

WORTH A REED

Third Quarter 2020

Extra Free Time

Amanda E. Lisachenko, CFP, Chief Operating Officer

Extra free time is something Covid-19 has brought to all of us. At first, I thoroughly enjoyed my free evenings and weekends. It was not long however, before I started to feel guilty. I realized I should finally be getting around to all those things that are easy to put off when you are busy. I started to put a list of some things that would help me feel as if I had accomplished something and focus on longer term, meaningful goals during this unprecedented time.

Assess Your Goals for the Next 5, 10 and 15 Years

Goals are so important to keep us motivated. Each year we should review them for progress and whether they need to be adjusted. It is so surprising how just writing them down and reviewing them from time to time can help gain progress on these goals.

Clean Out and Organize Files

Even though everyone is doing their best to move to “paperless,” we still seem to have overflowing files. This simple purging of paper can leave you feeling very accomplished. Just remember to shred any documents that contain private information and account numbers and as a rule of thumb keep financial or tax related items for seven years.

Review Insurance Policies

All types of insurance should be reviewed every year. It is good to take the time to compare the costs and coverage of these different policies. Sometimes the coverage isn't right (too much or too little) or the policy is maturing. Also verify beneficiaries are appointed on all life insurance policies.

Review/Establish Estate Documents

There is no better time than the present to review or get your estate documents in place. There have been some changes with the Secure Act that might change the way distributions from your trust are going to be made.

Check Credit

Due to Covid-19, Experian, Equifax and TransUnion announced they are now offering free credit reports on a weekly basis so you can protect your financial health during hardships from the coronavirus. These free credit reports will be available on AnnualCreditReport.com through April 2021. We encourage you to check it at least annually and recommend a freeze on your credit.

Consider Refinancing

Mortgage rates are still near historic lows. Use that downtime to save on interest or lower your monthly payment. Be sure to read Janet's article for more information.

Visit/Travel

While flying may not be appealing right now there are certainly many one tank car trips available near home. Look up on old friend or visit those family members who are isolated from Covid-19 and help brighten up their day.

Organize Photo Albums

Use that extra time to document your memories and adventures by creating photo books. Walk down memory lane as you relive those special moments with your family and friends. Document your family tree for your children and other family members and put names with those old photos.

Help a Local Charity

Many areas have been hit hard by Covid-19. Put that extra free time to use by volunteering at a local charity. Help bring food and smiles to those in need by volunteering at a local food pantry or help cook and serve a meal. We are often hesitant to donate to a charity we do not really know much about. Use that extra time now to discover who they are and what they represent and then donate your time, talent, or financial gift.

Please do not forget that we are here to help you with most of the items on this list. Simply give us a call and we would be glad to help. ■

Is Now the Time to Refinance my Mortgage?

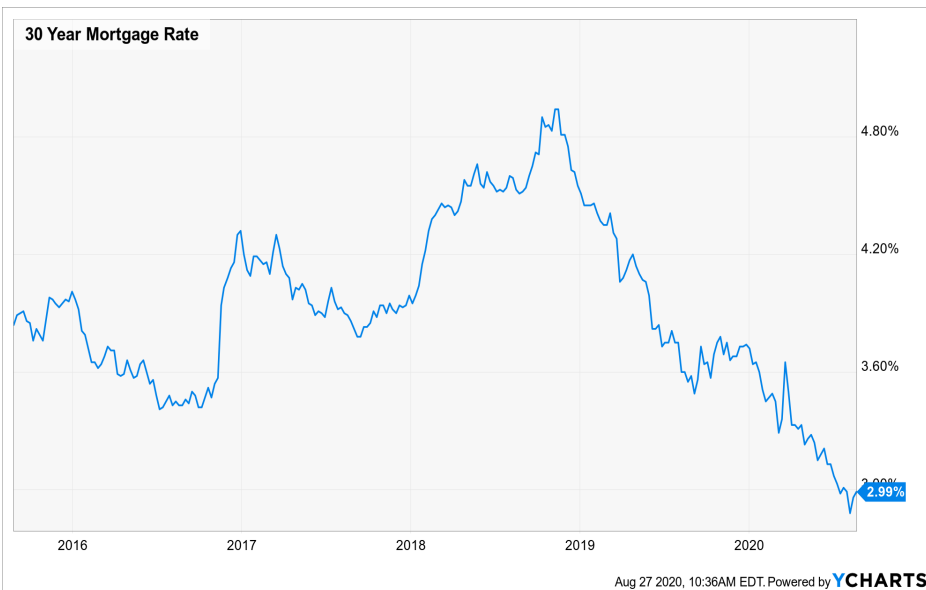
– Janet Edwards, Director of Client Relations



It is hard to believe that it has been over 16 years now that my husband and I bought our first home out in Parkman. The house was originally built in 1810 and over the years, we have put so much time into making improvements such as getting rid of the multiple layers of wallpaper with paint in between, adding a deck, redoing the porch and so much more. Just as we try to evaluate what needs done over time at the house, I like to try to make sure we are doing things in the most cost-effective way as possible.

It was late last year that I was aware that mortgage rates had been coming down. While I knew our mortgage interest rate was fairly low, I thought it would not hurt to check to see if a refi might make sense to save us some interest. At that time, I was informed at a current rate, that we could not get anything better. Yet as the 30-year fixed mortgage rates have continued to decline this year, I checked again and was happy to learn how much I could save now by refinancing my mortgage.

The national average for a 30 year fixed rate mortgage has been on the decline the past couple of years and in June mortgage rates began accelerating to the downside. On Wednesday, August 26, 2020, according to Bankrate's latest survey of the nation's largest mortgage lenders, the benchmark 30-year fixed mortgage rate is 3.070% with an APR of 3.370%. (Source: <https://www.bankrate.com/mortgages/30-year-refinance-rates/>)



Benefits

There are many benefits to refinancing, but they will vary based on your current situation and financial goals. Typically, the number one benefit is saving money, but there are many others as well. Potentially you can get a better interest rate, lower your monthly payments, shorten the length of your loan, build equity faster and consolidate other existing debts by combining them all into a new mortgage.

Considerations

As with any financial transaction, you will want to make sure the math works in your favor. Typically, you will be charged closing costs to refinance. These costs can often be folded into your new mortgage but will then add to your monthly payments. Therefore, you will want to fully understand these charges and take them into account to ensure that your monthly savings from a refinance will more than offset the costs.

New Mortgage Refinance Fee

Recently the Federal Housing Finance Agency announced that it would delay a 0.5 percent fee on new refinancings. Originally, the charge was set to go into effect on Sept. 1, but that has been pushed to Dec. 1 instead.

Our home refinance took about 45 days to complete the process, which is inside the industry standard of 45-60 days (but some companies can take as long as 90 days). While lenders are anticipating a rush of refinancing applications as people try to avoid this new fee while rates are low, you should be able to close on a loan before the fee kicks in if you start on your paperwork in the next few weeks.

As always if you want to discuss the topic of mortgage refinancing and if it could benefit you, give us a call. ■

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Turning 65– A Birthday to Remember

By Colleen M. Cleary, CPA/PFS, CFP®, Financial Advisor



A 65th birthday is often thought of as a milestone in an individual's life and career. It also represents a time to make some important decisions about health care that impact the rest of your life. The federal Medicare program provides health insurance benefits to qualified US citizens and permanent residents age 65 and older, as well as to qualified individuals under age 65 with certain health conditions. Most individuals must enroll in the Medicare program during what is known as an **initial enrollment period**, a 7 month period that includes the three calendar months before your 65th birthday, the month of your 65th birthday and the three months after your 65th birthday. There are a couple of exceptions to applying for benefits during that initial enrollment period:

- If you started to receive Social Security benefits before your 65th birthday, you are automatically enrolled in Medicare Parts A and B when you turn 65.
- You may not need to enroll if you or your spouse are still working and have comprehensive health insurance coverage through your employer. Some employers may require you to enroll in Medicare and begin using their coverage as a secondary insurance policy.
- A **special enrollment period** is available for individuals over age 65 who suddenly get laid off or retire, provided they relied on their job or their spouse's job for health benefits. These individuals avoid the penalty assessment if they apply for Medicare within 8 months after losing their insurance.

If these exceptions do not apply to you, late enrollment in the Medicare program results in the assessment of a 10% penalty for every 12 months of late enrollment in the Medicare Part B program. This premium penalty never goes away so be sure to enroll on time.

Individuals who miss the initial enrollment period and who are not eligible for the 8-month special enrollment period are still able to enroll in the program during the **general enrollment period** which is from January 1 – March 31 of each year. It should be noted that enrollment during the general enrollment period results in a delay in start date for coverage until July 1.

Medicare coverage consists of two main parts – Medicare Part A and Part B. these two parts are also referred to as "Original Medicare".

Medicare Part A – Hospital insurance

- Covers inpatient hospital care, skilled nursing care or psychiatric care, as well as home health care and hospice care and some limited skilled nursing services (60 days) after a hospitalization.
- Most people do not pay a premium for Part A, but non-eligible individuals can pay up to \$458/month if they do not have enough quarters of Medicare employment.
- There are deductibles involved with each hospitalization (\$1,408 for 2020), and some coinsurance costs involved for hospital stays.
- Medigap or supplemental policies are available to help cover the deductible and other out-of-pocket costs.
- If you buy Part A, you must buy Part B.

Medicare Part B – Medical insurance

- Covers physician care, laboratory tests, physical therapy, occupational therapy, rehab services, ambulance transport, 100% of many preventive services and wellness checks.
- A premium is involved so you may not want to sign up if you still have other coverage.
- 2020 Part B premium is \$144.20/month for most individuals, but an additional premium is assessed on high income individuals (>\$87K).
- Can enroll in Part B without enrolling in Part A.
- Annual deductible of \$198 in 2020, and there is a 20% copay on most covered services.
- Your premium is automatically deducted from your benefits if you are receiving Social Security.

What is NOT covered by Medicare Parts A and B:

- ◆ Part B monthly premiums
- ◆ Any deductibles, co-insurance amounts or co-pays that are assessed
- ◆ Most prescription drugs
- ◆ Hearing aids, most dental care, eye care, foot exams or treatment, custodial care at home or in a nursing home, and cosmetic surgery
- ◆ Care outside of the United States

Medigap Insurance (Supplemental Insurance):

- ◆ A private pay policy that helps fill in the gaps in Medicare Part A and B coverage.
- ◆ There are numerous plans available, with each having varying types of coverage. Once purchased, your policy cannot be cancelled unless you do not pay your premium.
- ◆ Best to buy this coverage during your initial 7 mo. Enrollment period since there is no medical underwriting then there is no medical underwriting at that time.

-continued on page 5-

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HealTech Hub- Home Buying...ONLINE!

By Evan Watson, Investment Analyst

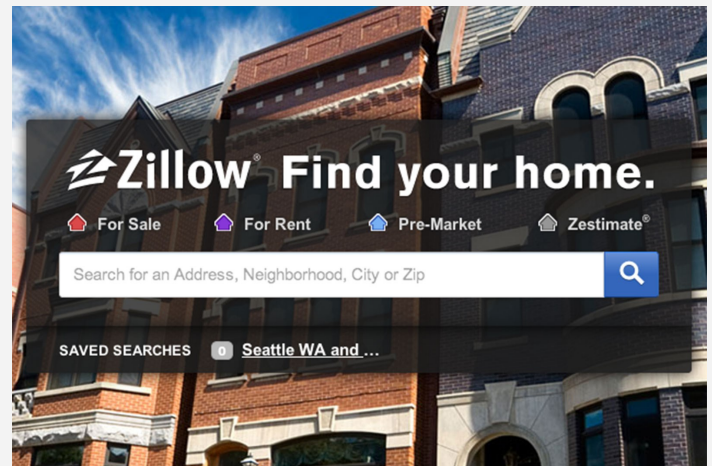
In the HealTech Hub, we often talk about those technologies and companies that are disrupting the marketplace. We have discussed big changes like DNA sequencing and electric cars, but there are also companies making intangible changes. One of those things is how we hunt for housing.

Now that many are considering purchasing a home as interest rates are so low, they are turning to the tools brought to us by the internet. The experience of a first-time home buyer is drastically different than the experience even ten years ago. Ten years ago, a home buyer would reach out to their local real estate agent and set up an initial meeting to discuss what they are looking for, their budget, and all the concerns like school systems. Then the agent would gather a few houses and you would likely spend a few days going to multiple different homes. This process would finally lead you down to a few homes you like and allow you to start the buying process.

This entire process has been completely transformed. Today, homebuyers are using apps like Zillow and Redfin to sort through the real estate world. These apps simplify the process by allowing you to do all the leg work from your kitchen table. The process is relatively similar; you select your budget, define the type of home you are looking for, and select your neighborhood. This allows you to customize your search and even allows you to explore different cities relatively quickly. You then can scroll through all the listings and explore the homes, including seeing information about the area. With the camera technology we have, many of the listings have a 3D walk through or video walk through in addition to pictures. If you find homes you do like, you can select to watch them or favorite them so you can return later. From here, you can either work with a real estate agent to finish the home buying process or even work directly with the seller to finish the deal yourself.

These companies also have developed algorithms to help in your search process. You sign up for these services and create an account to save the homes you like for later. The software then starts to understand what types of homes your account is looking for and provides suggestions based on your search. They will then send you an email with new home listings and changes to your saved homes like price reductions or if the home sold.

This entire process saves you the time and hassle of having to drive from house to house and is provided free of charge. It also takes off the pressure of having to know exactly where you want to be and what you are looking for in a home. Home buying can be stressful already so try using one of these companies to ease some of that stress when looking for your next home. ■



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Turning 65 (continued)

- ◆ Some plans have 6 month waiting periods for certain pre-existing conditions.

Medicare Part C – Medicare Advantage Plan:

- ◆ A private health care plan that contracts with Medicare to provide Part A and B benefits, but does not cover hospice care.
- ◆ Some plans offer extra coverage of items not covered by Medicare Part A and B.
- ◆ Most also cover prescription drug (Part D) coverage.
- ◆ You generally will need to pay a monthly premium for this coverage in addition to your Medicare Part B premium.
- ◆ Must live in the plan's service area to enroll in coverage, as most plans are either:
 - ⇒ HMOs (health maintenance organizations) – choose a primary care physician – must get referrals to specialists.
 - ⇒ or PPOs (preferred provider organizations) – network of participating doctors – no referral needed. Out of network doctors cost more.

Medicare Part D – Prescription Drug Coverage:

- ◆ Must buy this coverage privately – not through Medicare.
- ◆ Plans differ, so be sure to consider premiums, annual deductibles, drug formulary and co-pays before deciding on a plan.
- ◆ Review the drug formulary listing annually on [medicare.gov](http://www.medicare.gov) to confirm your prescriptions are included before renewing each year.
- ◆ Next open enrollment is **October 15 – December 7** for changes to be effective January 2021.

Items to remember:

- ◆ You usually sign up for Medicare at a Social Security Administration office. During the pandemic, enrollment must be done online at <http://www.ssa.gov>.
- ◆ The Medicare hotline (1-800-MEDICARE) is available to address critical issues for individuals who are already enrolled in the program.
- ◆ **Watch for a mailing in September from your current Medicare provider** indicating the changes in coverage, drugs, participating doctors, and medical networks for the upcoming year.
- ◆ To help you estimate your out of pocket costs, a procedure price lookup tool is available on the Centers for Medicare & Medicaid Services website at <http://www.cms.gov>.
- ◆ Before choosing a Medicare Part D plan, review the Drug Formulary information available at <https://www.medicare.gov/drug-coverage-part-d>.
- ◆ **The 2021 open enrollment period for Medicare Part D and Medicare Advantage plans is October 15 – December 7, 2020 for individuals who already have Medicare.** This is when you can review your current coverage, drug formularies etc. to decide if you would like to switch anything before the new calendar year begins.
- ◆ Many helpful Medicare resources and articles are available at <https://www.aarp.org>. ■

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