SARD
WEALTH MANAGEMENT GROUP, LLC

CLIENT NEWSLETTER **BY: JONATHAN SARD, CFP®**
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Important Information

Summer is in full swing and the domestic equity markets have continued to grind higher since our last quarterly newsletter. The economic news has been fairly good, while the geopolitical news has been concerning with the news out of Syria and Iraq. At the moment, volatility is at multi-year lows. The mid-term elections are fast approaching and the rhetoric may begin to heat up again. Our next newsletter will be released a few weeks before election-day so it will be interesting to see what has changed between now and then.

Also, just a heads up that we will be releasing our annual client survey in August and we would really appreciate you taking a few minutes to respond so we can continue to improve on the services we provide!

25% Social Security Cut Possible, Senate Warned

Social Security benefits could be cut by 25 percent if Congress does not act soon, Social Security Administration Chief Actuary Stephen Goss warned a Senate panel this past May. "Changes are needed soon to avert trust fund reserve depletion and an abrupt reduction in the level of benefits," Goss said in prepared remarks to the Senate Finance Committee.

He noted trust fund reserves for disability insurance are expected to be at zero by late 2016.

The actuary said one possible solution would be to devote some of the payroll tax from Old Age and Survivors Insurance to disability, but even then he cautioned one or both of the reserves could be without money by 2033.

Emphasizing the importance of Social Security to the elderly, Goss said one-third of retirees have little retirement income outside of Social Security. The average retiree benefit was $15,240 in 2013, which represented about 42 percent of the average taxable earnings of workers.

Goss said factors leading to the shortfall in the reserves include people living longer, the huge baby boomer population coming into retirement, and a decline in the historic birth rate from three children per woman to two after 1965, which has led to a lower ratio of employed workers to support retiree benefits than previously.

While contending the talk of a population-wide retirement crisis that is overblown, Jason Fichtner, a researcher at the conservative outpost of George Mason University's Mercatus Center, said Social Security reform must begin immediately. At the session, Finance Committee Chairman Sherrod Brown (D-Ohio) predicted Congress will reallocate money in the trust fund to help keep disability insurance going past 2016.

Speaking on ideas to improve the financial health of Social Security, the senator said: “Raising the retirement age, increasing taxes and delaying cost-of-living adjustments are blunt instruments that harm low income workers.” After the hearing, he told Financial Advisor magazine he does not think it is “imminent” that Congress will approve adjustments to boost the trust fund.

We have provided many articles in the past about Social Security and where things may be headed. While we don’t believe Social Security will go away, it may look very different over the next five to ten years if our politicians have the political will to try and address the problems.

So, what should you do now? As we always preach, one answer is to sit down and do a review of your entire financial picture so you can build a plan for your future. Each quarter we remind our clients to alert us to changes in their financial situation or investment objectives to ensure that we are aware of any situation that might require changes in the management of their accounts. Please remember to contact us to discuss how these changes impact your investment accounts!

Financial Tip of the Month

Tips for cutting medical bills

With the rising cost of pharmaceuticals, doctor visits, and hospital stays, staying healthy has become an increasingly expensive proposition. In addition, health insurers/employers are passing along more and more of their costs in the form of higher deductibles, increased premiums, and larger co-payments. Out-of-pocket costs for even one hospital stay can break a household budget, and it may take years to recover.

With some of this bad news, there is also some good news. You can control some of these ever-increasing health care costs by following a few simple strategies:

- **Negotiate, negotiate, negotiate.** You haggle when buying an automobile. Why not use a similar tactic when discussing items on your hospital bill? In fact, out-of-pocket costs for a surgery may even exceed the cost of your car sitting in the driveway. Fortunately, health care providers are often amenable to reducing invoiced amounts, and some may offer discounts for upfront payment. You might also research the cost of similar services in your area and use those figures as a starting point for negotiation. One place to start is *healthcarebluebook.com*.

- **Scrutinize the bill.** Hospitals sometimes make mistakes and may double bill or have incorrect charges. When you receive the itemized bill, review it line by line. Look for charges that don't make sense ($50 charges for hospital supplies that are available for a dollar at the local department store); charges for services you didn't receive (physical therapy that never happened); or more than one charge for the same item (separate charges for the hospital room and standard amenities like bed sheets). Examine the rates for these items as well. Your insurer may have negotiated lower rates, but you may have been charged more expensive uninsured rates. And make sure all eligible out-of-pocket expenses are credited toward your deductible.

If in doubt, call your insurer's hotline to ask for help. Remember, insurance companies have a vested interest in your good health.

Please keep in mind that this tip is designed to be of help for you, but is not to be relied upon as advice. It is merely a reminder that there are many choices you have available to you, and that planning may be the only way to find the right answers for your situation. As with any financial issues, make sure you get the right information before making a decision. If you have any questions, we’ll be glad to help you!

Client Quiz

Question: How many IRA to IRA rollovers are permitted during a 365-day period from any of your IRAs?

We wanted to thank those of you who have participated in our Client Introduction program. As you know, marketing for new clients takes a great deal of money, time, and energy and we would much rather spend our resources improving your financial health. We, like most businesses are looking to grow; however, for the benefit of our existing clients we are only able to take on a limited number of new clients each year. Over the years, we have learned that encouraging you to introduce us to people you know works well for all of us…we help you, and you help us. If you aren't familiar with our friends helping friends program, please call our office or be sure to ask us at your next meeting. The few minutes it takes to learn about how it works will be well worth your time and energy!

Answer: Starting January 1, 2015, only one IRA to IRA rollover will be permitted during a 365-day period from any of one's IRA accounts. Previously, if an individual had more than one IRA, the rollover rule applied separately to each IRA. Most of the time, it will make sense to do a trustee-to-trustee transfer of IRA accounts, and there are still no limits on how many of those can be done in a 365-day period.

If you would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please call our office and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you?