



# I.M.P. FINANCIAL

CROWN CAPITAL SECURITIES, L.P.  
MEMBER FINRA/SIPC

## Winter 2019 NEWSLETTER

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A PERSONAL MESSAGE  
FROM IVETTE PEUGNET

## I.M.P. FINANCIAL

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## I ALREADY HAVE A WILL. WHY DO I NEED A TRUST?

### *What is a Living Trust?*

A Living Trust is a legal tool that allows you to appoint a Trustee to hold your property for the benefit of others. Under a Living Trust, you can be the settlor, trustee, and beneficiary of the trust while you are living and competent.

You keep full control over the property and have the right to use that property as if it had never been put into the trust.

### *What are the advantages of a Living Trust?*

The most common reasons people set up a Living Trust are:

1. **You avoid Probate:** If all your property is in trust when you die (or become incompetent), then legally you don't own anything in your name. This means, when you die, no probate (formal court administration of a decedent's estate) is needed to pass your property on to your beneficiaries.

Or if you become incompetent, no conservatorship (formal court proceedings to administer an incompetent person's assets) is needed to manage your property. In either case, the person that you name in your trust as the successor trustee takes over.

When you die, the successor trustee can distribute the trust property according to your wishes without having to go to probate court to authorize the distribution.

If you become incompetent, the successor trustee can manage the property for your benefit without having to go to court for a conservatorship and without ongoing court supervision.

2. **Control:** You can also use a trust to control how your beneficiaries will spend their inheritance (to reduce the risk they may "blow it" on expensive vacations, cars, gambling, etc.).

3. **Privacy:** A trust is not a public record. So, the general public or anyone who is not a beneficiary does not have a right to know about the assets in your trust.

### *How do I set up a Living Trust?*

Meet with us to discuss your estate plan. We will recommend a lawyer who specializes in Trusts. We know a number of reasonably priced estate lawyers who have set up living trusts for I.M.P. Financial clients.

After setting up your trust, you should transfer most of your property to the trust. We can help you with this.

### *Is my Living Trust "revocable"? Can I cancel or change it?*

Yes, you can cancel or change the trust at any time. You act as trustee and manage the property for as long as you are able; and, if you want, you can have all trust property returned to you at any time.

...continued on page 2



*"How do I set up a Living Trust" continued...*

Sometimes though, clients make their Living Trusts irrevocable from the beginning for tax planning reasons.

give them to beneficiaries considered too young to handle their inheritance.

***Can a Living Trust help save or reduce estate taxes?***

Yes. There are several kinds of Living Trusts that let you avoid, reduce or postpone federal estate taxes. Contact I.M.P. Financial to talk about your choices.

***What happens if I die or become incompetent?***

With a Living Trust, a trusted friend, relative, or a professional trustee will take over as trustee when you die or become incompetent. At that point, the trustee will manage your property, spend trust assets for your benefit (while you are living), and when you die, pay your debts and distribute trust assets according to your instructions.

Sometimes clients direct the trustee to hold the assets and

***If I have a Living Trust, do I still need a Will?***

Yes, you should sign a "Pourover Will" as a back-up for any property that wasn't transferred to the Living Trust during your lifetime.

Without a Pourover Will, any of your property that is held in your name instead of your trust passes to your heirs as determined under State law. These may not be the people you named in your trust to receive your assets. The Pourover Will ensures that those assets will be added to your trust so they will be distributed to the beneficiaries you desire.

If you have young children, you can also use your Will to nominate a guardian for your children if both you and their other parent are unable to care for them.



# TAX CHANGES FOR 2018

There are lots of changes this tax season – here's a partial list of the most important ones.

- State and Local Taxes are limited to a deduction of \$10,000 so many people won't itemize any longer.
- Personal exemptions are gone, but the standard deduction is now \$12,000, which offsets somewhat.
- Homeowners can still deduct interest paid on up to \$750,000 of their home's value.
- Home Equity Line of Credit interest is deductible only if it's used to improve your home.
- Alimony is no longer deductible (or counted as income) for divorce settlements after January 1st.
- 529 plans can now be used to pay up to \$10K / yr of K-12 private school tuition.
- The Child Tax credit doubled to \$2000 per child.
- Medical expenses can be deducted if they exceed 7.5% of your Adjusted Gross Income, down from 10%.
- Moving expenses no longer deductible, except for military service members.
- Business owners can deduct 20% of their net income.
- The inheritance tax exemption was doubled to \$22,360,000 for married couples

- There are still 7 tax brackets, but tax rates have been lowered as shown in the following chart.

New Federal Tax Brackets			
Married Filing Jointly			
Before 2018		2018	
Taxable Income	Tax Rate	Taxable Income	Tax Rate
up to \$18,650	10%	up to \$19,050	10%
up to \$75,900	15%	up to \$77,400	12%
up to \$153,100	25%	up to \$165,000	22%
up to \$233,350	28%	up to \$315,000	24%
up to \$416,700	33%	up to \$400,000	32%
up to \$470,700	35%	up to \$600,000	35%
Over \$470,700	39.6%	Over \$600,000	37%

H&R Block has a free tax calculator on their website at <https://www.hrblock.com/tax-calculator>.

California made no changes for 2018 so you will still be able to itemize like you did in 2017. The differences between federal and state rules could result in confusion, so the Franchise Tax Board has a new Form 540 to adjust your Federal taxes to meet California's requirements.

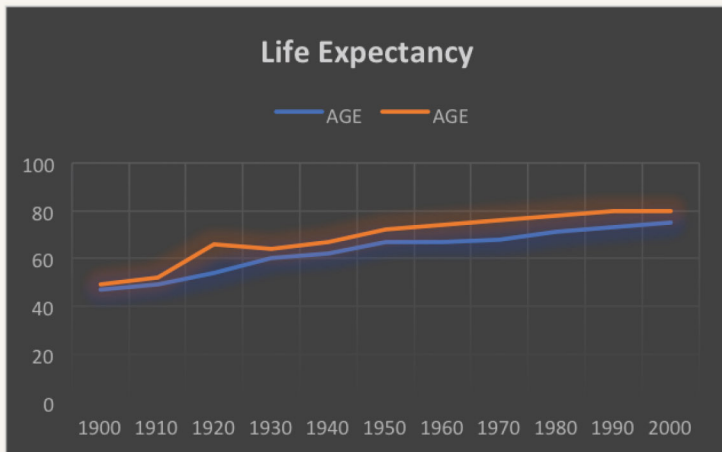
Most of these rules have income limits and fine print. This is not meant as tax advice. Please consult your tax professional for details regarding your personal situation.

Call us if you would like more information.



# The Long-Term Care Crisis

It is apparent that in today's modern world, advancements in technology have created an increased standard of living. One of the most relevant cases is life expectancy. The life expectancy of a white male since the beginning of the 20th century has increased by over 62% and white women 61%. In addition, seniors at age 65 are 70% likely to need some form of long-term care in the future.

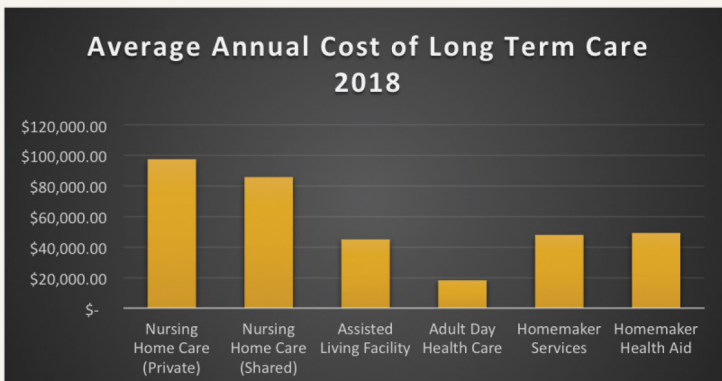


## How does this affect you?

Quite simply, people are living longer, health care costs are rising, and there is no end in sight. In fact, according to AARP™ and PriceWaterhouseCoopers™ the financial burden of healthcare costs for seniors in United States is expected to double by the year 2045 from 2.8 trillion to 5.6 trillion. As a reference, that is 25% of the current U.S. debt (\$22 trillion)!

## How much exactly is the cost for long-term care in the United States?

Average long-term care costs in the United States range from \$20,000 to \$100,000 depending on the level of care required and the living arrangements desired. Often, quoted costs are under-inflated and actual costs end up being greater. Below is a chart demonstrating and the type of care associated with the significant costs of they incorporate.



## How do I protect myself and my loved ones from the financial burden of long-term care?

Once you decide to transfer some of the risk of an extended long term care, and determine the proper amount, there are 3 ways to cover such a burden.

### 1. Traditional Stand-alone long-term care insurance policy.

This type of insurance policy is designed for those who prefer a less expensive option for a designated benefit. The drawback is unpredictable rate hikes in the future.

### 2. Universal Life Insurance policy with a long-term care rider.

Such a policy adds the value of a death benefit, cash value growth, (some providing refund guarantees), and the protection from the burden associated with long term care. This policy can be purchased with a lump sum premium, monthly, or annually. Premiums can be guaranteed not to rise and if you don't use the insurance it will pass to your beneficiaries.

### 3. Single Premium Fixed Annuity with a long-term care rider.

This annuity is suitable for those who have a lump sum which can be deposited into a fixed rate annuity, guaranteed to grow at the designated rate and is accompanied by the long-term care benefit, similar to the universal life policy. One of the main advantages of this type is the benefit, if used for long-term care will be paid tax free from the annuity and this plan is a lot easier to qualify for with less stringent medical requirements.

## Doesn't Medicare pay for my long-term care expenses?

No, Medicare will not cover long-term care. It will cover short term stays for rehabilitation after spending time in the hospital.

## What about Medi-Cal (Medicaid)?

Before Medi-Cal will cover long-term care, you must have already spent all of your own money first. There is a 30 month "look back period" to determine this in California. For those who do qualify for long term care benefits, facilities are often impacted and your options for location, room and board, and treatment are limited. Other limitations do apply and must be considered when determining the amount of long-term care insurance which is right for you.

## Where do I get started?

Call I.M.P. Financial™ for a free consultation. We can help you identify your needs for long-term care and which strategy is right for you.

# I.M.P. FINANCIAL

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## WINTER 2019 NEWSLETTER

HAPPY NEW YEAR TO ALL!

HERE WE ARE IN 2019, REVIEWING LAST YEAR'S ACCOMPLISHMENTS, SETTING GOALS FOR THE NEW YEAR, AND THINKING ABOUT TAXES. ISN'T IT FUN?!!

#### THE ECONOMY

THE U.S. ECONOMIC OUTLOOK IS HEALTHY ACCORDING TO THE KEY ECONOMIC INDICATORS. THE MOST CRITICAL INDICATOR IS THE GROSS DOMESTIC PRODUCT, WHICH MEASURES THE NATION'S PRODUCTION OUTPUT. THE GDP GROWTH RATE IS EXPECTED TO REMAIN BETWEEN THE 2 TO 3 PERCENT. COMBINATION OF LOWER INDIVIDUAL AND BUSINESS TAX RATE, REDUCED REGULATION, AND INCREASED GOVERNMENT SPENDING MAY HELP MAINTAIN BUSINESS AND CONSUMER SPENDING AT LEVELS THAT ARE ABOVE EXPANSION AVERAGES. LOW UNEMPLOYMENT AND IMPROVED WAGES SHOULD CONTINUE TO SUPPORT CONSUMER SPENDING.

#### THE MARKETS

2018 WAS A YEAR FRAUGHT WITH VOLATILITY, CHARACTERIZED BY RECORD HIGHS AND SHARP REVERSALS. AFTER SOLID GAINS THE FIRST 3 QUARTERS OF THE YEAR, THE S&P 500 AND DOW JONES INDUSTRIAL AVERAGE WERE DOWN 6.2 PERCENT AND 5.6 PERCENT, RESPECTIVELY, FOR 2018.

THE BEST THING TO DO IS TO STAY FOCUSED ON YOUR FINANCIAL WELL-BEING. IF YOU'VE INVESTED IN THE STOCK MARKET, BE CALM DURING ANY PULL-BACK. ALL IN ALL, AN EXCELLENT TIME TO REDUCE DEBT, BUILD UP YOUR SAVINGS, AND INCREASE YOUR WEALTH. IF THE VOLATILITY IN THE MARKET CAUSES YOU SLEEPLESS NIGHTS, THEN ITS TIME TO RECONSIDER YOUR INVESTMENT STRATEGY. CALL FOR A CURRENT RISK TOLERANCE REVIEW.

#### ECONOMIC UPDATE 1-31-19

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	7%	2.90%	12.44%	15.00%
NASDAQ	10%	1.70%	12.60%	17.30%
S&P 500	8%	3.12%	10.62%	14.90%



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