits. Some companies offer this feature at no cost while others charge more for it. Keep in mind, though, that accelerated death benefits might only be triggered by a chronic or critical illness, not an inability to perform some activities of daily living, Franklin says.

This is a complicated area of coverage, so be sure to consult an insurance agent who represents a number of different companies and can present a variety of options for you to compare.

Is there an alternative cash benefit? This provision, which can exist in traditional and hybrid policies, allows the customer to take some or all of a typical monthly benefit in cash. The money can be spent however the policyholder chooses, with the pandemic
providing some recent examples of how it might be used for caregiving, Franklin says. For instance, with many young adults returning to live with their parents, the older generation could hire a child or grandchild to help out with caregiving.

“Companies are getting wise to the fact that the services of a home health agency may be more than you need,” she says. “They’re giving a little flexibility.”

The hybrid policies more typically have these provisions because you’re drawing down on your own life insurance, something people only do if they really need to, Bodnar says.

Mutual of Omaha is one of several carriers offering an alternative cash benefit in its traditional long-term care policy. You can choose to take 25% of a monthly benefit—say, $1,000 of a $4,000 monthly payment—in cash, says Mary Swanson, a vice president and actuary at Mutual of Omaha.

You don’t lose the other $3,000, she says; rather, it just stays in the pool of funds until you need it and has the added advantage of prolonging your benefits.

“As the care landscape changes, who knows how care is going to be provided in 10 years or 20 years,” Bodnar says. “I’m a big fan of looking for cash.”

Does the policy include care coordination or care management? Organizing care at home involves many moving parts, so a care coordinator who helps you find and manage that care can be helpful.

“They’re designed to help you navigate a home health care system, which is very complicated and confusing right now,” Bodnar says. Some type of care coordination has been part of policies for a while, “but it has become much more robust in a much more defined way in the last couple of years.”

Adds Franklin: “Companies don’t mind paying that because they realize the benefits are going to be used more efficiently than someone who is flailing around on their own.”

What is the elimination period? This is insurance jargon for how long you must wait until your policy starts paying out. Elimination periods typically range from 30 to 90 days, but you can pay more to reduce that wait time. Some policies have different elimination periods for medical facilities versus home care, and be sure to check if the elimination days are calendar or service days, Franklin says.

“Nobody ever looks at that, and it’s coming to bite people in the rear end,” she says.

The number of Americans who have long-term care insurance is still small; only 10 million Americans have purchased such policies, according to the American Association for Long-Term Care Insurance. The pandemic, though, is prompting people to consider how and where they will age.

“At the moment, it looks like more people will be receiving care at home in the future,” Bodnar says, noting that increasingly sophisticated home technology can help enable that.

“On the other side,” he says. “you have really interesting concepts arising in facility care, such as aging communities. They may also take shape as people realize that may be the most economical way of receiving care—in a setting—not just home care and not just facility care, but something in the middle.”

At a certain point, the number of people needing care will far outstrip the number available to offer it. Human resources firm Mercer estimates the U.S. will face a critical shortage of home health aides by 2025. The only way to solve that problem is to find more efficient ways to deliver long-term care, Bodnar says.

“Ingenuity and innovation will drive that, and our insurance policies should be flexible enough to recognize that that’s going to happen.”

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The Setting Where Claims End

Even when the majority of claims ended in death, most people were still being cared for at home.

- **Home Care**: 43%
- **Assisted living**: 29.5%
- **Nursing homes**: 26.5%
- **Other**: 1%

Source: American Association for Long-Term Care Insurance
CHARITABLE GIVING

Giving for the Greatest Impact

THE RECESSION AND GLOBAL PANDEMIC ARE HITTING charities where it hurts the most: in the wallet. Most fundraising professionals expect donations to decline in 2020 compared with previous years, a situation likely to continue through 2021, according to the Association of Fundraising Professionals.

Meanwhile, the need for charity is climbing, particularly to combat the rising poverty, hunger and homelessness from the pandemic’s economic fallout. And the killing of George Floyd has brought renewed attention to the cause of racial justice, encouraging some donors to seek out Black-led nonprofits.

This is an unprecedented time for nonprofits and the communities they serve, says Una Osili, professor of economics and philanthropic studies at Indiana University and associate dean for research for the Lilly Family School of Philanthropy. “There are so many needs that it can be overwhelming for donors.”

The U.S. has 1.6 million nonprofits, a figure that’s quadrupled in the last 40 years, according to Kevin Scally, chief relationship officer for Charity Navigator, which evaluates nonprofits and rates their effectiveness. The large number of organizations can be confusing sometimes, including just this past summer, when donors wanting to support the Black Lives Matter movement reportedly earmarked millions of dollars to the Black Lives Matter Foundation, a completely unrelated California-based nonprofit that seeks to bring “the police and the community closer together.”

The mix-up highlights how overwhelming it is for donors to choose charities. Even when donors settle on one or more to give to, they may still wonder if the organizations are the most effective. Is it better to give to a large nonprofit or a small one? Should you go global or stay local? There’s no single answer, only ways to assess how your dollars might have the greatest impact for the causes you believe in.

Charity Starts at Home

Adela Crandell Durkee, 69, donates recurring amounts to PBS, NPR and Catholic Family Charities but beyond that has struggled to find national organizations to support. In the past, she and her daughter had raised money for breast cancer through the Susan G. Komen walk, only to encounter recriminations from family and friends who opposed the Komen Foundation’s support of Planned Parenthood. Durkee and her daughter donated hair to Locks of Love to make into wigs but then grew concerned that the organization wasn’t rated as favorably as others.

“It got to be too much work for me to sort through all the threads and truly give consciously. So I changed my tactic,” says Durkee, of Oakwood Hills, Ill. “I try to pick things that are local and where I can see the direct impact.”

For example, she contributes food, clothing and gift cards to a homeless man she met on her way to work. “I like knowing that my money and effort is going right to the person in need,” she says. Durkee also volunteers at a local food pantry, Habitat for Humanity and her church, where she says, “the overhead is low and the feedback is plentiful.”

In a crowded landscape of charities, giving closer to home has the benefit of offering visible results, Osili and other experts say, but there’s nothing wrong with looking further afield. Some donors give in concentric circles: one local charity, one regional, one national and one international.

“On the local level, you as a donor have more of a connection to the work being done,” Scally says. “On a national level, the benefit of supporting a larger organization is they have more resources to do more. In addition, many national organizations, especially the good ones, will have local partnerships.”

Philanthropy 101

Once you know the causes you want to support, find specific nonprofits that address that need and compare their...
mission, structure, size, impact and outcomes to gauge where your dollars will go furthest. Websites such as Give.org and CharityNavigator.org that evaluate nonprofits can provide ratings, comparisons and even suggest charities if you search by topic or zip code. These sites provide details about a nonprofit’s activities, and some also rate and rank charities according to financial efficiency, transparency and impact.

Akira Barclay, a Chicago-based philanthropic consultant, warns that on these sites larger organizations tend to get higher ratings because they have the resources to collect data and present themselves in a favorable light. Meanwhile, smaller nonprofits with meager staffs stretched thin may not have the time to submit an application to be rated, but smaller organizations tend to do much more with less, Barclay says.

Another valuable resource is the nonprofit’s website, which can tell you more about its mission and work. Study any annual reports or newsletters. Evaluate the staff and board leadership, including their experience and background. Assess the organization’s size, work and results. Bear in mind that large charities have more glossy materials and updated websites, whereas small nonprofits may not have the budget or the staff for either one.

“A smaller nonprofit, just because they don’t have that concrete data, doesn’t mean they aren’t making an impact,” says Tracey Webb of Laurel, Md., a collective-giving expert and founder of Black Benefactors, which is based in Washington, D.C., and makes grants between $500 and $10,000. “I like to look at their social media pages. Sometimes, they’re updated more frequently than the website.” For you to claim a tax deduction, the organization must be a registered 501c(3), fiscally sponsored or structured as a donor-advised fund. You should be able to find the charity’s 990 form, which most nonprofits must file annually with the Internal Revenue Service, on the IRS’s website or through a service like Candid’s GuideStar or Foundation Center. This form contains financial results, revenue, expenses and the compensation of the nonprofit’s five most highly paid employees or contractors.

Assess whether the organization is a responsible steward of resources by looking at its results, the percentage of revenue that goes to overhead, and the amount of cash it has on hand to meet operating costs. “If the organization isn’t sustainable, you may want to be a bit cautious,” Osili says.

Red flags include language like “emergency funding.” Adds Barclay: “You can give, but the reality is if they don’t meet this fundraising goal this round, they may not continue to exist.” When in doubt, call and ask how much money the organization has, how much it needs and what it will do if the goal isn’t met.

To be sure, some donors don’t care if the charity collapses. They’d rather make a life-saving gift that extends the nonprofit’s impact by a year or two, even if the organization disappears after that.

The Gift of Time
Charities sometimes have specific ways they’d like you to contribute, so ask what the organization prefers.

Besides giving money, “there’s also the volunteering of time, talent and testimony,” Osili says. “In today’s world it’s important to give, but it’s also important to think, how do you support the organization? Do you post on social media? They could benefit from that testimony.”

Develop a relationship with the charity, if you don’t already have one. Consider volunteering, which can eventually lead to service on the board of directors.

“It’s not unusual to say, ‘I’d like to have a discussion about how I can partner with your organization to achieve these kinds of outcomes,’” she says. “Donors that get involved in the organization tend to get more satisfaction.”

The organizations that survive and thrive in today’s difficult economy will be those that are nimble, adaptable and forward-looking. “Organizations are having to do more with less and do things in different ways than they’ve ever done before,” Scally says.

Consider joining or starting a collective-giving group, which pools individual gifts for a greater impact. Some university alumni do this to make a larger donation by pooling contributions from a specific graduating class, for example.

“Know that anyone who’s making a choice to give during this time, their generosity is appreciated,” says Barclay. “It’s so important right now, more than ever.”

K KATHERINE REYNOLDS LEWIS
TWO FACTORS MAKE THIS YEAR AN OPPORTUNE TIME TO consider succession and wealth planning. First, the federal estate and gift tax exemption is at a historic high of $11,580,000 in 2020—$23,160,000 for couples if portability is elected on a federal estate tax return. Portability allows a married decedent’s unused estate and gift tax exemption to pass to the surviving spouse. The tax rate is 40%.

This exemption amount expires at the end of 2025, but if the Democrats win big in November, odds are good the exemption will fall sooner, perhaps as early as 2021, because Joe Biden has called for lowering it. He hasn’t given an exact figure, but we think the exemption could revert to pre-2018 levels of about $5 million ($10 million for couples), with inflation adjustments.

All-time low IRS interest rates are another reason for succession planning, according to Pamela Lucina, chief fiduciary officer and head of the trust and advisory practice for Northern Trust Wealth Management. The low rates make intra-family loans and certain estate and gift freeze strategies valuable planning tools. She advises high-wealth individuals to start planning now by reviewing their goals and figuring out how much of their wealth they are ready to part with.

Estate and wealth advisers suggest several strategies—three of which we discuss here—to take advantage of the currently large estate and gift tax exemption as well as the low interest rates.

**Make outright gifts.** You can give up to $15,000 to each child, grandchild or any other person in 2020 without having to file a gift tax return, pay gift tax or tap your exemption. The recipient isn’t taxed on the amount received either. For example, if you are married with four children and six grandkids, you and your spouse can each give up to $15,000 in 2020 to each of your 10 relatives without gift tax consequences. That’s $300,000 in tax-free gifts.

Gifts made in 2020 that exceed the $15,000 per person limit will require the donor to file a gift tax return using IRS Form 709, but no gift tax will be due in 2020 unless your total lifetime gifts exceed $11,580,000. If you’ve been thinking of making a large gift to a family member, now may be the time to do it.

**Consider a grantor retained annuity trust.** A GRAT freezes the value of assets while transferring any appreciation to the next generation at little to no estate or gift tax. An individual transfers investments or other assets into an irrevocable trust for a fixed term, while retaining the right to receive an annual stream of income plus interest based on the IRS’s applicable federal rate, which was 0.4% in September. At the end of the term, the assets are distributed to the trust’s beneficiaries, typically the grantors’ children.

The actuarial value of the leftover assets in the GRAT is a taxable gift upfront, but the low interest rate trims the value of those assets, which tamps down the gift amount. If the assets appreciate at a rate higher than the 0.4% federal rate, your heirs will receive the value of the extra growth tax-free when the trust expires. Lucina advises that individuals who are thinking about a GRAT should begin working with an adviser now to set up the trust but can wait to fund it later.

**Intra-family loans are another option.** The interest rate on these loans must equal or exceed the IRS’s set interest rate for the month in which the loan is made, which is 1% for long-term loans in September. The IRS pays close attention to loans made between family members and in an audit may seek to recharacterize certain loans as disguised gifts subject to gift tax. Factors that can help prove the money was a loan include a written debt instrument with interest, a fixed repayment schedule and collateral, and a reasonable expectation that the amount will be repaid. **K Joy Taylor**
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9 Tips for Better Time Management

**AT AGE 59, NANCY A. SHENKER CHANGED HER LIFE.**

She gave away most of her belongings, moved to Arizona from New York, and began to focus on writing and public speaking in addition to the marketing consulting that had dominated her professional career. She wanted to create a more intentional life, with flexibility for travel, exercise, education and visits with her grandchildren. She calls it “pretirement.”

Then last year, a client dumped a huge project on her just as she was heading out of town to see her family, which overshadowed the entire trip.

“I’ll never get that time back,” says Shenker, now 64. “Balancing work and life is still a challenge, even though I’m not part of the corporate hamster wheel anymore.”

Whether fully or partially retired, some people are busier in their later years than when they were working full time. Where is that sense of leisurely ease retirees anticipated their entire working life? How can they make the most of precious hours and days that seem to fly by faster the older they get?

“Managing an abundance of time is as challenging as managing a scarcity of time because it requires you to ask what matters to you,” says Laura Vanderkam, author of *168 Hours: You Have More Time Than You Think* (Portfolio, $18) and *Off the Clock: Feel Less Busy While Getting More Done* (Portfolio, $25).

Productivity and time management experts like Vanderkam say you can reclaim your retirement with these nine tips for managing time better.

**Forget multitasking.** Before retirement, most people find meaning in their accomplishments. They equate staying busy with significance and importance, and may start to question their identity or value if their days aren’t full.

“There’s this existential vacuum for some retirees,” says Emily Esfahani Smith, Washington, D.C.-based author of *The Power of Meaning* (Crown, $25). “So many of their old roles and identities are either shifting or being taken away. It’s (losing) all these things at once that leaves life feeling emptier.”

Instead, there’s a tendency to re-create the experience of being busy by multitasking, which simply stresses the brain. “It’s a huge source of low-level chronic stress,” which takes a much bigger toll on our health and well-being by our 40s and 50s, says Christine Carter, a senior fellow at U.C. Berkeley’s Greater Good Science Center and author of *The Sweet Spot: How to Accomplish More by Doing Less* (Ballantine Books, $17).

Multitasking burdens your brain with cognitive overload, which Carter calls a “gas guzzler” for burning oxygen and blood sugar. Although that generates the emotional experience of productivity, “it’s toxic for the brain,” she says. “As we age, we want to challenge the brain, but we don’t want to tax it.”

For brain health in your older years, you should learn new things and practice recall, but do them one at a time so that you can focus deeply and more enjoyably on the task at hand. When you’re multitasking, your brain stops accessing the hippocampus, where memories are created and stored.

“If you think you have memory loss, maybe you’re just multitasking too much,” Carter says.

**List 100 things you’d like to do.** Retirement is the time to make a difference, so assess the meaning and value you have for other people. Then prioritize doing what matters most.

Every week Adela Crandell Durkee of Oakwood Hills, Ill., considers how she can put her priorities—family, faith, a writing career and being a good global citizen—first. “It’s so important, or my life can be taken over by tasks,” says Durkee, 69.

Vanderkam recommends listing 100 dreams of things you’d like to do. Some could be bucket-list-
worthy, such as visiting Africa, while others may be more mundane, like arranging a family photo shoot. You’ll have to dig deep to list 100 different ideas, which is the point.

**Pace yourself.** It’s one thing to list those 100 things and another to do all of them. “You could challenge yourself to do one every two weeks, a big one every two months,” Vanderkam says.

As you prioritize the things that matter, you’ll naturally find that there’s less time for you to squander on the more mundane or workaday items.

“We can spend time mindlessly at any phase of life, and that’s the biggest problem.” Asking yourself how you would like to spend your time increases the chances that you’ll spend it the way you want, she says.

**Introduce regular activities.** You may find that doing something regularly, like volunteer work or a hobby, provides necessary structure to your days and weeks. Or, as you become involved in your church or a nonprofit community, seeing the same people regularly nurtures new relationships, which contribute meaning.

“As people are living longer and living healthier lives, there are these decades in the last third or quarter of life that can be very productive. This stage of life can be defined by play and exploration and giving back to the community,” Smith says.

**Build in downtime.** Don’t fill your entire week with commitments. You want to create that sense of leisure, which is your payoff after a long career, by blocking out some downtime on your calendar.

Durkee likes to let her mind wander on long walks, gardening and bike rides. “Daydreaming tends to be a very nourishing activity for me.”

A whole new level of fulfillment can come just from slowing down, Smith says. “Sometimes that means embracing boredom or embracing empty time.”

Rest is especially important as our bodies age and we need more restorative time.

“When I can really rest and pause, I can hear what my body is asking of me,” says Mia Birdsong, Oakland, Calif.-based author of How We Show Up: Reclaiming Family, Friendship, and Community (Hachette Go, $17).

**Trade chores you hate.** The flip side of saying yes to your priorities is setting limits on the things you dislike. Create a massive to-do list and include all your obligations, Carter suggests. Then cross out everything you don’t want to do or dread doing.

“For the things you dread but must do, like laundry, see if you can delegate it to someone else,” she says. Maybe you can trade tasks with a family member. Or if all else fails, pair the dreaded item with an enjoyable one, like folding laundry while listening to an audiobook. (You don’t experience the cognitive overload associated with multitasking if you combine a physical task with a cognitive one.)

**Designate a day for must-do jobs.** Consider assigning a limited window of time—perhaps one day a week—for the humdrum but necessary chores of life, like renewing your driver’s license or calling vendors.

“Try to push that stuff to one block of time so you don’t feel it’s always an option, so you don’t feel guilty,” Vanderkam says.

**Set clear boundaries.** Think through your ideal daily and weekly schedule. How often do you want to be social? What time do you want to be home and in bed so you feel refreshed the next day? Honor your own boundaries by setting and sticking to them.

“Be aware of what makes you feel really good,” says Carter.

Remember that we’re all socialized to believe our value lies in how much we can produce and get done. Retirement is a good time to let go of that lie.

“We don’t have to demonstrate our value. Our value is inherent to who we are,” Birdsong says.

**Just say no.** Brace yourself for disappointing people who want to see you more than you’d like or ask you to do things that don’t interest you.

“You’re not responsible for other people’s emotions,” Carter says. “You’re making choices based on your own well-being.”

KATHERINE REYNOLDS LEWIS
A rare silver lining emerged during the coronavirus pandemic as people stuck at home sought animal companionship through foster care or pet adoption. Their instincts to shelter in place with a dog or cat were right on target because in times of stress pets offer people emotional and social support.

For older adults, pets are a buffer against loneliness and isolation, but the benefits go beyond boosting human spirits. A growing body of evidence suggests our four-legged friends improve our health, too.

“When you give a pet love, you get unconditional love back,” says Jean Shafiroff, national spokesperson for the American Humane Society and owner of Rosita, a mix rescue dog. “It’s a very therapeutic bond.”

Biologist and public health researcher Erika Friedmann has been studying just how therapeutic that bond is. Her research with colleagues was among the first to document the health benefits of pet ownership 40 years ago. That research found that people who had a heart attack and owned a pet were more likely to be alive a year later than those without a pet. Among the 39 patients without pets, 11 (28%) had died compared to only three (6%) of the 53 pet owners.

Now a professor and associate dean for research at the University of Maryland School of Nursing, Friedmann was the lead author for a scientific paper published in 2018 that found dog owners adopt healthier lifestyles, including getting enough exercise and sleep. “Having a dog gives a person a reason to exercise and thus improves cardiovascular health,” the paper says.

Research also has shown that bonding with a pet can produce oxytocin and prolactin, the same hormones that women secrete when their baby is breastfeeding. In 2015, Science reported that humans bond when they gaze into one another’s eyes, and a similar bonding takes place between dogs and their owners.

Says psychiatrist Gregory Fricchione, who was not involved in the research: “Dogs have the ability to increase oxytocin in their owners.” Oxytocin, he adds, is an anti-stress hormone. “In and of itself, it’s likely to be health promoting.” He is director of the Benson-Henry Institute for Mind Body Medicine at Massachusetts General Hospital and a faculty member of Harvard Medical School.

Other studies have linked pet ownership with decreased blood pressure, slightly lower overall blood cholesterol levels and general calming benefits, although more research could determine whether pets reduce anxiety or even depression in people.

For some pet owners, no research is needed. They already believe their four-legged pals enrich their lives. When Susan Feldman, 71, and her husband Marc Labadie, 72, who live in Portland, Ore., first met, they had three dogs between them.

“You can really meet a lot of people through dogs,” she says. “It’s very social.” Of the two rescue dogs, Stella, 16, and Mack, 9, that the couple has now, Feldman says, “They’re just fun to be around.”

There are also health risks associated with pets. Although they are unlikely to spread COVID-19, pets can pass on other diseases to people.

“Handwashing is more important than ever now after touching, feeding or caring for your animals,” says Casey Barton Behravesh, director of One Health Office at the Centers for Disease Control and Prevention.

Owning a pet isn’t cheap. Pet adoption typically ranges from $75 to $250 depending on the animal and its age. A pure-bred cat from a reputable breeder can cost between $300 and $1,500, according to the Cat Fanciers’ Association. The average initial cost of purchasing or adopting a dog, including spaying or neutering, is even higher—$2,127—says the American Kennel Association. Thereafter, annual expenses average $2,489. K HARRIET EDLESON
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