

# NELSONCORP NEWS

**DECEMBER**  
**2024**

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# YOUR NELSONCORP TEAM



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EUGENE KRUEGER



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TABATHA WESTPHAL



MIKE STEIGERWALD



HANNAH VAN HYFTE



ISABEL HANSEN





## HAPPY HOLIDAYS!

Hard to believe it's here, but this is the most wonderful time of the year. It's a time for visiting family and friends and I found some suggestions for excellent gifts that cost little to nothing.

### THE GIFT OF LISTENING...

But you must REALLY listen. No interrupting, no daydreaming, no planning your response. Just listen. You might be surprised at the value of what you hear.

### THE GIFT OF AFFECTION...

Be generous with appropriate hugs, kisses, pats on the back, and holds. Let these small actions demonstrate the love you have for family and friends.

### THE GIFT OF LAUGHTER...

Clip cartoons. Share articles and funny stories. Your gift will say, "I love to laugh with you."

### THE GIFT OF A COMPLIMENT...

A simple and sincere "You look great in red," "You did a super job," or "That was a wonderful meal" can make someone's holiday.

### THE GIFT OF A FAVOR...

Every day, go out of your way to do something kind.

### THE GIFT OF SOLITUDE...

There are times when we want nothing better than to be left alone. Be sensitive to those times and give the gift of solitude to others.

### THE GIFT OF A CHEERFUL DISPOSITION...

The easiest way to feel good is to extend a kind word to someone. It's not that hard to say, "Hello" or "Thank You."

Sincerely,

*David Nelson*

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## THINGS TO NOTE

To celebrate the holiday season, all NelsonCorp offices will be closed Tuesday, December 24, Wednesday, December 25, and Wednesday, January 1.

If you haven't donated to our Food and Toy Drive, there's still time to bring in nonperishable food items and new, unwrapped toys to the Clinton or Davenport offices. Donations will be delivered December 5th.

## SUPPORT OUR LOCAL CHARITIES & BUSINESSES

Check out what's happening at our area charities, businesses, and communities:

- *Symphony of Lights* – Eagle Point Park, Clinton
- Visit Clinton [www.clintoniowatourism.com](http://www.clintoniowatourism.com)
- Visit Quad Cities [www.visitquadcities.com](http://www.visitquadcities.com)

### NelsonCorp Nuggets

The 2025 Cost of Living Adjustment for Social Security is 2.5%. The average retirement check for retirement benefits was \$1,927 in 2024, and increases to \$1,976 in 2025.

Source:  
[ssa.gov](http://ssa.gov)

# BULL MARKET BIRTHDAY

In October, the bull market turned two years old. Since bottoming on October 12, 2022, the S&P 500 Index has advanced 60% through the last day of October, according to S&P 500 data from the St. Louis Federal Reserve.

The S&P 500 Index is a market-capitalization-weighted index. Simply put, the larger companies in the index have a greater influence than the smaller ones.

Why is this important? On average, the larger companies have outperformed the smaller ones. According to S&P Global, the top 10 largest firms in the S&P 500 have nearly doubled since the S&P 500's October 2022 low.

If each stock in the S&P 500 was equally weighted, this measure would have risen a solid 37% from its bottom on October 12, 2022, through October 31, 2024.

What accounts for the discrepancy? In part, the AI revolution has helped several large tech firms significantly outperform the broader market.

Let's review one more index. The granddaddy of market averages, the Dow Jones Industrial Average, which is comprised of 30 companies, touched its most recent bottom on September 30, 2022. It's up an impressive 45% through the end of October, per St. Louis Federal Reserve data.

But market strength extends beyond technology. The surprisingly resilient U.S. economy has helped fuel profit growth, which has helped drive equities higher.

While AI and a resilient U.S. economy have been significant factors, let's consider one more.



The rate of inflation has slowed, taking pressure off the Federal Reserve, which hiked interest rates sharply in 2022.

The Fed has begun to slowly take its foot off the monetary brakes, with a much-anticipated rate cut near the end of September and another at the beginning of November. It was the first reduction in interest rates by the Fed since early 2020.

Most investors believe the Fed will reduce interest rates again in December.

But the pace next year turns murky.

Will the inflation rate continue to slow and gradually return to the Fed's target of 2%? Will Fed policy help guide the economy to what's called an economic soft landing? A soft landing is loosely defined as a slowdown in economic growth that leads to lower inflation without a recession.

Or, will economic growth remain strong, boosting corporate profits while slowing or ending rate cuts?

Or—let's consider one more sce-

nario—will the economy fall into a recession?

Economic forecasters have traditionally struggled to pinpoint the onset of a profit-killing recession. Recessions tend to sneak up on economists. That said, you may recall in 2022, recession forecasts were widespread. Nonetheless, many of the brightest economic minds fell flat with their predictions.

Robust market performance sometimes leads to a euphoria that can encourage too much risk-taking. We caution against that.

Leaning heavily into stocks may underpin returns, but unexpected volatility from any number of sources can spark shorter-term declines that extend beyond one's comfort level.

A balanced approach based on your individual financial goals and tolerance for risk helps tap into the long-term potential stocks have historically offered while helping to diminish some of the downside risks that can materialize when markets unexpectedly decline.

# WHAT ARE "CAP" STOCKS?

If you've ever researched a stock or listened to talking heads in the media, you've probably heard terms like "large cap stocks" before. You may also have seen these terms when reviewing your 401(k). If so, you've probably wondered what the word "cap" even means.

A stock's "cap" refers to its **market capitalization**. This is the total market value of a company's available stock shares. In essence, it is a quick and easy way to determine how valuable the market perceives a company to be.

To determine a company's market cap, investors look at all the shares the company has made available and then multiply that number by its current stock price.

For example, let's say the ACME Corporation has twenty-five million available shares with a current stock price of \$50. Twenty-five million multiplied by fifty is 1,250,000,000, so ACME's market cap is \$1.25 billion.

Now, this number doesn't mean anything on its own. It's when you compare it to other companies that distinctions can be made. That's where the terms *large*, *mid*, and *small* come in.

There is no single agreed-upon definition of what makes a company *large-cap* versus *mid-cap*, or *mid-cap* versus *small-cap*. But generally speaking, many investors break down these categories like this:

- **Large-Cap:** Market value over \$10 billion
- **Mid-Cap:** Market value over \$2 billion
- **Small-Cap:** Market value over \$250 million

So, in our example, ACME Corporation would be classified as a **small-cap** company.

Some investors will make further distinctions. For instance, you may sometimes see the term **mega-cap**, which is for companies with a market value over \$200 billion. At the other end of the spectrum, **micro-cap** refers to companies with a market value of *less than* \$250 million.

When people think about the stock market, they often think in terms of a specific index, like the S&P 500. But different indexes often only contain companies above a specific size.

For example, the S&P 500 contains the five hundred biggest companies in the overall market. That means it only includes mega- and large-cap stocks. Another popular index, the Russell 2000, contains only small-cap companies.

One reason market cap matters is because it gives you more information about a stock than you can get just from its price. For example, imagine two companies that each have a stock price of \$75. The first company has fifty million total shares available. The second company has a billion shares.

That means the first company has a total market capitalization of \$375 million. The second company's market cap, on the other hand, is \$75 billion.

So, despite having the same price per share, the first company is a **small-cap stock**, and the second is a **large-cap stock**.

Why is this important for investors to know? Because a stock's cap can dramatically affect both its potential risk *and* potential

reward.

Generally speaking, large-cap stock companies are not going to grow as fast as a small-cap stock company can. That's because the former simply doesn't have as much *room* for growth. Large-cap companies tend to be older and more well-established. As a result, any future growth will likely be slow and steady rather than fast and explosive.

Small-cap companies, on the other hand, still have the potential to *become* large-cap companies in the future. That means their potential for growth — and thus, reward — is greater.

That said, large-cap companies have also tended to be more stable. They have stronger financial situations, greater brand recognition, and more revenue. That makes their stock price less vulnerable to market volatility.

Meanwhile, small-cap companies, even if they're growing fast, may not technically be making any profit at all. Their financial situation may be much weaker. That makes them much more vulnerable...and much riskier for investors.

Of course, these are all just gen-

eralizations. Large-cap companies can sometimes experience fast growth or even fail, of course. Mid- and small-caps can thrive for years. But as a general rule, there is an inverse relationship between a stock's capitalization and both its risk and return. Understanding that relationship is critical to making good investment decisions!

So, that's market capitalization in a nutshell. Next month, we'll look at a related bit of jargon: Blue chip stocks versus penny stocks. Until next time!

1 "Market Cap Explained," FINRA, <https://www.finra.org/investors/insights/market-cap>





# THE HISTORY OF RUDOLPH

You know Dasher, Dancer, Prancer, and Vixen...but do you recall the most famous reindeer of all?

I'm referring, of course, to Rudolph the Red-Nosed Reindeer. And yes, I know what you're thinking: *everyone* knows Rudolph. But do you know the *actual* story behind everyone's favorite flying deer?

Until recently, all I knew were the words to the song. But the other day I came across the history of Rudolph and found it so fitting for the season that I thought I'd share it with you today.

\*\*

It was January 1939. The Great Depression was ongoing, and war was breaking out all over Europe. It wasn't exactly the most festive of times – especially for a young writer named Robert L. May.

At the time, Robert was working as a copywriter for the Montgomery Ward department store in Chicago. While he was often seen as the life of every party, in private he found himself feeling more and more downhearted.

For one thing, he was buried in debt, as many Americans were,

with little prospect of getting out of it. Professionally, he felt like a failure. Instead of writing the next Great American Novel, he spent his days writing catalog copy, trying to make dress shirts sound exciting.

Worst of all, his wife was dying of cancer. Soon, he knew he would have to raise their only daughter alone.

So, when he came to work one freezing day in January, the last thing he felt was the holiday spirit. In fact, he later confessed to being relieved that the Christmas decorations from the previous year were finally being taken down.

But as any good writer would tell you, this is the point – when things look bleakest, and the main character is at their lowest point – that the story takes an unexpected turn.

That day, Robert's boss came to him with an unusual request. Every Christmas, the company released a promotional coloring book for children. Since Robert was so good with jokes and limericks, would he be willing to write a story to go along with the next one?

Writing something jolly as a way to sell more clothes was the *last*

thing on Robert's mind. But he was in no position to say no – so, of course, he said yes.

Robert got down to work. At first, all he could come up with was that the story should be about a reindeer since his little daughter loved seeing them at the zoo.

But that presented a problem. Reindeer were already associated with Christmas. Ever since the poem *A Visit from Saint Nicholas* was published back in 1820. Every child in the country could list their names: Dasher, Dancer, Prancer, Vixen, Comet, Cupid, Donner, and Blitzen.

So, what would the story actually be about?

Then, one day, Robert looked out his window at the wintry fog coming off Lake Michigan. That's when it hit him: How could Santa Claus *or* his reindeer ever deliver presents in conditions like *that*?

The solution, Robert decided, was to create a ninth reindeer...with a glowing nose that could guide Santa in the fog. He wrote down a list of names, all beginning with the letter R for "alliterative purposes."<sup>1</sup> There was Rodney, Roddy and Roderick. He tried Rudy, Romeo, and Rolland, too.

At last, he came up with a group

of three finalists: Rollo, Reginald, and...Rudolph. He selected the last because it "rolled off the tongue nicely."<sup>1</sup> Rudolph the Red-Nosed Reindeer was officially born!

Meanwhile, his wife's sickness worsened. Instead of running away from his grief, Robert decided to draw from it. He also drew from his experiences as a child when he had been bullied or didn't quite "fit in".

So, he made the story open on a sad, crying reindeer. A reindeer who just couldn't understand why life was being so cruel. A reindeer who knew it had more to offer the world than the world could see.

Robert decided to write the story as a poem, using the same meter as *A Visit from Saint Nicholas*. Slowly, the story took shape. But then, in July, his wife passed away. His boss offered to take the story off his plate and assign it to someone else, but Robert refused.

As he later explained, "I needed Rudolph now more than ever. Gratefully, I buried myself in the writing."<sup>1</sup>

By the end of summer, Robert had a draft. But when he showed it to his boss, the response was, "Can't you come up with anything better?"

That might have been the end of poor Rudolph right there – had Robert not received somewhat different feedback from much more important critics. When he read it to his daughter and his wife's parents, they immediately fell in love with the red-nosed deer. "In their eyes, I could see that the story accomplished what I had hoped," he later said.<sup>1</sup>





So, Robert enlisted a friend to draw pictures for every page. This time, the story was accepted...and the company distributed more than two *million* copies across the country. Then, a small publishing house printed the book in hardcover, and it became a best-seller.

Eventually, the rage died down.

Robert continued to work for Montgomery Ward, although, like Rudolph, his life improved from that point on. He was able to get out of debt and, a few years later, remarried.

After World War II ended, the company decided to give the rights to Rudolph entirely over to Robert, thinking the reindeer's usefulness was over. So, Robert asked his brother-in-law, a musician, if he wouldn't mind turning the poem into a song.

The song found its way into the hands of the legendary singer, Gene Autry...and the resulting recording sold more than 25 million copies.

Having started under a mountain of debt, Robert and his family were financially set for life. And though he may not have written the Great American Novel, he wrote something that, perhaps, will last for even longer: A reindeer that will go down in history.

A reindeer that, as the Chicago Tribune once wrote, "has become

the first new and accepted Christmas legend since *A Visit from St. Nicholas.*"<sup>2</sup>

\*\*

We all experience low points in our lives. Sometimes, we feel discouraged about where we are in life. But I love this story because it reminds me that, with just a bit of hope, a bit of belief in *ourselves*, and by remembering that *all* of us have so much to offer the world – like Robert, like Rudolph – things will get better.

So, on behalf of everyone on my team, I wish you a Merry Christmas! May your holidays be as bright as the nose of a very special reindeer soaring across the sky.

1 "Rudolph the Red-Nosed Reindeer Origins," TIME, <https://time.com/5479322/rudolph-the-red-nosed-reindeer-history-origins/>

2 "Robert L. May," Wikipedia, [https://en.wikipedia.org/wiki/Robert\\_L.\\_May](https://en.wikipedia.org/wiki/Robert_L._May)

## NELSONCORP MEDIA APPEARANCES

Be sure to catch our weekly educational content featured locally on television, radio, and the newspaper. You can get this and more at [www.nelsoncorp.com/blog](http://www.nelsoncorp.com/blog).

On 4 Your Money, David Nelson talked about what we've seen so far in 2024, and historically what it could mean for December. David also discussed the bond market and explained how the interaction between high quality bonds and corporate bonds can be a pretty good indicator of possible recession. Nate Kreinbrink broke down the job market data and looked at the WARN factor. This is currently showing a strong labor market which tends to support corporate earnings and consumer spending, which in turn affects markets and may keep a recession at bay. David was back on another segment looking at the correlation between stocks and bonds and how owning both is a good strategy for diversification.

This month on Financial Focus, Nate Kreinbrink went into detail about beneficiary designations – what types there are, how they work, and the importance of keeping them up-to-date. Mike VanZuiden joined Nate on another episode to discuss the changes coming next year for Medicare Part D and the \$2,000 out-of-pocket cap. However, because covered drugs change, they stressed the importance of having someone take a look at the listener's current plan to make sure it is still the best option. Lastly, Nate was back on to talk about tax planning and contributing to retirement accounts and how the different types of contributions can affect the tax return. He also made sure to mention the deadline for Roth Conversions and RMDs are coming up on December 31.



*4 Your Money* airs Tuesday mornings on FOX 18 News at 8am and on WHBF CBS Local 4 News at around 6:10pm.



*Financial Focus* airs every Wednesday at 9:00 am on KROS FM 105.9 and AM 1340.

# RETIREMENT IS A TEAM SPORT

Retirement is not a solo activity.

When we think of retirement, we often think solely in terms of how it affects ourselves. After all, *you* are the one who will be leaving the workforce! But retirement won't just affect you — it will affect your entire family.

Most of these effects are positive. For example, retirement can mean spending more time with grandkids, or more time traveling with your partner. But sometimes the effects can be challenging. For instance, when it comes time to make tough decisions about health issues or your estate plan.

It's important to have conversations with your family about retirement so that everyone is on the same page. Share your dreams *and* your concerns. Your plans and your uncertainties. Solicit their feedback and involve them in the decision-making process when appropriate.

By doing this, you can better ensure a retirement that contains less stress, fewer question marks, and more time spent doing what you love with the people you love.

To help get you started, this article contains three different family conversations that all people should have as they near and enter retirement.

## What's Around the Bend: Sharing Your Dreams

What do you dream of doing in retirement? Traveling around the country, or even the world? Finally getting your golf handicap below ten? Remodeling your basement, raising horses, or

even turning your hobby into a new business?

Whatever your goals are, they all require planning — and those plans could certainly impact those around you. For example:

- If you plan to be away from home for weeks or months, you may need family members to take care of your pets, water your plants, or even house-sit.
- If you plan to spend a lot of your time on the greens, you probably want friends to play with — it can get awfully lonely by the time you reach the back nine. But do they have the same time you have?
- If you plan on remodeling your basement, you may need family members to come and help with certain parts of the project.

And that's what you may need from your loved ones — it doesn't even factor what your loved ones may need from you. For instance:

- If you plan to be away from home for a long period of time, you may not be around to pick up grandkids from school.
- If you plan on selling your home and moving out to the country to raise horses, that may affect the inheritance your children expected to get one day.
- If you plan on turning your hobby into a business, you may not have the funds to continue helping out your loved ones who have not yet achieved financial independence for themselves.

Retirement should be a way to draw *closer* to friends and

family...but in order for that to happen, it's critical that you share your plans and dreams well ahead of time. Make sure people know your intentions so they know it could affect them. Seek buy-in from loved ones so you'll never be lacking for help or company when you need it. Get everyone on the same page so that your plans can go off without a hitch, rather than get interrupted by other people's needs and expectations.

Because when you do *that*, here is what will happen:

- You can spend more time enjoying yourself on that road trip or cruise, and less time worrying about whether everything's okay at home.
- You'll have more witnesses when you finally sink that hole-in-one.
- You'll have more hands to lighten the work when you start that big remodel.
- You'll have more time to do what you love, with the people you love.

And *that* is what retirement is really all about.

## What's Over the Next Hill: Sharing Your Estate Plans

One of the most important conversations to have in retirement is about your estate plan. But it's not always an *easy* conversation. It involves making tough decisions about who gets what. Fortunately, there are ways to make the conversation less stressful and more productive.

First, start with something lighthearted and easy. Something like, "I know everyone is clamoring for who will get the disturbing picture of your great-great uncle after we're gone, but we figured we'd settle the matter with a game of rock-paper-scissors." Or you could go with the easy, "Kids, I've been thinking a lot about what I plan to leave with you all, but the most important things are the lessons and values I want *you* to pass on after me."

Second, understand that in these conversations, it is far more important to listen than talk. Present your thoughts. Ask your questions. Then listen intently.





The key is that none of us want to discuss something difficult or painful with someone who is just trying to get to a point.

Third, ensure that all parties in the conversation understand that this isn't the one time these issues will be discussed. Especially when it comes to estate and legacy planning, make sure everyone knows this is a big discussion with many intricacies. Not everything will be discussed or solved in one sitting. Having that understanding will help the next conversation become easier because everyone will be expecting it.

Fourth, be honest and upfront about your plans and intentions. It is a much better approach than being vague or elusive, which leads to confusion and hurt feelings.

Please remember that having these tough conversations is imperative. I've seen families split apart when a loved one passes away without having discussed and planned for their absence. But by having these conversations sooner rather than later, you can ensure the entire family is focused less on family *possessions*, and more about upholding family *values*.

### What's On the Horizon: Sharing Your Concerns

Your plans and possessions aren't the only thing you should share with your loved ones. Any retirement concerns you have should also be aired.

Now, I'm not referring to the types of concerns that financial advisors like me help you with. I'm talking about the kinds of concerns that come with aging. For instance:

- "What if I'm lonely?"
- "What if I'm being taken advantage of by scammers or cybercriminals?"
- "What if I need help moving

furniture or fixing an issue around the house?"

- "What if I can't drive my car?"
- "What if it's no longer safe for me to live alone?"

Most of these concerns are usually felt by people who are well into retirement, not those who are still working *toward* retirement. (That's why I've left this conversation for last.) But at some point, *everyone* will wonder or worry about issues like these.

It's important to talk about these concerns with your loved ones long before they turn into problems. Not only will it help ease any anxieties you may have one day, but it will help your family feel better, too. Remember, they will likely have the same concerns that you do — because they want to ensure you remain happy, healthy, and safe for as long as possible, so they can enjoy their time with you for as long as possible!

Now, these conversations aren't always easy to have. They can involve facing tough, even painful questions. But when you have these discussions, you can determine:

- Where you need help, and where that help will come from.
- Where your loved ones may need help from *you*.
- What needs to be done to ensure retirement stays joyful and relaxing, instead of stressful and burdensome, even as you eventually move into the last stages of life.
- How to maintain open, honest, and trusting relationships with your loved ones, eliminating any possible confusion, fear, or even resentment that may otherwise arise.

We are all social beings with social needs. By being open

about our needs — and by learning about the needs that our loved ones have — we can attain more peace of mind about the future. And the more peace of mind we have about the future, the more we can truly enjoy the present.

And *that* is the key to a happy retirement.

### Watching the Weather: Market Conditions on the Road to Retirement

The markets finished October with a chill thanks to pre-election jitters and disappointing quarterly earnings from some of the world's biggest tech companies. For the month, the Dow Jones backpedaled by 1.3%, while the S&P 500 slid roughly 1%.<sup>1</sup> For the S&P 500, it was the first monthly loss since April — largely due to a single 108-point drop on the last day of October.<sup>1</sup>

Despite this, October gave us some good news on the economic front. The latest Personal Consumption Expenditures (PCE) report, which tracks the price changes in all the goods and services purchased in the United States, fell to 2.1% in September.<sup>2</sup> That's extremely close to the Federal Reserve's goal of 2% — another indicator that we are winning the war on inflation.

### What We're Keeping an Eye On

The markets often see a spike after a presidential election, and early signs point to the same thing happening as of this writing. The Federal Reserve has also announced another interest rate cut of 0.25%, which investors are likely to look on favorably.<sup>3</sup>

As we move into the holiday season, all eyes will be on consumer spending. Holiday shopping is often a major boost to the economy, and with both inflation and interest rates coming down, many analysts are

hoping for strong numbers out of the retail sector. That would provide further evidence that a recession is still a long way off, which could certainly buoy the markets as we head into the final stretch of the year.

Have a great month...and Happy Holidays!

1 "S&P 500 and NASDAQ suffer their worst day in over a month," CNBC, <https://www.cnbc.com/2024/10/30/stock-market-today-live-updates.html>

2 "Personal Income and Outlays, September 2024," Bureau of Economic Analysis, <https://www.bea.gov/news/2024/personal-income-and-outlays-september-2024>

3 "Federal Reserve cuts interest rates by a quarter point," CNBC, <https://www.cnbc.com/2024/11/07/fed-rate-decision-november-2024.html>

## NelsonCorp Nuggets

**Gen Z kids — aka Zoomers — born between 1997 and 2012 are more likely than any other generation to ask family members for financial advice instead of a professional.**

Source:  
[MillennialMoney.com/financial-literacy](https://www.MillennialMoney.com/financial-literacy)

# 7 WAYS TO PAY FOR LONG-TERM CARE

Millions of older adults and younger individuals with disabilities require assistance with daily activities that many take for granted.

According to LongTermCare.gov:

- About seven out of 10 people turning 65 today can expect to need some form of long-term care services in their remaining years.
- Women need care longer (3.7 years) than men (2.2 years).
- 20 percent will need long-term care for more than five years.

Confusion often surrounds the cost of long-term care and who is ultimately responsible for paying for it.

According to a survey published late last year by KFF (entitled *The Affordability for Long-Term Care and Support Services*<sup>1</sup>), a leading health policy organization in the U.S., nearly one in four adults mistakenly believe that Medicare will cover the cost of nursing home care for themselves or a loved one with a long-term illness or disability.

Almost half, or 45%, of adults who are 65 years or older believe Medicare will pay these costs.

Let's be clear. Medicare and most health insurance, including Medicare Supplement Insurance (Medigap), do not pay custodial care, such as helping with activities of daily living (ADLs), if that is the only care you need.

Medicaid pays for over 60% of long-term care residents, according to KFF.

Before we continue, let's define the two terms.

HHS.gov defines **Medicaid** as a "joint federal and state program that helps cover medical costs for some people with limited income and resources."

**Medicare** is a "federal health insurance for people 65 or older, and some that are under 65 with certain disabilities or conditions."

And here lies the problem that will affect many in retirement. Medicare is not responsible for covering long-term care costs. Medicare will only cover a limited stay in a nursing home following a qualifying hospitalization. Even then, out-of-pocket costs can add up.

Medicaid is the primary source of funds that pay for long-term care, but Medicaid places strict limits on income and assets, depending on the state and specific program. Moreover, Medicaid has a "look-back" period regarding your assets.

In most states, generally speaking, the look back is 60 months, per the American Council on Aging. California is 30 months, but that is expected to be completely phased out by July 2026. New York has no look back for Community Medicaid.

For most states, all financial transactions over the last 60 months are subject to review.

In practical terms, penalties could result if an audit finds a cash gift to your grandson for a high school trip, gifting property or cash to relatives, or selling assets below market value.



So, if Medicaid may not be an option for you, let's review some alternatives.

1. **Consider a health savings account (HSA).** Those with high-deductible health-care plans may be able to contribute to an HSA and withdraw funds to pay for eligible medical expenses. Contributions to an HSA reduce taxable income, appreciate tax-free, and withdrawals for qualifying medical expenses are not taxed.

You may also access funds in your HSA to pay the premiums for most long-term-care insurance policies. The annual withdrawal depends on your age, ranging from \$480 per year if you are 40 or younger to \$5,960 if you are 71 or older (IRS through 2023).

2. That leads us to **long-term care insurance (LTCI)**. LTCI isn't cheap, and you won't qualify if you have a pre-existing debilitating condition, but a policy can provide support when you most need it. Many seek coverage in their 50s or 60s, and coverage will vary considerably.

Most policies are triggered

when you are unable to perform two or more "activities of daily living" (ADLs) on your own or if you suffer from dementia or a cognitive impairment.

ADLs include bathing independently, using the bathroom without assistance, dressing oneself, getting in and out of bed without help, eating without assistance, and maintaining continence.

However, LTCI has faced significant criticism due to high costs and rising premiums. If you reach a point where you can no longer afford the premium, you risk losing your coverage or having to reduce it, even if you have been paying into the policy for years.

3. As the name suggests, LTCI is insurance. It's something you hope you never need. If it's unused, the cost provides peace of mind but not much else.

**Enter the long-term care annuity.** How does this work? You pay a lump sum or regular premium that provides a benefit that can be used for long-term care expenses. If the LTCI benefit is not need-

ed, you or your heirs have access.

But this is a complex product. It has benefits and drawbacks. Underwriters may be more willing to accept someone with pre-existing conditions. But you may not have full coverage immediately. Space limitations prevent a deep dive, but it's an option we want you to be aware of.

4. **Can you self-finance?** You can dip into savings to pay for long-term care if you have adequate resources. But it is costly.

According to a Genworth survey<sup>2</sup>, assisted living facility rates increased by 1.4% to an annual national median of \$64,200 per year in 2023.

The national annual median cost of a semi-private room in a skilled nursing facility rose to \$104,000, an increase of 4.4%, while the cost of a private room in a nursing home increased 4.9% to \$116,800.

Further complicating this approach is the indefinite time period that one may require care. If your assets are depleted, Medicaid may become your best option.

5. Consider a **Roth IRA**. There are many benefits to a Roth IRA when compared to a traditional IRA. For example, a Roth is not subject to required minimum distributions. If possible, you may decide to keep funds in your Roth until needed for long-term care or LTCI premiums.

You must be 59 ½ and have held the Roth for at least five years to avoid taxes or penalties. There are no restrictions on how you can use the funds withdrawn from a Roth IRA.

6. **Using your home equity.** A reverse mortgage allows you to access the equity in your home. You do not make monthly payments but you will receive monthly installments from the lender. The loan is repaid when the borrower no longer lives in the house. Interest and fees are added to the loan balance each month.

If one spouse passes away, the other may stay in the home. A homeowner can't be pushed out of their home. The payments won't affect your Medicare benefits or Social Security.

7. You may also tap equity by taking out a **home equity line of credit** (HELOC). Unlike a reverse mortgage, there is no requirement to maintain your home, but if you cannot make payments, you risk losing your home.

#### Final thoughts

How you might approach long-term care will depend on your circumstances. We have offered a basic outline of various options. We encourage you to contact us if you have additional questions or concerns.

1. <https://www.kff.org/health-costs/poll-finding/the-affordability-of-long-term-care-and-support-services/>
2. <https://investor.genworth.com/news-events/press-releases/detail/972/genworth-releases-cost-of-care-survey-results-for-2023>

## THIS MONTH'S FEATURED CHARITY IS LIVING PEACE 365



"Living Peace 365" is a collaboration of local entities to promote peace and unity in our community. These entities are Clinton Peace Coalition, MLK, Jr. Celebration Team, The Discovery Center, Sisters of St. Francis, Clinton Human Rights Commission, 1st Responders: Clinton County Sheriff Dept, Clinton Police Dept, Clinton Fire Dept, Clinton Community College Diversity Team, Unitarian Universalist Fellowship of Clinton, Clinton Public Library, YWCA of Clinton, Clinton Community School District, Clinton LumberKings, Vince Jetter Community Center.

"Living Peace 365" has 2 signature events: The Stop the Hate/Show the Love Walk and the 36th Annual MLK, Jr. Celebration on Sun., January 19, 2025, at Clinton Community College. This year they will also be recognizing the 22nd Peace and Justice Award recipient(s). All "Living Peace 365" events are FREE and open to the public.

Other events in 2025 include Trivia Night on April 4, 2025, the day which Dr. King was killed, Martin Luther King, Jr. Reading Series, Juneteenth, Painting for Peace, Hoops in the Park, peace signs hanging from light poles, Junior Police Academy, Thanksgiving food baskets to RSVP, and assisting with the St. Paul's Lutheran church "Hope in Action" meal project.

If you have any questions, please call Mardell at 563-244-7006.

To donate, please make checks payable to: YWCA of Clinton. Memo: Living Peace 365

Mail to: Clinton Community College, ATTN: Mardell, 1000 Lincoln Blvd, Clinton IA 52732

### JEANS FOR CHARITY

Every Friday, the team at NelsonCorp Wealth Management wears "Jeans for Charity". In exchange for getting to wear jeans to work, we each pay a \$5 weekly fine. At the end of the month, the fines are donated to a charity. NelsonCorp will match the fines that are collected, up to \$250.





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