**Age 50+ Script for**

**Achieving Financial Security: A Community Forum Panel**

**Date**

**Host Organization**

**City, State**

***Church official may open with a prayer and introduce Moderator.***

**Moderator:** Thank you for that kind introduction. Thank you to (church officials and church family for hosting).

I am honored to share the stage with a distinguished panel of financial professionals who will share insight, wisdom and information with us today.

**Introduce panel**

Panel, thank you all for giving your time and sharing your expertise with us today.

**Let’s discuss a bit about how this day will go:**

We will begin today by watching a short video about that family that had the issues and questions. We will then turn to our panel of experts for guidance and answers. The panel will share their wisdom with you, not only to solve this family’s problems, but also to discuss what could have been done years before to avoid the issues they face today. We are not going to cover everything in the video today, but if there is enough interest and you’d like to hear more, we may be able to have more programs like this one.

First: You are free to ask questions during the session. We have microphones located around the room. If you have a question please raise your hand. I may delay you for a bit if a speaker is in the middle of a topic. When you are ready, please step up to the mic and ask your question. We may answer your question, tell you that the answer is coming later in the presentation or ask you to speak privately to one of the professionals.

Note that the information provided during this Community Forum is for general educational purposes. It should not be deemed legal, accounting or financial advice and should not be acted upon without prior consultation with appropriate professional advisors. The bottom line is that none of us are providing anyone with personalized advice for their unique situations. If you need that kind of help, please consult an advisor when this session is done.

OK, let’s begin by seeing the video showing me interviewing members of the Simmons Family.

Play video

**[Film] *(16 minutes)***

**Moderator:** As I mentioned before, we do not have the time to cover every one of this family’s issues. Today, we will deal with some issues left by Mimi and help Mary and her husband Herbert, as well as her mother Addie. (Put Family Tree on screen or refer to Family Tree in handout).

***The rest of the script is set in age order, oldest to youngest. Select the characters and issues you will address.***

**MIMI**

**Moderator:** Let’s start with Mimi. Mimi was very close to her mother, Mary, before she died. After separating from her husband, Walter, she lived with her mother, raising her own children and helping to care for her father, Herbert. Mimi’s death eight years ago shocked the entire family and paralyzed her mother, Mary. That was unfortunate because Mary did not do for Mimi the things that should be done when a person passes away. Although Mimi had been dead for eight years, I was able to pull together her financial information from eight years ago and her financial information now. Financial Advisor, based on your review of her financials both then and now, please access her financial affairs. Are her affairs better off or worse off than they were eight years ago?

**Financial Advisor**: (answer)

**Moderator**: There is something else curious here, Financial Advisor. When we look on Mimi’s balance sheet, the amounts that were in her 401(k) plan and annuity was not carried over to her estate assets. Why is that the case?

**Financial Advisor**: (answer) qualified accounts and annuity contracts have beneficiary designation and are not included in the estate.

**Moderator**: OK, that makes sense. But when I looked around the balance sheets of the other family members who were Mimi’s beneficiaries, nobody had those assets. What is going on?

**Financial Advisor**: (answer) The employer manages the 401(k) on the job. An insurance company manages the annuity contract. Neither the employer nor the insurance company will send any beneficiary any money until they are formally notified that Mimi was dead. That includes sending them a copy of the death certificate. If they don’t see a death certificate they will hold your money until they do. From what we can tell, Mary never sent anything to anyone.

At a certain point unclaimed assets escheat to the State of Connecticut or wherever you are from.

**Moderator:** Estate Planning Attorney, please conclude by talking about what should have been done an estate settlement point of view and the consequences of not doing those things. Please start by giving us some definitions.

What is:

* an estate,
* probate,
* last will and testament
* testator
* beneficiary

*(January 14th definition slides)*

Estate Planning Attorney: (answer defining terms)

**Moderator:** Estate Planning Attorney, we have heard about trusts. What are they?

**Estate Planning Attorney:** definition of trusts and some potential applications. In particular, guardianship for minors. Also there are risks for not having oversight for a trust.

*(Moderator’s definition slides as sample)*

**Moderator:** Ok, please apply these definitions to Mimi’s situation.

**Estate Planning Attorney:**

(answer): explain difference between probate and non-probate assets; Inheritance Tax structure and due date for payment of inheritance tax obligations and payment of creditor claims

* + Automobile title can be transferred without need to open probate
  + No title transfer required with regard to possession of tangible personal property (contents of home)
  + Unsecured creditors have no venue through which to collect debt owed/automobile can be repossessed to satisfy car loan

**Moderator**: Panel, before we leave Mimi, we need to deal with a couple of other details. Let me give you some additional background and then ask a few more questions regarding Mimi. Mary wanted Mimi’s room to remain undisturbed and had not let anyone go into it. I was the first person to go into Mimi’s room since her death. I found two items of interest. First, in one of the drawers I found an unsigned Will which named her husband, Walter, as her sole beneficiary. Second I found a picture on the wall, which an appraiser estimated was worth $90,000. Estate Planning Attorney, what about the unsigned will?

**Estate Planning Attorney**: (answer)

* + An unsigned Will is ineffective and cannot be probated. But intestate succession will leave estate to Walter and children if anybody ever goes to probate court.

Moderator: OK, Estate Planning Attorney, what about the $90,000 protrait.

**Estate Planning Attorney**: (answer) The protrait is a probate asset. If anyone goes to probate court the protrait goes to Walter and the children.

**Moderator**: Finally, Property Casualty Agent, the portrait is sitting back at her house, which she is renting out. Is the picture covered under her homeowner’s insurance?

**Property Casualty Agent**: (answer)

**MARY**

**Moderator**: Mary is 61 years old. She is Nicey’s mother and Addie’s daughter. She also has a husband, Herbert, who is disabled. Mary and her husband have moved into her mother’s house, and rent out their own house. Mary made the move for a couple of reasons. First, Mary believes that she owns Addie’s house and has every right to live there. Second, and more important, the move into Addie’s house allows Addie to stay in her own home and get care from Mary. Finally Mary sees her husband’s condition worsening and is not happy with how their own house is laid out—lots of carpeted steps, doorways too narrow for wheelchairs, no handrails in the bathrooms. Her mother, Addie’s, house has few steps and all of the right features because Mary has been pulling money out of her accounts over the years to make modifications to her house that make it easier for her to get around.

**Moderator**: Financial Advisor and Accountant, what do you think of Mary’s move to her mother’s house from a financial and tax point of view?

**Financial Advisor**: (answer)

Accountant: (answer) putting $500,000 exclusion from capital gains tax at risk?

**Moderator:** One of the first things Mary said was that she was worried about running out of money. One great source of money for 60 year olds is Social Security. Social Security Expert and Medicare Specialist, let’s step over here and have a discussion regarding these two critical programs.

MODERATOR, SOCIAL SECURITY EXPERT AND MEDICARE SPECIALIST STEP OVER TO OTHER AREA

General, please give us some basic information regarding Social Security and then talk about some specific applications to Mary and Herbert’s situation.

**Social Security Expert:**

Social Security Expert, please give us some general information on Social Security, and then specific issues for Mary and her husband

* How much will I get? (slide)
* Full retirement ages (slide)
* When should I file (slide)
* Social Security website (slide) – (*handout)*
* Addressing Mary and her husband – using some of Mary’s assets to make up difference in income; one person delaying SS while other applies
* Reminder about SS eligibility
* When is best time to collect Social Security

**Moderator**: At 61 years old Mary should start planning for Medicare. Medicare Specialist, would you tell us when Mary will be eligible for Medicare and give us some basic information about that program?

**Medicare Specialist:**

General information on Medicare, and then specific issues for Mary and her husband

* Medicare A, B, D and Advantage? (slides)
* Full retirement ages (slide)
* When should I file (slide)
* Medicare website (slide)

**Moderator**: Finally gentlemen, what are some of the key issues that you see with Mary and Herbert’s situation?

**Social Security Expert and Medicare Specialist**: (answers)

(See Mary and Hebert’s financials, and pull some details from there)

* Mary is a consultant now, but we don’t know much about Mary’s retirement options from her former job
* What happens when Hebert’s disability payments end at age 65; will social security make up the difference; probably not
* She may not be able to retire at all if all they have is social security
* What happens if Hebert needs long term care? They have assets, but will those assets be enough to cover his medical costs?
* Would Medicare have paid for the improvements that Mary made to her house?

MODERATOR, SOCIAL SECURITY EXPERT AND MEDICARE SPECIALIST REJOIN PANEL

**Moderator**: So Financial Advisor and Social Security Expert, if Mary wanted to retire tomorrow, could she do so? What about next year when she is age 62?

**Financial Advisor and Social Security Expert:** (answer)

**Financial Advisor** – ability to retire now

**Social Security Expert** - both collecting social security next year at when Mary turns 62 and Herbert turns 64

**Moderator:**  Mary also said that she wanted to make sure that her retirement money lasted. Some of her major challenges will relate to coming health care costs. Financial Advisor, please speak to the importance of Mary managing her retirement assets.

**Financial Advisor**: (answer)

Identify sources of income

* How she can structure her income from those sources
* Investment strategy
  + Social security claiming strategy
  + Employer plans
  + Personal savings and investment
* This highlights the importance of financial planning, even for people who do not have a lot of money. You need a financial plan, including a review of investments and insurance coverages, identify income needs and sources, analyze consolidation or reallocation of investments, review income distribution options, coordinate with estate planning objectives
  + Basics of annuities, simply that it is a living income benefit that you can’t outlive
  + Include discussion of reverse mortgages and some potential uses

**Moderator**: Medicare Specialist, please relate Financial Advisor’s comments to Mary’s ability to manage her coming health care expenses. How should she prepare herself and Herbert for their Medical eligibility in four years? Assume that Herbert will likely need some hospital admissions and nursing home stays?

**Medicare Specialist**: (answer)

* Saving for Medicare out-of-pocket expenses beginning at age 65
* Funding Health Savings Account in advance of age 65
* Timing withdrawals in advance of age 64 to avoid look-back and hike in Medicare Part B and D monthly premiums

**Moderator:** Property Casualty Agent, we think that Mary has two homes. One home is vacant. Tell us about the implications for homeowner’s insurance when a home is not occupied;

**Property Casualty Agent:** (answer)

**Moderator:** This situation something occurs with adult children who are settling estate for mom or dad who passes away. If they have not sold the house, the adult children now own two houses. What impact does that dual ownership have on their homeowner’s insurance bill?

**Property Casualty Agent:** (answer)

**Moderator:** Estate Planning Attorney, please speak to us regarding how Mary should be doing her legacy planning.

**Estate Planning Attorney:**

Legacy planning for grandchildren

* + Review Will to update terms (including appointment of successor if primary Executor is unable to serve)
  + Apply concept of a trust to Mary’s planning for her grandsons
  + Complete Estate Planning documents – Living Will and Power of Attorney
  + Review beneficiary designations on life insurance for revising contingent beneficiaries
  + What about “Pre-paid Legal” services… GOOD, BAD? (explain what they are)

**Moderator:** Mary is having all kinds of issues with her house. On one hand she has a series of noticesfrom the State of Rhode Island. Estate Planning Attorney, please talk to us about estate and inheritance taxes in Connecticut and Rhode Island and what we should be looking out for if one of our relatives in those jurisdictions passes away and leaves us a house. Also talk to us about the right way to transfer a house between family members.

**Estate Planning Attorney**: (answer)

* Different tax regimes- Connecticut and Rhode Island, Federal Estate tax
* Unpaid Inheritance tax bills
* Transferring real estate between family members – use professionals who can dot the “I’s and cross the “T”s. (Emphasizing importance of using professionals to prepare wills)
* Potential use of trust, where Addie’s home is transferred to a trust and Mary serves as trustee (be careful about Medicaid 5 year look back)

**Moderator:** Banker, Estate Planning Attorney just mentioned a strategy of putting Addie’s house in trust and Mary serving as the trustee. Let’s assume that that happens and title passes from Addie to the trust. Let’s also assume that the house has a mortgage on it. If your bank held the mortgage would your bank have something to say about that transaction? What should we know before entering into such a transfer of property?

**Banker**: answer

Moderator: Banker, talk to us about Mary’s potential use of a Reverse Mortgage as a vehicle to give her additional cashflow.

**Banker**: answer

**Moderator**: Estate Planning Attorney, who should be a trustee? Please, talk about their qualifications, temperament, availability and willingness to serve.

**Estate Planning Attorney**: answer

**Moderator:** Accountant, are there any tax consequences for Mary if she serves as trustee for trust holding her mother’s house?

**Accountant**: answer

**Moderator:** So far we have not talked about Herbert, Mary’s husband who has some health issues. Medicare Specialist, what should we be thinking about in terms of ways to care for Herbert?

**Medicare Specialist:**

* + Difference in Medicaid planning when spouse is involved
  + Explore feasibility and pros and cons of Medicaid planning
  + Explore insurance options for Mary or reallocation of investment assets if she predeceases Herbert

**ADDIE**

**Moderator**: The oldest family member is **Addie Simmons** (Nicey’s grandmother and Mary’s mother). We can compare her journey to this age with going up a mountain. Actually we are trying to get her back down the mountain. Much of what we will talk about is keeping her safe and whole through some predictable challenges of later life.

In the video, with Mary talking about her mother Addie, Mary’s comment was “my mother is doing fine. She lives with us. She can meet her needs.” But then Mary said “but she is 85 years old.” She is implying that her mother needs her help. Medicare Specialist, assume that Addie needs helps with two or three of her activities of daily living. How much are the additional costs related to her care? How can the family pay for these costs?

**Medicare Specialist**: (answer)

Estate Planning Attorney, please tell us some of the steps that Addie needs to take to leave a legacy for her children, grandchildren and maybe great grandchildren after she passes away.

**Estate Planning Attorney:**

* First of all, it is important to note that Addie’s money is there for her enjoyment. Her needs, wants and desires come first.
* Also we know that she does not want to be a burden to her children;
* For assets that Addie wants to pass on, the objective is to see if her assets could be structured to transfer efficiently, either inside or outside of probate
  + Estate planning: review Will, and complete estate planning documents (Living Will, Power of Attorney, Last Will and Testament)

**Moderator:** What about the house where Addie, Mary and Herbert are staying. Who owns that house? Estate Planning Attorney, what do we need to know that will help us to answer that question?

**Estate Planning Attorney:**

* Do-it-yourself deeds can cause real problems;
* Critically important to get language right on deeds, particularly if there was a problem with language in prior deeds
* With a quit claim deed, Mary’s title is only as good as Addie’s title.
* Mary does not know what she actually owns without a title search by a trained professional
* There is an issue about whether this deed was filed. Best to have an attorney oversee any transfer of real estate
* There may be gift tax consequences related to the gifting of the house from Addie to Mary.

**Moderator:**  We know that the estate is the vehicle that Addie will use to leave a legacy. Estate Planning Attorney, is there any benefit to Addie holding the property in her estate until she passes away and then passing the property to Mary at her death?

**Estate Planning Attorney:**

* Check transfer of RE title to Mary to confirm that property is Addie’s primary residence
  + Valued at $175,000 in Addie’s estate and $125,000 in Mary’s
* 5 year “look back” for medi-caid
* Check beneficiary designations on annuities to ensure equitable distribution of non-probate assets to heirs
* Check titling of bank accounts, CDs and investments to determine whether they will be subject to probate.

**Moderator:**  So Addie is not paying tax on her social security and pension checks. Accountant, what are the rules for the taxation of social security and pensions?

**Accountant:**

* Capital gains taxes
* Federal taxation of Social security
* Federal taxation of pensions
* State tax issues – DC, Virginia and Maryland

**Moderator:** At age 85, spending for health care, and having the money to pay for health care related services will be an issue. Medicare Specialist and Estate Planning Attorney, please discuss some of the issues related to how Addie will pay for her health care.

**Medicare Specialist and Estate Planning Attorney**:

* + Review types of LTC options that could be helpful to Addie at 85 if they were put in place earlier

**Moderator:** Finally, Banker we know that fraud against the elderly is a huge and heartbreaking issue. What kind of fraud is being used against the elderly like Addie? How can the family help to protect from from wrong-doers?

**Banker**: (answer)

**Moderator:** At the end of the day, the family will be the ones there for us. Financial Advisor, in your experience with the families who have successfully moved on after these tragedies, what types of steps have they taken in advance that helped them to effectively manage these situation.

Financial Advisor:

The importance of talking about these issues, openly and honestly, no matter how uncomfortable or difficult, will always result in a family without conflict, save in fees and taxes, and make every family member know they were thought of and considered.

Moderator: OK panel, in our closing few minutes I’d like to go around the table for a quick closing comment. The question I’d like you each to answer is: IN ONLY 2 OR 3 SENTENCES, WHAT IS THE ONE THING YOU’D LIKE EVERYONE TO REMEMBER ABOUT TODAY’S PROGRAM.

**Moderator’s Closing Comments**

* I want to thank our panelists for sharing such wonderful information and insight with us today.
  + Contact information for each of the panelist is in the bios in your packet
  + Panelists will be available after the session if you have further questions
* Thanks to the Hartford Chapter of the Society of Financial Services professionals
* Special thanks to the Steering Committee:
  + Sue Lampros, my Co-Chair
* Thanks to our sponsors who made all of this possible:
* Many thanks to the First Cathedral Church family for hosting this event today.
* We thank your fine Pastor for all the support that you have given to us.

At this time I will turn the program over to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ for final comments and a benediction.