NELSONCORPNEWS

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YOUR NELSONCORP TEAM


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WELCOME BACK TO SCHOOL

"Every young mind needs a spark to light the way to a brighter future through learning—and teachers are that spark."—Anna Weselak, National PTA President 2005-2007

It's hard to believe we're already flipping the calendar to August and, of course, with August comes a new school year.

As our team sat together thinking about the upcoming back to school season, we started to talk about some of the teachers who affected us the most. We remembered algebra teachers who actually made math a fun and understandable subject. We remembered English teachers who drove us to perfection in our writing. We remembered teachers who made us into what we are today.

What was common in all of our experiences was a dedicated and loving teacher. Teachers and school staff members truly do not get enough recognition for the things they do. They are in a position to help mold our society's future. We are so grateful to the teachers and staff that go to work every day and help students of all ages see things in new ways. (And I'm not just saying these things because my wife was a teacher!)

To all the teachers and staff that see this note, we applaud your hard work and hope you all have a great school year.

David Nelson

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THINGS TO NOTE

The Dept. of Education announced the updated student loan rates for the 2025-26 school year, which went into effect on July 1.

- *Undergraduate Direct Loans: 6.39%*
- *Graduate Direct Loans: 7.94%*
- *Parent PLUS Loans: 8.94%*

SUPPORT OUR LOCAL CHARITIES & BUSINESSES

The Backwater Gamblers perform free water ski shows every Sunday and Wednesday at 6:30 pm on the Rock River in Rock Island, Illinois. The shows will continue until the Sunday after Labor Day weekend, with a bonus show on Labor Day.

Their site is equipped with bleacher seating for crowds of up to 10,000 fans at each show, including areas for handicap seating. 5000 44th Street, Rock Island, IL 61201

https://www.backwatergamblers.com/Shows

INVESTMENT IN KINDNESS

There's a saying that *an investment in kindness brings happiness in return*. Recently, I came across a story that shows just how true that is.

Rewind back to 2007. A young man named Claybourne Elder was standing awkwardly in the rear of a theater on Broadway, straining to catch as much of the award-winning musical he'd traveled so far to see. Elder was an aspiring stage actor, but having come all the way from Springville, Utah, he was virtually unknown and had barely any money.

Little did he know that a random act of kindness was about to change his life.

As the play ended and the audience filed out, a man passed Elder, then stopped.

"Are you from out of town?" the man asked.

"Yeah, I'm just here visiting," Elder replied.

The man pulled out his wallet and handed Elder $200. "You looked like you were having more fun than the people in the expensive seats," he said. "Go buy yourself a ticket to 'Sweeney Todd' tomorrow."

Stunned, Elder took the money, as well as a photo of the strange benefactor. But he never caught the man's name.

The next day, Elder debated what to do with this sudden windfall. Many possibilities crossed his mind, but he reminded himself that he'd come to New York to see Broadway. And when it comes to Broadway, there are few acts bigger than *Sweeney Todd*. After all, the musical was written by the legendary Stephen Sondheim and had won a Tony Award. Elder had never seen the show before, and when he found it was starring the equally legendary actress Patti LuPone, his decision was made.

"That did not seem real [to me]," Elder later recalled. "Patti LuPone...she seemed like a person you read about in a book or heard about somewhere, not someone you saw perform. Not for a kid from Utah." So, Elder brought a prime seat and enjoyed one of the best nights of his life.

Now fast forward. Elder got to continue watching Patti...but not from a seat. From the *stage*.

You read that right. Elder and LuPone were *co-stars* in the same hit musical on Broadway!

Elder has come a long way from Springville, Utah, but he never forgot that random act of kindness. In his words, "It takes that kind of generosity to show you what generosity can be, to turn around and do it again."

As soon as he was able, Elder started paying for a stranger's meal at a local diner at least once each month. And since becoming a big Broadway star, he's given away free tickets to each of his shows.

Recently, Elder was finally able to track down the man who helped send him down his journey. The stranger's name was Mark Howell, a Californian who was also "just visiting." The two met over Zoom, where Elder was finally able to tell Howell what his random act of kindness meant.

"The minute he said [the name of the musical,], it all came back... that night, the whole experience," Howell later said. "It's been really inspiring and overwhelming. It still makes me cry."

But not just because he helped a young man find success. But because he helped a young man become a *good* man.

"You had no idea that what you did was so much more than that. [It] made me a person who is kinder because of what you did," Elder told him.

The kind of person who buys tickets for strangers, then takes a photo with them that he can hang in his dressing room ever after. Because who knows? One of *those* strangers might be the next Claybourne Elder.

"I hope that it awakens something in them, just like it did in me...the power to actually touch someone, to change someone's life with a small gesture," Elder says. "What I hope happens is that these people are shown some sort of genuine kindness from a stranger and hopefully in turn go out and do something strange and kind for somebody who *they* don't know."

When we make an investment in kindness, happiness is the inevitable return. For them, for us, and for the entire world.

RETURN VALUE FOR INVESTORS

In previous newsletters, I've been breaking down some of the more common bits of financial jargon that you are likely to hear in the media about the stock market. In this one, let's look at three terms regarding how companies can return value or otherwise impact their shareholders: ***dividends, stock buybacks,* and *stock splits?***

They are the kind of terms that frequently make headlines in the Wall Street Journal or on CNBC. *"Company X increases their dividend to $2.50 per share." "Company Y announced a new buyback program of their shares today." "Investors debate Company Z's plan to split their stock at two-for-one."* You get the idea.

But what do these terms actually mean?

To understand these terms and why they matter, it's helpful to first define another term: **Free cash flow**, or FCF. Free cash flow represents the total amount of cash that a company generates after accounting for both its operating expenses and its capital expenditures. (The former represents the costs of running the business on a daily basis; the latter refers to long-term investments, like acquiring machinery or building a new warehouse.)

FCF, then, is all the cash a company earns that is completely free of debt or obligation. That cash can be used however the company wants. For example, a company can reinvest the cash back into itself to improve operations, expand into new markets, or even acquire other businesses.

Alternatively, the company can use its FCF to **return value** to its investors.

This, ultimately, is why people invest in the first place: Because they expect the free cash flow a company generates to be eventually returned to them. When investors expect a company to generate *more* FCF in the future, they tend to buy more stock... thus increasing the stock price.

So, how do companies actually return value to investors? Well, that's where two of today's terms — dividends and buybacks — come into play.

Dividends. Many companies return value by paying a percentage of their profits to shareholders, usually every quarter and usually in the form of cash. For example, imagine you owned 100 shares in the ACME Corporation. ACME generates a lot of free cash flow, so they distribute a dividend of $0.75 per share. That means for every share you own, you receive 75 cents each quarter. Since you own 100 shares, your payment would total $75. If you owned more shares, or if ACME paid a higher dividend per share, then you'd earn even more.

Dividends are important for several reasons. First, they can be used as a form of income. It's nice to get a check every quarter! However, financial advisors like me often recommend younger investors to *reinvest* their dividends. (That means using the money to buy more shares.) In the long run, that enables them to benefit even more from the company's free cash flow. Once investors retire, however, it can then make more sense to use the dividends as income.

Dividends are also important as a handy barometer for a company's health. Many investors will look to see how long a company has paid dividends, how those dividends have gone up over time, to estimate the company's financial situation. Dividends don't always tell the whole story, though, as companies *can* increase their dividends as a way to distract investors from other problems. Furthermore, many companies do *not* pay dividends...but that doesn't mean they're not worth investing in! After all, there are other ways to return value to shareholders, including:

Stock Buybacks. Companies can also use cash to repurchase their own shares from investors. This is often done when a company's management feels its shares are undervalued — that is, trading at a lower price than they actually should be. Alternatively, a company may launch a stock buyback because it wants to demonstrate it has more than enough cash set aside for the future. Either way, when a company buys back a portion of its shares, it effectively decreases the total number of shares available. This, in turn, makes each remaining share worth a greater percentage of the company. The end result? The stock price often goes up, thus benefiting the company's shareholders.

I've been asked which is better, dividends or buybacks? The answer is it depends. Dividends tend to be more predictable and can be either reinvested or used as income. Buybacks tend to affect a company's stock price more in the short term. Either can be effective at returning value to investors.

Stock Splits. The final term I want to cover has nothing to do with returning value, but I include it because it's something you often hear in the financial media. A **stock split** is when a company *increases* the number of shares. This is done by splitting each share into several new, smaller shares, such as 2-for-1 or 3-for-1. This effectively makes each share worth a half or a third as much. However, because the company's *market capitalization* remains unchanged, a split does not affect the overall value of an investor's shares.

Why would a company split its stock? Usually, it's because the share price has risen so high that it makes it harder for new investors to buy stock in the company. A stock split decreases the price per share, allowing new investors to participate at a more affordable price.

WORDS OF WISDOM FROM ONE OF THE GREATS

With all of the headlines the last few months about tariffs, tax bills, and AI, there was one major headline that you may have missed: Warren Buffett will step down as CEO of Berkshire Hathaway by the end of the year.

"Why does *that* matter?" you're probably thinking. Or even, "Who did what now?"

The ninety-four-year-old Buffett is one of the most famous and successful investors in the world. Over the past sixty years, shares in his company, Berkshire Hathaway, have risen **5,502,284%**. Yes, you read that right, and no, it's not a typo. That equates to a compounded annual return of 19.9%...nearly double what the S&P 500 has averaged over the same period.

What's the secret to his incredible track record? Well, Buffett himself would be the first to tell you that it's really no secret at all. Furthermore, it's not due to genius. Or luck. Or having a crystal ball.

It's *discipline.*

The discipline to always stick to his investment philosophy regardless of how the markets perform. The discipline to prioritize the long view over the short one. The discipline to leave emotion and ego out of his decision making.

How do we know this? Well, each year, Buffett writes a letter to his shareholders detailing the thoughts behind his decisions. Those letters are available for anyone to read. As a result, investors like us have a huge corpus of wisdom to draw from. So, with Buffett stepping down, and with the markets having been particularly volatile this year, now is a good time for us to ponder the example Buffett set as a patient, diligent, *long-term* investor. That way, we can better apply those same qualities to ourselves.

With that in mind, here are five lessons to learn from Buffett we can apply whenever markets are volatile.

#1: Leave emotion out of investing. Buffett learned this lesson early on when he first bought stock in a failing textile company called... Berkshire Hathaway. From his research, Buffett discovered that every time the company closed one of their mills, they would use the money to repurchase their own stock. His plan was to buy some of that stock, and when the company sold another mill, sell his shares back for a small profit.

At first, everything went according to plan. After Berkshire closed another plant, Buffett met with the CEO, who offered to buy the stock back at $11.50 per share. Buffett agreed. But a few weeks later, when the actual offer came in the mail, Buffett saw the price was only $11.375 per share. Despite their verbal agreement, the CEO had sneakily decided to pay an eighth less than promised.

It was no big deal in the grand scheme of things, but it made Buffett angry. So, instead of selling, he decided to buy *more* shares. And more, and more. So many more, in fact, that he soon became the majority owner of Berkshire Hathaway...and was able to fire the CEO who tried to stiff him.

Buffett described it in his 2014 letter as "a monumentally stupid decision." You see, all he had to show for it was a failing company that was now entirely his responsibility. While he eventually turned Berkshire into a corporate powerhouse, the textile business was always a drag on profits. (He finally shut it down twenty years later.) In fact, Buffett estimated that the decision to buy Berkshire, rather than use the money in a wiser and less emotional way, ultimately cost him $200 *billion* in compounded returns.

The lesson: Never make emotional investment decisions. Instead, always remember that:

#2: "Price is what you pay; value is what you get." Buffett dropped this line in his 2008 letter to shareholders. Back then, the stock market was in a freefall. Many of the companies that Buffett owned dropped dramatically in price, but as he wrote in his letter, *"This does not bother me. Indeed, [I] enjoy such price declines if we have funds available to increase our positions. Long ago, Ben Graham* [one of Buffett's teachers] *taught me that 'Price is what you pay; value is what you get.' Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."*

This describes Buffett's investment philosophy in a nutshell. Instead of focusing solely on the *cost* of what he's buying, he instead focuses on the *quality*. In 2008, he knew the companies he owned were still strong even if they had gone down in price. So, rather than dump them, he instead focused on buying *more* of them...while also looking for other strong companies being sold at a discount.

As investors, it's so easy to get caught up in price. Easy to chase after whatever stock is rising fastest; easy to run away when the markets are in the doldrums. But stock price alone does not tell you how *valuable* something is — only what people are willing to pay for it in a given moment.

To illustrate what I mean, think about the three most valuable things you own. (Not counting your house.) What would you most want to save if there were a flood or fire? They probably aren't your most *expensive* possessions, are they? Before you ever save the big-screen TV or even the car in your garage, you'd probably reach instead for the family photo album. That heirloom your grandmother left you. Or maybe even the $500 guitar you saved up for in high school that's been with you ever since.

Buffett follows the same principle with business. Instead of concentrating on short-term prices, he focuses on long-term *value*. The stocks and companies he'll still want to own in twenty, forty, or even sixty years. That matters, because for Buffett...

#3: "Our favorite holding period is forever." Buffett said this in his 1988 letter to shareholders. I like this quote, because when you think about it, the ideal investment really *is* something you'd want to hold onto forever, isn't it? It's why we pass on our home and our most prized possessions to our children after we're gone. We want the next generation to derive as much value from them as we did. Here at NelsonCorp, we try to take a similar approach with your portfolio. While there are, of course, times when we need to sell certain holdings to meet your income needs, our goal is to help you invest for a period far lengthier than the worst bear market or even the longest bull. We invest for your entire lifetime...and maybe even beyond.

#4: Patience always beats prognostication. Investing, when you think about it, is a perpetual struggle between the short-term and the long-term. There are always so many headlines, events, wants, and fears demanding our attention. Because of that, many investors spend an inordinate amount of time trying to figure out "what's going to happen next." What direction will the stock market go? How will the economy perform? What will Washington do? As a result, there is an entire industry of forecasters, prognosticators, and fortune-tellers who try to convince investors to make short-term decisions based on short-term predictions.

But *nobody* can predict the future. We can make educated assumptions, and of course, lucky guesses. When it comes to investing, there's only one thing we know: That over time, the markets have historically gone up. As a result, *patience* is often the only requirement. All other ingredients are optional. That's why, whenever the markets move sharply in one direction or the other, I think it's handy to remember these classic Buffett gems:

"Our stay-put behavior reflects our view that the stock market serves as a relocation center at which money is moved from the impatient to the patient." — 1991 letter to shareholders

"Anything can happen anytime in markets. Market forecasters will fill your ear but will never fill your wallet." — 2014 letter to shareholders

"Investors should remember that excitement and expenses are their enemies. And if they insist on trying to time their participation in equities, they should try to be fearful when others are greedy and greedy when others are fearful." — 2004 letter to shareholders

#5: "Someone is sitting in the shade today because someone planted a tree long ago."

This, I think, is the greatest lesson of them all.

Can you remember how the markets performed in 1988? 1991? 2014? Probably not — I'd have to look it up myself. Similarly, you probably can't remember what the weather was like in any given month those years, or even what the hit song was.

But you probably can see how far you've come since then.

This is the essence of investing. Headlines, whether good or bad, are temporary. Volatility, up or down, is temporary. That is why we always prioritize the permanent over the transient. Why we take the long view over the short one. So, whenever volatility strikes, whenever the headlines get confusing, remember Warren Buffett's example. Today's storms are just moisture for tomorrow's trees — in whose shade we hope to enjoy for generations to come.

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.

On 4 Your Money, James Nelson sat down to discuss the housing market and the large gap between the number of sellers versus the number of buyers right now. He explained that this is putting some downward pressure on housing prices and that if you are someone looking to buy right now, there may be more options, less competition, and potentially lower prices. On another segment, David Nelson looked at stock valuations and showed one of the tools used to compare the S&P 500 to the Bloomberg Gold Index. David returned to talk about consumer spending, specifically restaurant spending and how that is showing signs of an economy doing better than what most people believe.

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

This month on Financial Focus, Nate Kreinbrink and Andy Ferguson had a conversation about summer jobs for kids and how there's no quick answer when it comes to withholding for their W-4. Mike Van Zuiden joined Nate to break down Medicare to make it easier for listeners to understand. Mike also stressed the importance of reviewing your Medicare coverage every year, especially your drug plan, because of changes to coverage and costs year to year. David Nelson sat down with Gary Determan and discussed his job of trying to minimize the downsides and worrying about what's ahead when markets are way up using the tools we have to make decisions. Nate Kreinbrink returned to clear up some of the confusion regarding Social Security and the new tax bill that passed in July.

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

SOCIAL SECURITY EXPLAINED

Social Security is one of the most important sources of income during retirement, but it's also one of the most complex. There are pitfalls to avoid and opportunities to seize which aren't always common knowledge.

We will look at three aspects of Social Security that all pre-retirees should know about. We'll also address some recent headlines about Social Security that you may have seen.

What's Around the Bend: Social Security Taxes

It often comes as a surprise to many retirees, but a portion of your Social Security benefits may be subject to taxes depending on your overall income in retirement.

Because those taxes can eat into the income you expect to draw from in retirement, it's very important to factor taxes into your planning. To help, here are some answers to some common questions we often get about Social Security taxes:

Q: Which benefits actually get taxed?

Monthly retirement benefits, survivor benefits, and disability insurance benefits are all typically taxable — again, depending on a person's income, which we'll get to in a minute. However, Supplemental Security Income, which is a separate program run by the Social Security Administration (SSA), are not taxable.

Q: How much will my benefits be taxed?

Typically, if *half* of your annual benefits combined with your other income exceeds $25,000 per year (if you are a single filer) or $32,000 (if you are part of a married couple filing jointly) then 50% of your benefits will be taxable.[1] If your combined income exceeds $34,000 (single) or $44,000 (married filing jointly), then up to 85% of your benefits may be subject to tax.

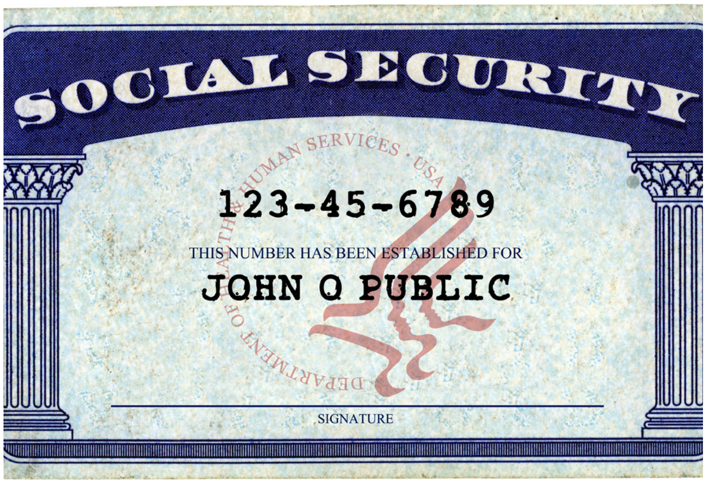
IMPORTANT NOTE: Last month, Congress passed a new bill that provides a temporary tax deduction of up to $6,000 for those aged 65 and older with an adjusted gross income of $75,000 or less (single) or $150,000 or less (married filing jointly). The deduction phases out for incomes above these limits, ending at $175,000 for individuals and $250,000 for married couples.

It's important to note that this does *not* eliminate taxes on Social Security benefits, as some communications have claimed. However, it can reduce the amount of Social Security income that is subject to the tax, so some individuals may find that they do not need to pay any taxes on their benefits at all.

This deduction lasts only until 2028. If you have any questions about it, or about Social Security taxes in general, please let me know.

Q: How do Social Security taxes actually get paid?

If your benefits are considered taxable, you can choose to pay those taxes all at once when you file your annual return, or by withholding taxes on your monthly payments. (In essence, receiving a smaller check each month because some of your payment is going to taxes.)



If you choose the latter option, you must submit a request to the SSA, where you can choose to withhold 7%, 10%, 12%, or 22% of your monthly payment.[2]

Q: Do states tax Social Security benefits, too?

It depends. Most states do not tax Social Security benefits, but the following states do:[3]

- Colorado
- Connecticut
- Minnesota
- Montana
- New Mexico
- Rhode Island
- Utah
- Vermont
- West Virginia

What's Over the Next Hill: When to Apply for Benefits

Many retirees often want to know, "When is the best time for me to file for my benefits?"

There are two different ways to answer this question: By explaining **what year** you should file, and **when in the year** you should file.

Let's start with "what year." The answer is: Whenever you need to, but the longer the wait, the better.

Too many people rush to collect their benefits as soon as they retire. This is sometimes a mistake, especially if you retire early.

Technically, you can begin receiving benefits as early as age 62, but if you do, your benefits will be reduced significantly. For example, people born between 1943-1954 would see their payouts permanently reduced by 25%.[4]

Waiting until your "full retirement age" might be a better option—it means you won't face any reduction. What is your "full retirement age?" It's the age at which a person may first become entitled to "full" or "unreduced" retirement benefits.[2] This chart gives you the specifics:

Year of Birth	Full Retirement Age
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

The latest you can begin collecting benefits is at age 70, and there's good reason to hold off until then if you can afford it. Benefit payments go up 8% for every year you wait after you reach your full retirement age up to age 70.[5] In other words, the longer you can keep your hand out of the cookie jar, the more sweets you'll eventually receive.

Now, in terms of when in the year you should file. This one is much simpler. The answer: Three months before you plan to start receiving your benefits. This ensures you don't procrastinate while also giving the SSA time to process your application in a timely manner. This way, you should begin receiving your benefits on time and in the correct amount.

What's On the Horizon: The Future of Social Security

In recent months, you may have seen some unsettling headlines about the future of Social Security. That's largely due to the latest annual Social Security and Medicare Trustees report, which gives projections on the finances of these programs and how well-funded they will be in the future.

Among other things, the report revealed that the trust funds that partially pay for Social Security will be depleted by 2034. That's one year earlier than most experts predicted.

When that happens — assuming nothing else changes in the meantime — the SSA will be forced to cut monthly benefits by an average of 23% in order to ensure everyone still receives payments.[6]

It's a startling report, and an equally startling number. Both have many pre-retirees wondering what their benefits will actually look like, and whether they'll be able to retire when they want. Or if they'll be able to live the retirement lifestyle they want. Or if there will even be Social Security at all in the future!

As a financial advisor, my job, as you know, is to help people plan and work towards the future they want. So, I am currently reassuring everyone who works with me that, while this news certainly adds an extra wrinkle to our planning, it does *not* derail it!

There are two reasons for this. The first is because the numbers in that report assumes that nothing will change between now and 2034 — and that's unlikely to be the case.

It's important to understand that the recent news about Social Security refers specifically to its *trust funds* – two financial accounts that help pay for the cost of benefits.

But the majority of funding for Social Security actually comes from payroll taxes — and as those aren't going away any time soon, Social Security as a program will not be going away, either.

Furthermore, there are a number of actions that Congress can take in the coming years to help shore up funding for Social Security. The most direct route would be a permanent increase to payroll taxes, but a more varied approach is probably more likely.

Here are just a few steps Congress will likely look at:

- Raising the Full Retirement age from 67 to either 68 or 69.
- Subject *all* wages to the payroll tax rather than raise the tax itself. (Currently, only wages up to $168,600 are subject to the tax.)
- Reduce the growth of benefits for the very top earners.
- Change how cost-of-living adjustments are indexed to inflation.

This is just a glimpse into the various possibilities. The point is that Congress has many potential tools at its disposal to ensure that retirees continue to receiving the benefits they expect — and deserve — from their decades of hard work.

The other reason this doesn't derail our planning? Because *we* have lots of time to adjust! You see, while Social Security is important, it's just one arrow in the income quiver.

My team and I have the ability to help you calculate exactly how much you need to achieve the things you want, and where that income can and should come from. That means we remain very confident in our ability to continue helping you work toward your goals and achieve the dreams that are most important to you.

I expect we'll provide more information on this topic over the coming years, but in the meantime, my advice is this: While the future of Social Security may be determined in Washington, *your* future stems from something much more powerful: The dreams you dream, and the plans we make.

We're very excited about what the future holds!

1 "IRS reminds taxpayers their Social Security benefits may be taxable," Internal Revenue Service, https://www.irs.gov/newsroom/irs-reminds-taxpayers-their-social-security-benefits-may-be-taxable

2 "Request to withhold taxes," Social Security Administration, https://www.ssa.gov/manage-benefits/request-withhold-taxes

3 "States That Tax Social Security Benefits in 2025," Kiplinger, https://www.kiplinger.com/retirement/social-security/603803/states-that-tax-social-security-benefits

4 "Starting Your Retirement Benefits Early," Social Security Administration

5 "Delayed Retirement Credits," Social Security Administration

6 "A Summary of the 2025 Annual Reports," Social Security Administration, https://www.ssa.gov/oact/trsum/

STARTING THE CONVERSATION

Many adult children struggle to talk with their aging parents about senior care, often postponing the conversation until a crisis occurs. This procrastination—like the last-minute panic of finishing an assignment—can lead to emotional, financial, and logistical stress.

What Is Senior Care?

Senior care refers to the support and assistance provided to older individuals due to age-related decline or infirmity. This care may come from residential facilities, hired caregivers at home, or family members. While most seniors wish to maintain their independence, aging can suddenly or gradually reduce that ability. Statistics show that about **70% of people over age 65** will require some form of long-term care.

Why Families Avoid the Conversation

Over half of adult children expect senior care discussions with parents to be difficult. There's a reluctance to confront sensitive topics such as declining health, loss of independence, or financial realities. Many worry that their parents will feel they're being pushed toward nursing homes.
Parents' desire for privacy and control adds complexity and may say they don't want to talk about senior care until there's a pressing need. Unfortunately, waiting for a health crisis leaves little time for thoughtful decisions and often leads to family conflict or financial stress.

The Financial Blind Spot

One major barrier to senior care discussions is money. Most people are unaware of actual care costs. For instance, when surveyed about the annual cost of help with basic daily activities, the average guess was $25,000. In reality, it can easily be double, triple, or *more* than that.

When it comes to paying for senior care, discussions can get uncomfortable. Asking parents whether they've saved enough requires conversations about their budgeting, insurance, and investments—topics many families avoid.

Long-term care insurance could offset some of the costs, but only **7% of Americans** have it. The insurance is expensive, carriers are dwindling, and premiums are rising. Without coverage, families often struggle to finance care privately or rely on a patchwork of Medicaid, Medicare, veterans' benefits, or help from relatives. When looking for government assistance, it's important to learn the eligibility rules and limits.

If parents are underprepared, adult children may feel pressure to contribute, risking their own retirement security.

Comparing Senior Care Options

There are various options for senior care. However, each comes with a range of costs and considerations:

- **Living at Home with added services**: The average cost for homemaker services is $59,488 a year and home health aide costs average $61,776 a year. In addition to that, homes may need remodeling for safety.
- **Living with Family**: This option is the most difficult to calculate as there are highly variable costs depending on the arrangement. While this can work for some, not all family members are willing or able to provide care.
- **Independent Living Communities**: Costs for this type of housing average $15,000 a year. They are ideal for seniors who are healthy and independent but enjoy community services and social opportunities.
- **Assisted Living**: The average expense for these facilities is $54,000 per year. They provide staff to help with daily activities like bathing, dressing, meals, and transportation.
- **Nursing Homes**: A private room in a nursing home averages $108,405 per year. They have 24/7 skilled care and will supervise medication, therapy, and overall care.
- **Continuing Care Retirement Communities (CCRCs)**: This comprehensive option averages $42,660 a year plus large upfront fees (often $400,000+). They offer independent living, assisted living, and skilled care all in one place.

How to Start the Conversation

One way to start the conversation is to begin your own planning and ask your parents if they have considered their future care needs. Don't expect a single conversation to solve everything. There's a lot to consider and multiple discussions over time will usually be the best approach.

Timing matters. A good rule of thumb is the **40-70 Rule**: if you're 40 and your parents are 70, it's time to talk. It's also important to watch for signs like memory loss, hoarding, or physical instability that may indicate a need to act sooner.

Avoid ambushing your parents with pre-arranged facility tours, as this may make them feel like you're pushing them into something. Instead, express care and concern, highlight how care options have evolved, and offer information about facilities that use technology to improve quality of life and keep residents connected to family if that's something that would give them comfort.

Final Thoughts

Delaying the senior care discussion may seem easier in the moment, but it can lead to stress, rushed decisions, and financial instability later. While difficult, starting the conversation shows love and responsibility. It allows families to plan with clarity, set realistic expectations, and preserve both dignity and independence for aging loved ones.

NATE KREINBRINK QUALIFIES FOR CAMBRIDGE 2025 SIGNATURE CLUB

Nate Kreinbrink was recently recognized as a qualifier for Cambridge Investment Research, Inc.'s (Cambridge) 2025 Signature Club. Signature Club qualifiers are lauded for their commitment to excellence while maintaining an independent mindset. This recognition is awarded to a select group of financial professionals who demonstrate their commitment to serving their clients while representing the core values of integrity, commitment, flexibility, and kindness that define Cambridge.

Signature Club qualifiers were recognized at an annual Signature Club event in Carlsbad, California. The event offered opportunities to connect with peers, engage with Cambridge senior leadership, and participate in exclusive educational sessions to deepen industry expertise. Attendees gained insights into industry trends through opportunities to hear from industry leaders and network with other independent financial professionals that have demonstrated their exemplary commitment to service.

"We are incredibly proud of Nate for his outstanding commitment to service and are pleased to recognize {their} achievements over the last 12 months," said Cambridge President of Growth and Development, Jeff Vivacqua. "At Cambridge, we are dedicated to cultivating a culture of excellence and service and strive to provide opportunities for financial professionals to develop their skills, share insights, and collaborate with their peers. We are honored to have Nate as a part of Signature Club."

THIS MONTH'S FEATURED CHARITY IS MIDWEST PETS FOR LIFE

Midwest Pets For Life, a 501(c)(3) animal welfare nonprofit, was founded in May 2014 to address the growing need for accessible, affordable pet care services in our region. Our mission is to promote responsible pet ownership and ensure that all pets and their people, especially those most vulnerable, receive the support they need.

Core Programs and Services:

- Low-Cost Spay/Neuter & Vaccination Clinics - affordable spay/neuter, vaccination, and microchip clinics open to the public
- Ani-Meals Program - pet food assistance to those in need—including elderly, disabled, homebound, veterans, and homeless individuals
- Retail Shop - new and gently used pet items
- Education & Outreach - responsible pet ownership programs
- Spokes Pigs - beloved ambassadors visit schools, daycares, churches, company events, libraries, and more
- Animal Transport Services - assist with transporting animals to new homes, rescues, and sanctuaries
- Avian Veterinary Services - twice a year, we host the nationally respected Dr. Scott McDonald, a renowned avian veterinarian who provides well-bird grooming, physical exams, microchip implantation, and more

Donation checks can be made payable to: Midwest Pets For Life and mailed to 129 4th Avenue South, Clinton, Iowa 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.

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Cambridge and NelsonCorp Wealth Management are not affiliated.