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Quarterly Newsletter

July 2019

HCM Goes Solar

Within the next 12 months, HCM will prevent the burning of 29,000 pounds of coal.

In June of 2019, we joined a select group of business leaders, including The Cincinnati Zoo, by making an investment in a sustainable future for our planet. We installed 88 solar panels on our roof, which, over the course of a normal 30-year retirement, will save the equivalent of the electricity used by 133 homes or the emissions from burning 86,000 gallons of gasoline.

As a Wealth Management firm specializing in Retirement, we believe creating a sustainable future is imperative. This has always been our primary focus in designing portfolios, managing taxes, and building Wealth Plans. Now you will see it in how we generate energy for our business operations.

Investing in solar energy is in line with our vision for the future of a sustainable and thriving world. Not only are we working to keep your financial future secure, we want to make your children's and grandchildren's future secure as well.

Additionally, HCM has rolled out its ESG Portfolio, which has been in Beta Testing for 12 months. This portfolio focuses on companies that are not only financially sound



investments, but also exhibit exemplary records on Environmental, Social, and Governance objectives. By incorporating a triple-bottom line (people, planet, profit) focus on this portfolio, we aim to do well by doing good. Ask your advisor for more information.

If you're considering adding Solar to your home or business, we encourage you to get more information. And if you have questions about the tax incentives and break-even analysis, we can help you understand that as well. Installing solar is like purchasing several decade's worth of electricity at once, at today's prices. As the price of energy increases in the future, a solar installation will generate even greater financial benefits. For more information, contact Kevin Hengehold, HCM's in-house sustainable energy expert, at kevin@hcmwealthadvisors.com.

Five Tips to Planning a Trip with your Grandchildren

Who doesn't love a good vacation? From a wintery getaway to a summer romp, from an adventurous trip to lazing about at a destination, vacations are always enjoyable. If your grandchildren are old enough to take along, vacations can build great memories.

According to many Retirement surveys, financially independent retirees rate travel and spending time with their grandchildren as high priorities. Following are some tips provided by HCM clients who have combined the two to create wonderful memories:

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How to Avoid up to \$4,800 in Medicare Premiums



Medicare is complicated. With multiple parts, premiums, deductibles, tax surcharges, coinsurance, etc., who can keep it all straight? We'd like to talk about how to lower your Part B and Part D premiums, potentially saving you hundreds or even thousands of dollars per year.

For a basic primer: Medicare has four parts, A, B, C, and D. We're focusing on part B, covering medical insurance, and Part D, covering prescription drug benefits. Based on your income, you may be required to pay an income-related monthly adjustment amount (IRMAA) for these services. The schedule is laid out in the table below. The income used to determine your premium is your Modified Adjusted Gross Income (MAGI) from two years prior. So, premiums for 2019 are determined based on your 2017 tax return.

form SSA-44 to report the event. If your income decreased as a result, you may request a reduction in your IRMAA.

- You may be able to time your income with respect to the Medicare MAGI tiers. If you have room you can accelerate income, and if you're near the top end of a tier, consider deferring income in that year to avoid going over the cliff.
- You may want to fund an HSA, which grows tax-free and can be accessed tax and penalty-free to pay for qualified medical expenses.

| If your MAGI in 2017 was | | | You pay (in 2019) | |
|---|---|--|-------------------|-----------------------------|
| File Individual Tax Return | File Joint Tax Return | File Married & Separate Tax Return | Part B | Part D |
| \$85,000 or less | \$170,000 or less | \$85,000 or less | \$135.50 | Your plan premium |
| above \$85,000 up to \$107,000 | above \$170,000 up to \$214,000 | not applicable | \$189.60 | \$12.40 + your plan premium |
| above \$107,000 up to \$133,500 | above \$214,000 up to \$267,000 | not applicable | \$270.90 | \$31.90 + your plan premium |
| above \$133,500 up to \$160,000 | above \$267,000 up to \$320,000 | not applicable | \$352.20 | \$51.40 + your plan premium |
| above \$160,000 and less than \$500,000 | above \$320,000 and less than \$750,000 | above \$85,000 and less than \$415,000 | \$433.40 | \$70.90 + your plan premium |
| \$500,000 or above | \$750,000 and above | \$415,000 and above | \$460.50 | \$77.40 + your plan premium |

Depending on your income, you could end up paying \$4,828.80 per year in additional premiums for the same insurance! Fortunately, with skilled planning, you may be able to avoid such a sharp spike in costs.

Common planning strategies, such as Roth conversions and recognizing net unrealized appreciation, cause one-time increases in income that aren't considered life-changing events. Therefore, you should consider the impact of "one-off" income events beginning two years before you claim Medicare (age 63 for most taxpayers).

- If you've experienced a major life-changing event in the last two years, such as getting married, divorced, widowed, stopping work or reducing hours, you can use

- Clients at or above 70 1/2 years of age may consider Qualified Charitable Distributions made directly from their IRA to satisfy their Required Minimum Distribution without being counted towards their MAGI.
- Finally, you may consider tax loss harvesting, where securities are sold at a loss in order to offset other gains realized that same tax year.

If this sounds complicated, don't worry. Your HCM Wealth Advisor will work with you every step of the way to ensure you have a plan tailored specifically to your needs. Ask your HCM Wealth Advisor for a copy of our "Will I Avoid IRMAA Surcharges on Medicare Part B & Part D" flowchart.

3 To-Dos Before Sending Your Graduate off to College

If you have a young adult in the family who finished high school and is heading off to college at the end of the summer, HCM would like to remind you to think through a few things:

- 1. The “Financial Responsibility” Talk:** Establish a budget with your student outlining expectations for the student’s contribution to the tuition bill and other expenses. You should also include the responsible use of credit cards in this talk.
- 2. Open a Roth IRA:** If your student earns income during the summer or school year, they are eligible to contribute to an IRA. Contributing to a Roth IRA is a great idea for a younger person whose tax bracket is low. Doing so can be a great way to teach your student about the magic of compounding. As long as your student has the income to

support the contribution, it may be funded with a gift from either a parent or grandparent.

- 3. Prepare Powers of Attorney and a HIPAA Release:** Once children turn 18, they have the power to make their own medical decisions. If your child becomes sick or incapacitated, you may have a hard time getting information about their situation or talking to their doctor if you do not have the proper documents in place. HCM recommends both Medical and Financial Powers of Attorney for these situations. Additionally, a HIPAA release lets the student designate certain family members to have access to their medical information.



Five Tips to Planning a Trip with your Grandchildren *cont. from page 1*

- 1. Start planning early.** Between finding time in your grandchildren’s busy schedules and making sure the dates work for you, scheduling a multigenerational vacation can be a herculean task. Be sure to start planning early to avoid any pressure or last-minute disruptions that could negatively affect your trip.
- 2. Get all necessary documents for the kid(s).** Children may not need an ID for a road trip, but they certainly will if traveling by plane. Photocopies of birth certificates should work, but passports are ideal. Also, nobody wants to think about a medical emergency happening, but it’s best to be prepared. Make sure you have a notarized letter from the parent(s) giving permission for medical care and a copy of the grandchildren’s insurance cards. Additionally, it may be wise to carry a letter of permission from the grandchildren’s parent(s). You can find a template for such a letter online at: <https://www.us-passport-service-guide.com/minor-travel-consent-form.html>. This is especially important if you’re traveling overseas.
- 3. Plan with the grandkids.** Teaching your grandchildren how to plan a trip will impart valuable lessons that last long after the vacation has ended. Also, getting their input for the itinerary will increase the fun that they have!



- 4. Make traveling as easy as possible.** Book non-stop flights if possible to avoid the hassle of changing planes. Print or download boarding passes online to avoid an extra step at the airport. Apply for a Known Traveler Number (KTN), which allows you to minimize your time in the security line. Remember rules such as the 3-1-1 rule for liquids, gels, and aerosols, as well as the exceptions for things like baby formula and medicine.

- 5. Write down your stories and take pictures.** These become excellent gifts as the children age and grow to be able to reflect on what a great time you had.

Bon Voyage!

HCM Out and About

HCM Wealth Advisors is proud of our involvement in and around the community.

Adopt A Class pairs up mentors to work with students in low-income neighborhoods. We were paired with students at Westwood School. During the school year we played financial-themed games, having fun while teaching sound budgeting and spending practices. To celebrate our students finishing their exams, we treated them to a pizza party at LaRosa's! We all had a blast!



Also, this quarter, we're raising money to donate to the Aubrey Rose Foundation. This Foundation provides emotional and financial support to families caring for children with life-threatening diseases. They've helped over 7,000 families with over \$1,000,000 in grants, organized several holiday parties, and purchased toys for sick children at Cincinnati Children's Hospital and Dayton Children's.



Karen Eutsler Receives Awards from XU

HCM is proud to congratulate Karen Eutsler, wife of HCM Advisor Jim Eutsler, for her multiple awards from Xavier University! Karen, a Professor of Marketing at Xavier University, received both the Williams College of Business Undergraduate Professor of the Year as well as the Student-Athlete Faculty Appreciation Awards. The Professor of the Year Award is based on student nomination and voting, and the Student-Athlete Faculty Appreciation Award is voted on by all the university's student-athletes.

Karen and Jim have been married for 14 years, and they have two children, Nicole and Chris.

Congratulations, Karen!

HCM Welcomes Matt Calme to the Team!

HCM is proud to announce the addition of a new member to our team, Matt Calme.

Matt is an Associate Wealth Advisor with five years of industry experience. He works alongside the HCM Wealth Advisors to develop wealth plans that meet clients' retirement goals. He prides himself on providing the highest quality service to every client.

Matt enjoys golf, playing guitar, and following his favorite sports teams, FC Cincinnati and the Denver Broncos

Please join us in welcoming Matt to HCM!



This newsletter provides financial and tax information to clients and friends of HCM Wealth Advisors. This information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.