

FINANCIAL JOURNEYS

FINANCIAL & RETIREMENT PLANNING FOR LIFE



Birds of a feather flock together

Things to consider – and learn – before joining like-minded folks in a niche retirement community.

Not long ago, most planned retirement communities revolved around a golf course, a few tennis courts and an Olympic pool thrown in for good measure. But today, there are many choices available. That's because baby boomers are choosing to enjoy their lifestyles and pursue their passions in retirement, rather than settle for "traditional" retirement living.

If you think about it, we gravitate toward those with similar interests, values and lifestyles. Simply put, it can be fun to be around like-minded people. It can also make it easier to form important relationships as we age.

FIRST THINGS FIRST

Begin your search for the perfect niche retirement community with a frank discussion of what you desire in retirement. What medical support do you need? Do you enjoy physical activities or

those that are more cerebral? What about RV storage if you enjoy travel? Once you and your spouse or partner identify your retirement desires, you can pinpoint a community that will fulfill them.

Also consider the fact that a niche retirement community may be limited in the diversity of activities offered. If you are the kind of person who thrives in a changing environment, you may consider another option or find a niche that caters to your need for variety. Otherwise, if you are invigorated at the thought of grabbing your paintbrush, palette and easel, an artists' enclave may be just the thing for you.

A 2018 AARP Foundation study found that one-third of U.S. adults age 45 and older are lonely, and that those who are lonely or socially isolated are more likely to have health problems.



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Birds of a feather flock together (cont.)

Next, it's time to think about a budget. Will you rent or buy? In some cases, there are entrance fees – such as those at university-based retirement communities (UBRC) – and subsequent monthly fees to cover medical care, meals and other amenities. To create your budget, set up time with your advisor. He or she will be happy to help guide you through this process.

NOW THE FUN PART

Choosing a niche retirement community should be as fun as it sounds. First and foremost, visit the community. Talk to people who live there and read reviews. Remember, information is your ally.

According to aplaceformom.com, residents of the most successful niche retirement communities engage over shared interests/traits, like:

- Astronomy
- Fitness
- Learning
- Heritage
- Golf
- Cultural experiences
- Equestrian
- RVs

Or retirement from like professions, industries or services:

- Post office
- Military
- The arts

NOTABLE EXAMPLES

The Burbank Senior Artists Colony in Burbank, California, welcomes professional and aspiring actors, artists, musicians and other creative types, as well as retired professionals. There's a 40-seat performance theater, artist studios and classrooms, a library, galleries as well as healthcare services.

Under the dark, rural Florida skies of Chiefland, Florida, you'll find the Chiefland Astronomy Village. Because the village's skies aren't affected by light pollution, stargazers flock to the community.

At Fox Hill Club in Bethesda, Maryland, retirees enjoy wellness offerings for the mind, body and spirit. There's a gym, a full-service spa, three health-conscious gourmet restaurants, an organic herb garden, indoor golf range, outdoor walking trails, swimming pool with electronic lifts, and physical therapy.

For letter carriers, there's Nalcrest, a letter carriers' retirement community, about 70 miles east of Tampa, Florida. It offers 500 garden-style apartments and all residents must be 55 and older.

Horse-minded retirees can find their niche at The Ridge at Chukker Creek, Aiken, South Carolina. This community offers sweeping views of horse pastures, a spring-fed pond, and a nature preserve with riding trails. Residents live in single-family homes; horses reside in the community's shared barns.

A RISING SENIOR CLASS

The fastest growing niche is the UBRC. Besides obvious learning and classroom benefits, UBRCs usually offer healthcare services as part of the housing component. Residents may also have access to campus fitness centers and athletic events.

Retirement expert

Andrew Carle, founder of George Mason University's program in senior housing administration, coined the term "university-based retirement community" in 2006. Though there is no exact tally, experts estimate the current number of UBRCs to be more than 100, up from 50 estimated in 2011.

Similar in name only, it would be difficult to find two UBRCs that are alike. But senior housing expert Andrew Carle gives five criteria that, from the perspective of residents, the university and the housing provider, contribute to a successful UBRC:

- Proximity to the campus itself.
- Formalized programming between the university and the community, encouraging intergenerational diversity and a range of activities.
- Senior housing services offering a continuum of care, from independent to assisted living.
- At least 10% of the community being alumni, former faculty or former employees of the university.
- Sound financial planning, with a documented financial relationship between senior housing provider and university.

GIVE IT SOME THOUGHT

For most, planning where to live in retirement can be overwhelming. The good news: there are resources to help. Seniorliving.org, for example, is a veritable goldmine of retirement information and provides tools to help you evaluate and understand the many types of senior living opportunities available. ■

NEXT STEPS

- Have a frank discussion about what you truly desire in retirement.
- Meet with your advisor to plan your budget.
- Research and visit communities that interest you, ask questions of residents and read available reviews.

Giving wisely

Maximize your charitable impact with strategies that match your intentions.

Two new studies conducted at the University of Chicago and Northwestern University found that giving to others makes us happier than giving to ourselves. To help you share this joy, here are some ideas for end-of-the-year giving, although there's no need to wait. Generosity doesn't have a deadline.

WRITE A CHECK OR DONATE ITEMS

You choose the recipient and how much to give. You may also receive tax benefits.

VOLUNTEER

Donate your time to get an insider's view of an organization, its people and practices.

QUALIFIED CHARITABLE DISTRIBUTION

Traditional IRA owners over age 70 1/2 can donate required minimum distributions directly to qualified charitable organizations. The money is excluded from adjusted gross income, potentially reducing taxes.

DONATE APPRECIATED SECURITIES

Receive an immediate tax deduction and avoid capital gains tax on the appreciated portion of their value. Gifts also have the potential to reduce estate taxes.

USE LIFE INSURANCE

- Transfer ownership to a loved one or charitable organization. Pay gift tax on a percentage of the policy's value at the time of transfer, but when it's ultimately distributed, the payout won't be taxed as part of your estate.
- Give existing property to your organization of choice and then use any tax savings to fund a life insurance policy with that same organization as beneficiary.

DONOR ADVISED FUNDS (DAFs)

Create a de facto family foundation with no legal expenses or administrative and tax reporting requirements. Establish one with as little as \$10,000 in cash, marketable securities or

mutual fund shares. Make subsequent contributions in amounts of \$500 or more. Deduct contributions immediately, and make distributions when you're ready. The account can be invested and grow tax-free for as long as you want.

SPECIAL 529 PLAN PROVISION

Through "accelerated gifting" – a larger, upfront investment – you can contribute up to five years' worth of gifts at one time per beneficiary*. Like any gift, individuals can give up to \$15,000 per beneficiary; a couple can give \$30,000.

Here's how it works:

$$\begin{array}{ccccc} \$30,000 & & \text{five years} & & \text{five} \\ \text{gift from} & \times & = \$150,000 & \times & \text{grandchildren} \\ \text{grandparents} & & \text{upfront gift, per} & & = \$750,000 \\ & & \text{beneficiary} & & \end{array}$$

*If the donor doesn't survive the five-year period, a prorated amount reverts back to the donor's taxable estate.

Another option

Consider naming a charity as the beneficiary of your qualified retirement account assets. Because these assets are potentially subject to both income taxes and future estate taxes, you could significantly reduce future tax obligations by gifting "double-tax" assets to charity.



CHARITABLE GIFT ANNUITY

Donate cash or assets and, in return, the charity pays a fixed annual sum to designated recipients or you. Any remainder reverts to the charity. ■

NEXT STEPS

- Make a list of the people and/or organizations you'd like to benefit.
- Decide how you'd like to plan your giving – immediate vs. future.
- Meet with your financial and tax advisors to discuss the best way to accomplish your goals.



A change of plan?

Medicare open enrollment provides the opportunity to pair coverage with life's changes.



The arrival of fall also marks the arrival of Medicare open enrollment from October 15 to December 7. During this time, you can change from Original Medicare to a Medicare Advantage plan or vice versa or switch from one Medicare Advantage plan to another. You can also join a Medicare Advantage or Medicare prescription drug plan for the first time or drop your drug coverage completely. The point is you've got options.

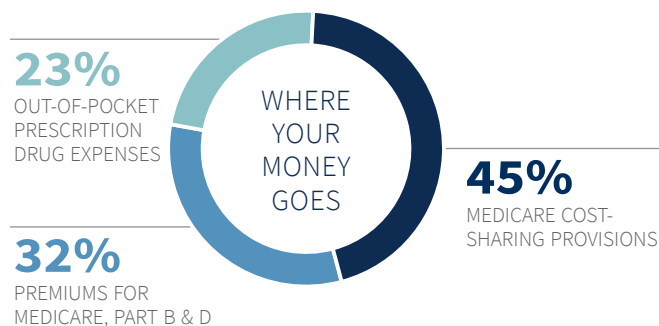
Know the risk

If you decide to drop drug coverage, you can rejoin in the future. But, if you go 63 days or more in a row without other creditable prescription drug coverage:

- You'll have to wait for an enrollment period to sign up for coverage.
- You may have to pay a late enrollment penalty.

Learn more at [medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/part-d-late-enrollment-penalty](https://www.medicare.gov/drug-coverage-part-d/costs-for-medicare-drug-coverage/part-d-late-enrollment-penalty)

Open enrollment presents a great opportunity to make sure you're getting the most from Medicare. Every year you should compare your current plan to other plans in your area in case one offers better health and/or drug coverage at lower prices or that better fits your needs.



Source: Medicare.gov, 2017

The coverage provided by insurance companies often changes each year and could result in paying more on out of pocket healthcare expenses throughout the year. Here are some tips to help you get started.

- Ask important questions. Have your needs changed? Is your current coverage adequate? Is the cost of your current plan going up? Are there comparable, lower-cost plans available?
- Review the annual notice of change from your current plan provider. You should receive this in September.
- If you have a Medicare Advantage plan, make sure your doctor will still accept your plan next year. If your doctor is out of network, you must choose a new plan or pay higher out-of-pocket costs.
- Carefully review your prescription drug coverage and what those copayment and coinsurance costs are.
- If you switch from a Medicare Advantage plan to Original Medicare, you may want to join a standalone Part D plan to get Medicare drug coverage.
- Compare plans using the Medicare Plan Finder at [medicare.gov](https://www.medicare.gov).

Medicare can be complicated but your advisor can help. He or she has assessment tools to help determine the right coverage if you are transitioning to Medicare or if you are updating current coverage. The choices are numerous and are driven by many factors including personal health, choice of doctors, financial considerations and even ZIP codes. ■

NEXT STEPS

- Mark the Medicare open enrollment dates on your calendar.
- Review the annual notice of change from your current plan provider.
- Set aside time with your advisor to assess your current coverage and make adjustments.