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# THE WealthWATCH<sup>SM</sup>

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## New Tax-Free Benefits for Long-Term Care by James S. Lineweaver

Picture this. You have worked a life time, saved diligently, invested wisely and now your portfolio is bleeding cash at the rate of \$6000 to \$8000 per month, there is no end in sight, and there is nothing you can do about it. You haven't been the victim of a scam, fraud or identity theft; you are in a nursing home and did nothing to prepare for this day.

This is not fiction; this is being played out across America each and every day. Both I and Mark & Charlene Niederhelman have had personal experiences involving family members in nursing homes and the exorbitant costs. My Dad spent 3 years in a nursing home before he passed away. Char's Dad likewise spent two years in a nursing home, at a cost of \$92,000 per year!

There are two general lines of thought when it comes to long term care. Group One

is scared to death of the potential costs and wants to be prepared. Group Two is scared to death of paying for expensive long term care (LTC) insurance and never having to use it. No matter what group you are in, there are changes in the LTC arena I want you to be aware of.

If you have considered purchasing LTC insurance, having a policy that has built-in inflation protection is a good idea. You want the coverage you are paying for to cover the cost of a nursing home 10, 15 or 20 years down the road. The insurance industry in general is watering down cost of living riders or significantly increasing the cost for these riders. If you have thoughts of securing LTC coverage, do it NOW!

In the past, if you took money out of a tax-deferred annuity, the gains were subject to income taxes. Under the Pension Protection Act of

2006, after January 1, 2010 withdrawals structured properly used to pay for long term care insurance premiums are tax-free. This applies to traditional Long-Term Care coverage and is available for new financial products that are a combination of annuities, life insurance, and long term care insurance. Use the funds while you are alive, use the funds to cover nursing home or home health care costs, or leave the funds for your beneficiaries.

I am not going to tell you that you need LTC insurance. But I am going to tell you that you need to consider its costs compared to the drain on your life savings should you or a spouse enter a nursing home. And there may never be a better time to consider this protection for you and your family. Give us a call if you would like to discuss this further.



Jim Lineweaver  
President and Founder

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## Interest Rate Blues

Interest rates on most savings vehicles have been and will probably continue to be at record low levels for the foreseeable future. According to Bankrate.com money market rates in the greater Cleveland area are in the .05-.25% range. This has savers in the doldrums, and not knowing what to do. I don't want to make your blues worse than they already are, but to make your savings rates look worse, you really should factor in inflation to arrive at the your

cost-adjusted rate of return. If inflation is running 3%, and your savings account is earning .2%, your cost adjusted rate of return is a **-2.8%**, ouch! My guess is that your CDs aren't doing much better. Rates on 1 year CDs are running in the .60 to 1% range at local banks.

Don't expect savings and CDs rates to improve much in the near future. These rates are tied to rates set by the Federal Reserve Bank, and with a weak economy and

no short term threat of inflation heating up the Fed is unlikely to raise rates much at all for the rest of the year, and possibly much longer. While this is great news for borrowers, for investors it is the opposite.

Be careful about jumping ship with your savings and drastically changing course. The reason you have savings, typically safety and liquidity, could be erased if you make the wrong move to increase the return on your

savings. When interest rates are low, savers frequently look at alternative investment vehicles, without knowing the in and outs.

There are plenty of options available, it just depends on which ones are appropriate for you. So if you have more in your emergency fund than you foresee needing, let's talk. Don't let the interest rate blues get you down.

## Welcome Joe!

In an effort to continue to provide our clients with the highest quality customer experience possible, we welcome Joe Cronauer, a veteran Cleveland radio and television personality, to the Lineweaver Financial Group team. Joe was recently inducted to the Cleveland Association of Broadcasters Hall of Fame and has been a highly trusted and visible member of the Cleveland business community for decades. His passion and commitment to local charities is

renowned. While he was part of the famed "Brian and Joe Radio Show" he helped raise millions of dollars for Rainbow Babies & Children's Hospital. In his role at Lineweaver Financial Group, Joe will focus on business development as well as client and community relations.

"I have long been exposed to Joe's work on and off the air, and have always admired both his dedication to the community and ability to build

strong relationships. Joe will be an asset to what is already an outstanding team at Lineweaver Financial Group, as he will only help to further enhance the client experience", Jim Lineweaver said as he spoke of the value of Joe's experience and knowledge.

Joe is originally from the Cleveland area but his career took him as far south as Nashville and as far west as Denver. He is happy to call Northeast Ohio his home for the

past 18 years! He and his wife have four wonderful boys who keep them very busy. They are active in their church and all enjoy various forms of music. Many of our clients had the opportunity to meet Joe at the recent Car Show. We hope you will take the time to say hello and welcome him at one of our upcoming events. Welcome Joe!



## Market & Economic Commentary

After seeing gains of over 70% from their March 2009 lows until their late April highs, the markets have been in correction mode since then after a slew of bad news. The European debt crisis, tensions between North and South Korea, and the Gulf of Mexico oil spill have combined to put downward pressure on stocks the past couple of months, as the Dow Jones Industrial Average saw its worst May since 1940. The quarter also featured the infamous

"flash crash", when the Dow lost nearly 1,000 points in a matter of minutes before regaining nearly the entire loss. Markets experts still aren't sure, and may never know, what caused such drastic selling. In spite of all of the negative news, strong economic reports have kept the markets from entering a full-fledged bear market. June's consumer sentiment reading came in at 73.6 which, while still low by historical standards, is its highest reading

since January 2008, inflation remains in check, and corporate profits were 34% better than a year earlier, the largest year-over-year increase in 26 years.

Looking ahead, news that should drive markets during the summer months includes when (and seemingly if) oil will stop flowing into the Gulf of Mexico, whether the European Union's plan to ease the debt burden on Greece, Italy, Spain, and Ireland will be

enough, and the impact of the financial industry reform bill. Senate passed its version on May 20, with the next step being reconciliation with the House version which passed in December 2009. The bill's main provisions include changes to consumer and investor protection, executive compensation, and mortgage reform. Congress is hoping to have President Obama sign the bill into law by the July 4th holiday weekend.

Source: [www.marketinglibrary.net](http://www.marketinglibrary.net)

## Classic Car Show

The Lineweaver Financial Group Classic Car Show and Cookout almost stalled before it got started!! Wednesday, June 23 was a hot and humid day with isolated storms rolling through Northeast Ohio. We tracked the radar reports, kept our eyes to the sky and hoped Mother Nature would grace us with some sunshine! By six o'clock in the evening, the final drops of rain passed and we scurried to set up to welcome over 150 Lineweaver clients and guests to our event.

Special thanks to the classic car owners who brought their cars out for all of us to enjoy.

Our own Amanda Shaffer displayed the famous "Rat Rod" which is a 1949 Studebaker rebuilt with lots of odds and ends parts. The gas tank is a beer keg! It was something to see. Our newest employee, Joe Cronauer, exceeded the event. Everyone was moving to the music and he gave away many fabulous prizes! Congratulations to all our winners!

Our support of Rainbow Babies & Children's Hospital continues with the generosity of our clients. We held a 50/50 raffle with all of the proceeds going to the Rainbow Radiothon. We raised over

\$175.00 that evening. The Radiothon will take place again this fall. We will keep you apprised of the details. Jerry's Catering provided the delicious burgers, dogs and old fashioned French fries. We also enjoyed popcorn, ice cream and Classic Coca-Cola beverages! The sun came out and a good time was had by all!

