Greater Midwest Financial Group Quarterly News
October 2018

Our Newsletter includes news that's fit to print and apolitical. We hope it's refreshing.

- **GMFG Corner:** Who are we and what are we up to? We thought you might enjoy getting to know us better.

- **Premier Education/Practical Application Corner:** A must read! In this edition you'll find:

  - **Are Changes Ahead for Retirement Accounts? –** A bill now in Congress proposes to alter some longstanding rules.

  - **The Details More People Should Know About Medicare –** Before you enroll, take note of what the insurance does not cover and the changes ahead.

  - **Why the U.S. Might Be Less Affected by a Trade War –** The nature of our economy could help it withstand the disruption.

Greater Midwest Financial Group Quarterly News
October 2018

GMFG Corner

- **We launched a new website in September to better serve our clients! Check it out – https://www.greater-midwest.com.**

- **Employee of the Quarter – Congratulations to Tanya Johnson!** Tanya does an excellent job taking care of both our internal and external clients. She is always willing to help out whenever needed and is a pleasure to work with.

- **Congratulations Bobby Phillips on passing your CFP® exam in August!** Certified Financial Planner™ professionals have completed extensive training and experience requirements and are held to rigorous ethical standards.

Greater Midwest Financial Group Quarterly News

- **Welcome, Case Manager, Zach Connell!** Zach joined GMFG in July. He graduated from Drake University with a degree in Finance and Accounting and has received his MN Life & Health Insurance license. In his spare time, Zach enjoys spending time with family and friends, being outdoors, basketball, golf, and traveling.

- **Congratulations Sarah Banken on adopting a new dog, Toby!** Toby has been a great addition to the Banken family.

Greater Midwest Financial Group Quarterly News

- **We are delighted to announce that GMFG supported the following charities this quarter**:

  - **Pay It Forward Golf Event – Bell Bank** - Funds raised at this event benefit deserving recipients that are dealing with situations outside of their control. For more information about the 2018 recipients and the event, visit the Pay It Forward Golf Classic site.

  - In addition, Don's wife, Erin Phillips, was able to support the **Shoreview Community Foundation** and the **Midwest Animal Rescue** through the sale of her "Cracked Loon Art" at the Slice of Shoreview this year.

Greater Midwest Financial Group LLC

Greater Midwest Financial Group Quarterly News

Education Corner

Are Changes Ahead for Retirement Accounts?

A bill now in Congress proposes to alter some longstanding rules.

Most Americans are not saving enough for retirement, despite ongoing encouragement to do so (and recurring warnings about what may happen if they do not). This year, lawmakers are also addressing this problem, with a bill proposing big changes to IRAs and workplace retirement plans.

The Retirement Enhancement and Savings Act (RESA), introduced by Senator Orrin Hatch, would amend the Internal Revenue Code and the Employee Retirement Income Security Act (ERISA) in some significant ways.[1]

Contributions to traditional IRA accounts would be allowed after age 70½. Today, only Roth IRAs permit inflows after the owner reaches this age.[2]

An expanded tax break could lead to more multiple-employer retirement plans. If small employers partner with similar companies or organizations to offer a joint retirement savings program, the RESA would boost the tax credit available to them to offset the cost of starting up a plan. The per-employer tax break would rise from $500 to $5,000. A multiple-employer plan could be attractive to small companies, for it might mean lower plan costs and administrative fees.[2]

Portions of federal tax refunds could even be directed into workplace plans. The RESA would allow employees to preemptively assign some of their refund for this purpose.[2]

Retirement income projections could become a requirement for plans. Not all monthly and quarterly statements for retirement accounts contain them; the RESA would make them mandatory. It would oblige financial firms providing investments to employer-sponsored plans to detail the amount of cash that the current account balance would generate per month in retirement, as if it were fixed pension income. Plans might also be permitted to offer insurance products to retirement savers.[2,3]

Greater Midwest Financial Group Quarterly News

A new type of workplace retirement account could emerge if the RESA passes. So far, this account has been described vaguely; the phrase "open-ended" has been used. The key feature? Employees could take loans from it without penalty.[2,3]

Whether the RESA becomes law or not, the good news is that more of us are saving. In the 2016 GoBankingRates Retirement Survey, 33.0% of respondents said that they had saved nothing for retirement; in this year's edition of the survey, that dropped to 13.7%, possibly reflecting the influence of auto-enrollment programs for workplace plans, the emergence of the (now absent) myRA, and improved economic ability to build a retirement fund. (In the 2018 edition of the survey, the top reason people were refraining from saving for retirement was "I don't make enough money.")[4]

Could the RESA pass before Congress takes its summer recess? Good question. Senate and House lawmakers have many other bills to consider and a short window of time to try and further them along. The bill's proposals may evolve in the coming weeks.

Citations.

1 - congress.gov/bill/115th-congress/senate-bill/2526 [7/3/18]
2 - fool.com/retirement/2018/07/22/heres-what-the-proposed-retirement-savings-changes.aspx [7/22/18]
3 - marketwatch.com/story/proposed-changes-to-your-401k-retirement-plan-could-be-promising-or-not-2018-07-18 [7/18/18]
4 - gobankingrates.com/retirement/planning/why-americans-will-retire-broke/ [3/6/18]

Greater Midwest Financial Group LLC

Greater Midwest Financial Group Quarterly News

The Details More People Should Know About Medicare

Before you enroll, take note of what the insurance does not cover and the changes ahead.

Misconceptions about Medicare coverage abound. Our national health insurance program provides seniors with some great benefits. Even so, traditional Medicare does not pay for dental care, vision care, or any real degree of long-term care. How about medicines? Again, it falls short.[1]

Original Medicare (Parts A & B) offers no prescription drug coverage. You may not currently take prescription medicines, but you may later, and can you imagine paying out of pocket for them? Since 2013, the prices of the 20 most-prescribed drugs for seniors have risen an average of 12% annually. Will Social Security give you a 12% cost-of-living adjustment next year?[1]

To address this issue, many seniors sign up for Part D (prescription drug) plans, which may reduce the co-pays for certain generic medicines down to $1 or $0. As private insurers provide Part D plans, the list of medicines each plan covers varies – so, carefully check the list, also called the formulary, before you enroll in one. Keep checking it, as insurers are permitted to change it from one year to the next.[1,2]

You may want a Medigap policy, considering your Part B co-payments. If you stick with original Medicare, you will routinely pay 20% of the cost of medical services and procedures covered by Part B. If you need a hip replacement or a triple bypass, you could face a five-figure co-pay. Medigap insurance (also called Medicare Supplement insurance) addresses this problem with supplemental Part B coverage. Premiums and services can vary greatly on these plans, which are sold by insurers.[1]

If you want dental and vision coverage (and much more), you may want a Part C plan. Around a third of Medicare beneficiaries enroll in these plans, also called Medicare Advantage programs. The typical Part C plan includes all the coverage of Medicare Parts A, B, and D, plus the dental and vision insurance that original Medicare cannot provide. Medicare Advantage plans also limit beneficiary out-of-pocket costs for the services they cover.[1]

Part C plans may soon offer even more benefits. They will be allowed to include services beyond normal medical insurance beginning in 2019. Starting in October, they can reveal what new perks, if any, they have chosen to offer. Some of the new benefits you might see: coverage for the cost of home health aides, adult day care, palliative care, the installation of grab bars and mobility ramps in the home, and trips to and from medical appointments. The list of potential benefits could expand further in 2020.[3]

Greater Midwest Financial Group Quarterly News

Few seniors who enroll in Part C plans switch out of them. If you enroll in one, you should realize that these plans are regional rather than national – so, if you move, you may have to find another Part C plan or return to traditional Medicare, with or without Medigap coverage.[1,3]

The Medicare Advantage Disenrollment Period is disappearing. A recently passed federal law, the 21st Century Cures Act, does away with this annual January 1-February 14 window. Beginning in 2019, there will simply be an annual Medicare Advantage Open Enrollment Period from January 1-March 31. During these three months, Medicare recipients will have the chance to either switch Part C plans or disenroll from a Part C plan and go back to original Medicare.[4]

Some Medicare Cost plans are being phased out. These plans, which offer some features of Medigap policies and some features of Medicare Advantage programs, are ending in certain counties within 15 states and in the District of Columbia. Enrollees are being left to search for new coverage.[4]

If you are financially challenged, you may have options. State subsidies and Medicare savings programs are available to help households handle co-payments and deductibles under original Medicare. Some non-profit groups offer pharmaceutical assistance programs (PAPs) to help Medicare beneficiaries pay less for medicines.[4]

Lastly, diabetics who use insulin pumps sometimes find they are better off with original Medicare as well as a Medigap policy, rather than a Part C plan. Some Medigap plans cover the entire cost of insulin. Many infusion treatments (such as chemotherapy) are also 100% covered by Medigap policies.[4]

Citations.

1 - forbes.com/sites/nextavenue/2018/07/10/avoid-these-big-medicare-mistakes-people-make [7/10/18]
2 - money.usnews.com/money/retirement/medicare/articles/2018-06-25/prescription-drug-costs-retirees-should-expect-to-pay [6/25/18]
3 - nytimes.com/2018/07/20/health/medicare-advantage-benefits.html [7/20/18]
4 - rd.com/health/healthcare/things-medicare-wont-tell-you/ [7/6/18]

Greater Midwest Financial Group LLC

Greater Midwest Financial Group Quarterly News

Why the U.S. Might Be Less Affected by a Trade War

The nature of our economy could help it withstand the disruption.

A trade war does seem to be getting underway. Investors around the world see headwinds arising from newly enacted and planned tariffs, headwinds that could potentially exert a drag on global growth (and stock markets). How badly could these trade disputes hurt the American economy? Perhaps not as dramatically as some journalists and analysts warn.[1,2]

Our business sector may be impacted most. Undeniably, tariffs on imported goods raise costs for manufacturers. Costlier imports may reduce business confidence, and less confidence implies less capital investment. The Federal Reserve Bank of Philadelphia, which regularly surveys firms to learn their plans for the next six months, learned in July that businesses anticipate investing less and hiring fewer employees during the second half of the year. The survey's index for future activity fell in July for the fourth month in a row. (Perhaps the outlook is not quite as negative as the Philadelphia Fed reports: a recent National Federation of Independent Business survey indicates that most companies have relatively stable spending plans for the near term.)[1,2]

Fortunately, the U.S. economy is domestically driven. Consumer spending is its anchor: household purchases make up about two-thirds of it. Our economy is fairly "closed" compared to the economies of some of our key trading partners and rivals. Last year, trade accounted for just 27% of our gross domestic product. In contrast, it represented 37% of gross domestic product for China, 64% of growth for Canada, 78% of GDP for Mexico, and 87% of GDP for Germany.[3,4]

Our stock markets have held up well so far. The trade spat between the U.S. and China cast some gloom over Wall Street during the second-quarter earnings season, yet the S&P 500 neared an all-time peak in early August.[5]

All this tariff talk has helped the dollar. Between February 7 and August 7, the U.S. Dollar Index rose 5.4%. A stronger greenback does potentially hurt U.S. exports and corporate earnings, and in the past, the impact has been felt notably in the energy, materials, and tech sectors.[6,7]

As always, the future comes with question marks. No one can predict just how severe the impact from tariffs on our economy and other economies will be or how the narrative will play out. That said, it appears the U.S. may have a bit more economic insulation in the face of a trade war than other nations might have.

Greater Midwest Financial Group Quarterly News

Citations.

1 - reuters.com/article/us-usa-economy/us-weekly-jobless-claims-hit-more-than-48-and-a-half-year-low-idUSKBN1K91R5 [7/19/18]
2 - nytimes.com/2018/07/24/upshot/trade-war-damage-to-us-economy-how-to-tell.html [7/24/18]
3 - money.cnn.com/2018/07/25/news/economy/state-of-the-economy-gdp/index.html [7/25/18]
4 - alliancebernstein.com/library/can-the-us-economy-weather-the-trade-wars.htm [7/17/18]
5 - cnbc.com/2018/08/06/the-sp-500-and-other-indexes-are-again-on-the-verge-of-historic-highs.html [8/6/18]
6 - barchart.com/stocks/quotes/$DXY/performance [8/7/18]
7 - investopedia.com/ask/answers/06/strongweakdollar.asp [3/16/18]