The health care industry needed a solution fast, and technology provided one. Using video chat services like Zoom and Skype, smartphones or ordinary telephones, patients could still get medical care while practicing social distancing.

Harnessing new technology to connect patients with doctors is hardly a new idea, but the coronavirus has elevated the benefits and potential savings of telehealth like nothing before. The ubiquity of smartphones, tablets and other technologies that allow doctors and patients to talk and share medical images in real time at any hour of the day or night has made telehealth a practical alternative to many—but not all—office visits.

Telehealth is a broad term that encompasses multiple ways caregivers can diagnose, treat and monitor patients without having to be in the same location. Those ways include telemedicine, remote patient monitoring and mHealth, or mobile health, which when the deadly coronavirus began tearing through the country this past spring, tens of thousands of people with the virus’s signature symptoms—high fever, dry cough, extreme tiredness and labored breathing—overwhelmed many hospitals. Healthier patients who wanted testing or treatment for other illnesses had to be kept out of doctors’ offices and emergency rooms to stop the virus from spreading.

Doctors Making Virtual House Calls

WHEN THE DEADLY CORONAVIRUS BEGAN TEARING through the country this past spring, tens of thousands of people with the virus’s signature symptoms—high fever, dry cough, extreme tiredness and labored breathing—overwhelmed many hospitals. Healthier patients who wanted testing or treatment for other illnesses had to be kept out of doctors’ offices and emergency rooms to stop the virus from spreading.
Delivering lifetime income for more than 75 years...

SAMPLE ANNUITY RATES FOR INDIVIDUALS

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>13.0%</td>
</tr>
<tr>
<td>85</td>
<td>11.5%</td>
</tr>
<tr>
<td>80</td>
<td>10.0%</td>
</tr>
<tr>
<td>75</td>
<td>8.6%</td>
</tr>
<tr>
<td>70</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

RATES VALID THROUGH JUNE 30, 2020

Secure Retirement Income for Life • Generous Tax Savings
AAA Bond Ratings • Endowment over $2.0 billion

Call us: (800) 761-9899

550 N College Ave, Claremont, CA 91711
Website: www.pomonaplan.pomona.edu

FIND A RATE CALCULATOR ON OUR WEBSITE!
is delivered through a mobile device such as a smartphone or tablet.

Although many private health insurers have offered telehealth for several years, Medicare has lagged behind covering the service. Then, in March 2020, with the virus spreading rapidly, Washington gave telehealth a shot in the arm by bending long-standing Medicare reimbursement rules for physicians and other health care professionals who use technology to remotely examine and treat Medicare patients at home.

Meanwhile, big health insurers reduced or waived fees for telehealth. For 90 days at the height of the pandemic, Anthem, for example, waived copays and deductibles for all telehealth services, including those for mental health, substance use disorders and treatment or testing for the virus. UnitedHealthcare extended its waiver of some coronavirus-related telehealth fees to include out-of-network doctors.

“We are making every effort to protect the health of our members by keeping them safe in their homes while still enabling them to get the care they need,” says Dirk McMahon, CEO of UnitedHealthcare, which has been covering telehealth services for employer and individual plans since 2016 and self-insured employers since 2015.

Slow Adoption of the Technology

Telehealth was already an option allowed by many private Medicare Advantage plans, which are alternatives to traditional Medicare. The five biggest insurers selling Medicare Advantage plans, which serve about one-third of Medicare’s more than 60 million beneficiaries, have offered telehealth for several years.

Traditional Medicare, on the other hand, set strict limits for where and when telehealth would be covered. Until 2019, Medicare paid for telehealth services only if they included both audio and video interactions between patient and provider.

Even then, the coverage was often limited to rural areas, and the patient had to already be in a Medicare-approved facility, not at home. After Congress eased some of the restrictions, patients can now be at home to consult with doctors and other medical specialists using telehealth.

But telehealth has yet to catch on with many older patients, who are more likely to visit their doctors in person. A Harris Poll conducted for the telemedicine company American Well found that more than half of 400 Americans over the age of 65 were willing to try telehealth, but only about 1% to 2% actually used it. Among older adults who have used telehealth, 84% said they did so mostly for the low-tech task of renewing prescriptions.

Doctors weren’t much better. Of 800 emergency room doctors who participated in a parallel survey, 89% said they would use telehealth technology, but only 11% actually did. Similarly, 83% of infectious-disease specialists in the survey expressed a willingness to try telehealth, but only 17% said they had done so.

Convenient and Quick

Telehealth advocates say those numbers will change as baby boomers pass away and tech-savvy younger generations, so-called “internet natives,” comprise a larger percentage of the patient pool. The virus may already be accelerating that shift.

At health insurer Anthem, the pandemic and fee waivers are encouraging a lot of people to give telehealth a try. Patients can access Anthem’s telehealth services in one of two ways: LiveHealth Online, which is a two-way video link to doctors, and the insurer’s Sydney Care app, which monitors the user’s health and recommends when medical help may be needed.

“We’ve been tracking utilization of all of our virtual care offerings,” says Leslie Porras, senior public relations director at Anthem. “Completed visits for Live-
since the pandemic began, it's generally faster and more convenient for most patients to get treated by their doctors this way. Danielle Woodley, a 26-year-old digital marketer in Los Angeles, says she was introduced to telehealth before the pandemic during a trip to Arizona. Her throat was sore and speckled with white dots, suggesting a strep infection, but she was too busy to call her regular doctor in California. Instead, she used a telehealth app that her employer asked all employees to download to their smartphones.

“I love my doctor (in California), but there are so many steps to get seen,” starting with a phone tree just to get through to the voicemail box of the doctor's scheduler, Woodley says. In contrast, the telehealth service answered her call quickly, and within minutes her prescription medicine was waiting for her at a nearby branch of a national pharmacy chain.

“I thought, ‘actually, this is not bad,’” Woodley says. “It was very convenient. The prescription arrived at the pharmacy much faster than it ever did at home.”

Megan Coffman, the administrator of health policy research at the Robert Graham Center for Policy Studies in Family Medicine and Primary Care, says the growing demand for telehealth could be matched by new doctors who are comfortable with the technology if they have more experience using it during their medical training.

“Family physicians have identified lack of training on how to use telehealth as a barrier to providing telehealth services,” she says. “If family physicians are not provided opportunities to deliver telehealth in residency, it may prevent them from offering telehealth services to their patients once in practice.”

Medicare Struggles to Find Savings
Medicare’s murky policy for medical compensation hasn’t helped either. Doctors have been reluctant to adopt telehealth because until recently they could not find out which, if any, services Medicare would reimburse, how much it would pay and what kind of documentation it would require.

Last year, Medicare agreed to pay doctors for virtual “check-ins,” which are real-time, virtual versions of regular office visits, and “e-visits,” which are brief question-and-answer sessions conducted through a patient portal. But compared to payments for office visits, the reimbursements were lower.

In early March, however, the Trump administration allowed Medicare to reimburse doctors for telehealth at the same rate as office visits. The idea was to moti-
vate doctors to use telehealth to care for patients and not invite them into medical offices and hospitals that would soon be brimming with those suffering from the highly contagious coronavirus.

If Medicare was hoping to save money from telehealth, the new reimbursement policy for doctors undercuts that goal. At the same time, the chronically underfunded agency isn’t extending any price breaks for virtual visits to Medicare beneficiaries, who currently pay 20% of the doctor’s fee on top of a deductible.

“For most telehealth services,” the agency said on its web page for fees, “you’ll pay the same amount that you would if you got the services in person.”

The Benefits of Telehealth

It’s a different story for patients with private insurance where some evidence of savings exists. Regence, which operates Blue Cross Blue Shield health insurance plans in the Pacific Northwest, calculated that consumers who opted for telehealth over a traditional office visit saved an average of $100 per visit in 2019.

Brian Marcotte, president of the National Business Group on Health, breaks those savings down further. He says having a doctor treat an upper respiratory infection could cost as little as $40 via a video call compared to a doctor’s office visit that would run about $100. An urgent care center’s bill would be something in the neighborhood of $150. A visit to a hospital emergency room could set you back $700, he says.

Politicians are also looking to keep telehealth pricing competitive. In 32 states, virtual visits must cost the same or less than office appointments, with three more states considering similar laws. In rural areas, where the nearest health clinic can be a three-hour drive away, telehealth offers patients the added savings of travel costs.

In fact, the original purpose of telehealth was to deliver better care at lower prices to people in rural areas, but a pilot program in Rochester, NY., found that urban areas also reaped similar benefits. Surveys conducted after the program ended found that 93% of patients said telehealth saved them from making expensive after-hours trips to clinics, and 86% said it enabled them to avoid going to an even more expensive emergency room. Telehealth networks also could enable people with asthma, diabetes, arthritis and other chronic illnesses to conduct routine follow-up appointments at home without having to set foot in a doctor’s office.

Some researchers counter that patients, Medicare beneficiaries and insurers won’t pay less if telehealth’s convenience encourages medical practitioners to order more follow-up appointments, tests and prescriptions than they do now. So far, that doesn’t seem to be happening. From its analysis, Regence found that most telehealth visits simply replaced another care setting, and the patient’s health issue was resolved with no supplemental visit needed within seven days for the same ailment in 95% of cases.

For some doctors, the pandemic has been a wakeup call that modern health care needs revamping. “Traditional medicine has let us down,” said Dr. Joseph Pazona, a urologist in Nashville, Tenn. “We need to do radical things to improve.”

What Is Telehealth?

Telehealth is a blanket description of a health care system that uses video conferencing, smartphone apps and other communication tools so that medical professionals—including doctors, nurse practitioners and clinical nurses—can share information with patients and peers around the corner or around the world.

Telehealth encompasses several distinct fields:

Live telemedicine uses a live audio and video link to enable doctors or other medical professionals to talk with patients, conduct limited examinations, order tests and sometimes diagnose and even treat ailments remotely.

Store-and-forward telemedicine is an asynchronous audio and video link that records descriptions, images and patient data at a time convenient for the patient and transmits it later at a time convenient for a care provider, often a specialist.

Remote patient monitoring uses connected electronic devices to regularly or continuously record health and medical data in one location for review by a provider in another location, usually at a different time.

Mobile health, or mHealth, is health care and public health information provided through mobile devices, such as a smartphone or tablet, to targeted audiences. The public health announcements may be general educational information, targeted texts or notifications about disease outbreaks such as COVID-19.
Pass Along Life Lessons With an Ethical Will

No one needs an expert to write their own ethical will, Baines acknowledges, but services like his are a way to prompt people to do it. “Everyone is capable of doing it by themselves,” he says. “But you need that protected time to reflect and write.”

While the task may seem daunting, most people’s ethical wills aren’t long, perhaps only a page or two. For those who don’t know where to start, Schneiderman suggests writing about their personal history, favorite things, academic and professional life, religious and political views, and hopes for the future.

Be creative. Jo Kline, a retired, attorney and author of So Grows the Tree: Creating an Ethical Will, says hers is a slideshow with photos of loved ones and her favorite quotes. Or think of how a favorite hobby can convey to others your passions and beliefs. For example, says Kline, 68, of West Des Moines, Iowa, if you love cooking, take beloved recipes and annotate them with memories and hopes for future family gatherings.

Legacy letters can even be accidental. Kline discovered a two-page typewritten letter from her uncle that was saved by his brother—her father—while clearing out her parents’ house in the early 2000s. Her uncle had written the letter in 1963 on the back of a church bulletin shortly after his only child had died in an airplane crash. Although the family sent hundreds of letters back and forth between Iowa and Michigan, this was the only one saved, Kline notes.

In it, her Uncle Bill urges his brother to take walks, to worry about his mental health as well as his physical health, to keep an open mind and be tolerant of others. “When I saw it, I thought, ‘this is my uncle’s ethical will. But he didn’t have any idea what it was called.’”

For many, leaving an ethical will seems like a grandiose idea, that their lives are too ordinary or unsuccessful for them to have valuable insights to share. But the struggles are where life lessons come from, Baines says.

Kline also urges those considering writing a legacy letter to perhaps do it at life’s milestones—for instance, when you become an empty nester or when you retire. The document can also be one of self-reflection for how you want to live the rest of your life. “It’s a way to soul-search what I want the rest of my footprint to look like,” she says, to ask, “What do I stand for?”
Worried about your retirement? We’re here for you. We’re personal CAPITAL

It’s time to get a plan. Our free retirement planner can help you track your retirement accounts and take control with a 360° view of your financial life. And if you work with one of our advisors, you also get access to our Smart Withdrawal tool, winner of the 2019 Real Simple Smart Money award. This innovative tool helps you plan for retirement spending just as thoughtfully as you save. You can weather this storm.

Get started with your free Retirement Planner or talk to an advisor today at: personalcapital.com/kipretire

*Advisory services are offered for a fee and provided by Personal Capital Advisors Corporation, a wholly owned subsidiary of Personal Capital Corporation. Personal Capital Advisors Corporation is a registered investment advisor with the Securities and Exchange Commission (“SEC”). SEC registration does not imply a certain level of skill or training. Keep in mind that investing involves risk. Past performance is not a guarantee of future return, nor is it necessarily indicative of future performance. The value of your investment will fluctuate over time, and you may gain or lose money. All charts, figures, and graphs depicted are for illustrative purposes only and do not represent an actual client experience. The actor portrayed in this advertisement is not an actual client of Personal Capital Advisors Corporation. For more information, visit www.personalcapital.com/blog/personal-capital-news/personal-capital-named-top-wealth-managers/ © 2020 Personal Capital Corporation. All rights reserved.
Safe Dividend Stocks Yielding 5% or More

Steep market declines in 2020 have been brutal on returns and also presented income investors with a conundrum. The market is suddenly flooded with a glut of high-yield dividend stocks, but dividends in general are less safe than they’ve been in more than a decade.

The yields for a number of stocks have doubled, tripled or more, making it easier to find dividend stocks offering up sizable yields of greater than 5%. At the same time, however, the market has been flooded with a run of dividend cuts, as some companies are forced to conserve as much capital as possible simply to survive.

The trick, then, lies in identifying great-yielding names that will be able to maintain their dividends even if the shutdown triggers a prolonged recession. These six stocks have some of the safest, highest yields thanks to conservative balance sheets, durable cash flows and a history of maintaining dividends through previous economic downturns.

Pharmaceutical powerhouse ABBVIE (ABBV, $85.42, 5.5%) develops treatments for autoimmune disorders, cancers, viruses and neurological conditions. The company derives roughly 60% of sales from its blockbuster drug Humira, a treatment for rheumatoid arthritis, plaque psoriasis and other conditions. Other important AbbVie drugs include Imbruvica and Venclexta (for cancer) and new therapeutics Skyrizi (arthritis) and Rinvoq (psoriasis).

Humira sales are slowing, so AbbVie plans to re-energize its business by merging with Allergan (AGN). The combined business is expected to generate more than $30 billion in annual sales. Allergan adds blockbuster drugs Botox (wrinkles and migraines) and Restasis (dry-eye treatment) to AbbVie’s portfolio.

The Allergan deal is expected to close in May, leaving AbbVie with $95 billion of post-acquisition debt. However, AbbVie expects to leverage $19 billion of annualized cash flow from the combined business to trim $15 billion to $18 billion of debt by year-end 2021. AbbVie also expects to benefit from $3 billion of pre-tax cost synergies.

AbbVie is a Dividend Aristocrat with a 48-year streak of uninterrupted dividend growth, much of which is attributed to its time joined with Abbott Laboratories (ABT). As a standalone entity, AbbVie has generated seven years of dividend hikes—including a 35% boost announced in February—and an 18% annual dividend growth rate over the past half-decade.

AbbVie has long been among the market’s safest high-yield dividend stocks. Indeed, the stock has only declined about 10% since the bull market’s peak on Feb. 19, so its yield hasn’t gotten much of a boost from share price declines. Meanwhile, its payout, which represents less than half of AbbVie’s profits, looks safe; plus, Dividend Aristocrats often go to greater-than-usual lengths to keep up their payouts in hard times.

BUNGE (BG, $34.20, 5.3%) is a leading global agricultural company of essential products used in food production. Bunge also recently trimmed more than $250 million of annual expenses.

A 28% decline since Feb. 19 has launched Bunge among safe high-yield dividend stocks with a payout above 5%. But its quarterly dole appears safe for now. Adjusted operating cash flow of $1.06 billion last year provided triple the coverage of Bunge’s $317 million annual dividend. That’s no one-time thing: Cash flow has exceeded $1 billion in four of the past five years. And the company, which has increased its dividend for 18 consecutive years, announced in early March a 50-cent-per-share quarterly payout in line with its most recent dividend.

At the end of March, Baird analyst Ben Kallo added Bunge to his “Fresh Picks” list of stocks well-positioned to weather economic uncertainty. Insiders also appear bullish on Bunge’s prospects; CEO Greg Hecks...
man purchased a whopping $4.8 million worth of Bunge stock in March.

In response to crude oil prices nearing 20-year lows, integrated energy giant CHEVRON (CVX, $90.05, 5.5%) has already taken aggressive action to protect its dividend, which the company calls its No. 1 priority. Chevron is cutting 2020 exploratory spending by roughly 30% and suspending share repurchases.

Chevron is the second largest U.S. integrated energy company—behind Exxon Mobil (XOM)—and has production and refinery operations worldwide. The company has a major drilling presence in the Permian Basin and Gulf of Mexico. It also operates a network of more than 7,800 Chevron and Texaco service stations. Thanks to a cash flow breakeven point the company estimates at roughly $51 a barrel (much lower than its peers), Chevron is better positioned to cover expenses and its dividend even in the currently weak drilling environment.

Annual energy production exceeded 3 million barrels per day last year and the company added 494 million barrels to its proved reserves. Excluding asset sales, Chevron expects 2020 production to be flat and Permian Basin production to be 20% below prior guidance. Chevron also is committed to reducing operating costs by more than $1 billion this year.

Chevron has an interest in protecting its string of dividend hikes, which sits at 33 consecutive years and has endured several other oil downturns. Dividend payments totaling just under $9 billion last year were easily covered by $12.5 billion of free cash flow.

HNI (HNI, $21.87, 5.6%) designs and builds office furniture and fireplace products for residential homes. Its sales, both domestic and foreign, are a mix of 76% office furniture and 24% hearth products.

After a recent restructuring that cut expenses and bolstered margins, HNI is better positioned than most furniture makers to weather a downturn. Despite lower sales, adjusted earnings per share grew 7% last year. The company’s longer-term performance has been solid, with yearly EPS increases of 13% over five years and free cash flow growth of nearly 38%.

HNI’s dividend has grown continuously since 1989, except for 2008-09, when dividends were held steady. Dividend growth has averaged a modest 4% over the past five years. HNI’s cash flow covered its payout by roughly three times last year.

The company has a terrific balance sheet with long-term debt at 28% of capitalization and only 1.3 times free cash flow. HNI only has $53 million in cash on hand, but that could help float the dividend for a few quarters if the company were pressed.

IT solutions provider INTERNATIONAL BUSINESS MACHINES (IBM, $121.54, 5.3%) greatly expanded its presence in the hybrid cloud market last year through the $3 billion acquisition of Red Hat. Thanks to Red Hat, the company now has the ability to offer open-source software to IT managers. This software is needed to modernize older applications to run in data centers and across different cloud services.

IBM was an early leader in the transition to the cloud but fell behind industry leaders Amazon.com (AMZN) and Microsoft (MSFT). Red Hat should help IBM close that gap. Revenue from the cloud, IBM’s fastest growing business, currently represents more than 25% of sales. Managers anticipate Red Hat could contribute more than two percentage points to IBM’s annual sales growth over the next five years.

Management estimates free cash flow at $12.5 billion in 2020, which leaves plenty of room to cover $5.7 billion of dividend payments even if that forecast is cut because of the coronavirus. In addition, IBM has nearly $12 billion in cash available to help pay the dividend in the short term if necessary.

IBM, while not a Dividend Aristocrat, does have an incentive to keep up its payout: At 24 years of dividend increases, it’s one year away from membership in the elite payout club. Meanwhile, a 20% decline has driven IBM into this group of safe high-yield dividend stocks with a current yield of 5.3%.

NU SKIN ENTERPRISES (NUS, $27.44, 5.5%) sells skin care and wellness products to approximately 1.16 million consumers worldwide via a network of more than 800,000 independent distributors. Roughly 87% of the company’s sales are outside the U.S.; China is its largest market, accounting for approximately 30% of sales.

Due to its strong footprint in China, Nu Skin was earlier than most businesses in recognizing COVID-19’s economic impact and has already baked it into its 2020 guidance. The company anticipates a 5% to 10% sales decline and a 29% drop in earnings per share.

Nonetheless, Nu Skin should have no trouble covering its dividend. In February, the company increased its dividend to 37.5 cents per share, its 19th consecutive improvement. That comes out to $1.50 per share in annual dividends, versus analysts’ expectations for $2.01 per share, followed by a rebound to $2.49 in 2021. Moreover, the company has $345 million in cash (about $10 million more than its debt) that it can use to cover its payout if necessary.
Information to Act On

Economy

■ More stimulus coming. Congress and the Trump administration are still haggling over the details but the next stimulus package is expected to be huge, almost as big as the $2.2 trillion CARES Act signed into law in late March. What will be in it? Money for the financially troubled U.S. Postal Service as well as state and local funding, though it’s unclear how much. That’s one of the bones of contention between Democrats and Republicans on Capitol Hill. Democrats want fast assistance to the states, including funds to expand voting by mail, while Republicans are more skeptical, though they are eyeing liability protections for business owners who reopen. Meanwhile, President Trump wants tax incentives for companies, payroll tax cuts and infrastructure spending. The last two don’t have much support in Congress.

Fraud

■ Stimulus money scam. Scammers are taking advantage of confusion about when and how taxpayers can expect their stimulus checks to arrive. The IRS will mail eligible recipients a letter identifying the amount of money and the payment method they can expect. If the IRS already has your direct deposit information, you will receive that money electronically. For anyone whose bank account details aren’t on file with the IRS, paper checks are being mailed, but it could be months before all the checks arrive.

■ Here’s where the scam comes in. If you get an official-looking government check in the mail for an amount that’s more than you were expecting—$3,000 instead of $1,200—expect a phone call from the scammer, who will tell you to return the difference with cash, gift cards or money transfers. Don’t fall for it. Be just as suspicious of any text or email that asks you to verify your bank account numbers so that the IRS can deposit your money. The IRS does not contact taxpayers and ask them for their banking information.

■ Get ahead of the scammers. Filers and nonfilers alike can provide the agency with their direct deposit details using the Get My Payment app on the IRS website (www.irs.gov/coronavirus/economic-impact-payments). This is also a good way to check the status of your payment. The IRS says the glitches that marred the app’s launch have since been fixed.

■ Taxes

■ Deadline extensions. When the deadline for filing and paying 2019 taxes was extended to July 15, 2020, Uncle Sam also gave retirement savers more time to fund their nest egg. You now have until July 15, 2020, to make a 2019 contribution to an individual retirement or health savings account. An HSA doubles as a retirement savings account: After you turn 65, the money in the account can be withdrawn and used for nonmedical expenses.

■ Tax filing questions. Need an answer to your tax question this filing season? Don’t call the IRS because you may be in for a long wait. Taxpayers with queries are urged instead to use the resources on the agency’s website. Although the agency recalled 10,000 “mission critical” employees back to work in late April to answer phones and respond to mail, many offices and service centers remain closed. The IRS says this won’t affect the administration of the tax rebate payments or the processing of electronically filed returns, issuance of tax refunds with direct deposit or the acceptance of tax payments done by electronic transfer. But processing of paper returns is suspended until the agency fully reopens.

■ Returning 529 funds. Keep this rule in mind if you use 529 funds for your kid’s college education and you got a refund from the school for canceled classes or housing as a result of the physical campus being closed because of the coronavirus. Tax legislation enacted in 2015 waives tax and penalties if, after a distribution is made from the account, the student gets a refund from the college or university. To qualify for relief, you generally must redeposit the funds into a 529 account for the same beneficiary within 60 days. The retribution is treated as principal.

Medicare

■ A victory for patients. Medicare patients scored a big win recently in a nationwide class-action lawsuit, Alexander v. Azar. A federal district court ruled that patients who are initially admitted into a hospital as inpatients by their doctor and later have their status changed to “observation” can appeal to Medicare to reverse the decision. The Center for Medicare Advocacy, which filed the lawsuit, says that although Medicare allowed patients to
appeal other coverage decisions, it had blocked appeals from patients challenging their status for care.

How a patient’s status is classified, inpatient or observation, determines whether Medicare picks up the tab or the patient is saddled with a hefty bill for a post-hospital stay at a skilled nursing facility. Some patients were forced to pay up to $30,000 for that care because of the change in status. Medicare only covers care at skilled nursing facilities for inpatients who were hospitalized for three or more consecutive days. Observation patients are considered outpatients and ineligible for coverage.

Who is eligible to join the lawsuit? The Medicare advocacy group says: “If you are a Medicare beneficiary who received ‘observation services’ in a hospital since Jan. 1, 2009, and either did not have Medicare Part B or were hospitalized for at least three consecutive days but not three days as an inpatient, you may be a member of the class.” For more information about the class-action suit, visit the Center for Medicare Advocacy’s website (medicareadvocacy.org/medicare-info/observation-status).

Health Care

Drug shortage database. The Food and Drug Administration is closely monitoring shortages of prescription drugs to try and resolve them. For the status of a specific drug, check the agency’s online database of current and resolved shortages (accessdata.fda.gov/scripts/drugshortages/default.cfm). You can also report shortages of any prescription drugs on that site. The medications most likely to experience shortages—and any resulting price hikes—are those also being used to treat coronavirus patients, such as the blood thinner Heparkin and antibiotic Azithromycin. The database is also a good way to determine whether a jump in the cost of a medication is justified or simply price gouging.

Obamacare exchanges. Although the White House will not reopen the federal health care exchanges, unemployed Americans can still sign up for an Obamacare plan, including the millions of workers who have lost employer-provided coverage so far. Losing your job is a qualifying life event that allows you to get coverage via the federal marketplace outside the normal open enrollment period. To do so, you must apply within 60 days of losing access to your employer-based insurance. Eleven of the states with their own exchanges will offer special enrollment periods, allowing anyone who is eligible under Affordable Care Act rules to sign up. California, Connecticut, Colorado, Maryland, Massachusetts, Minnesota, Nevada, New York, Rhode Island, Vermont and Washington. Only Idaho won’t.

Insurance

Car insurance rebates. More than two-dozen insurers—including Allstate, Liberty Mutual, Progressive Farmer’s and State Farm—are giving customers a partial credit or reduced rate on their auto insurance premiums for March and April, with the potential for another in May. The paybacks are compensation for policyholders whose cars sat unused in driveways and parking spaces while most of America was on lockdown. State Farm, for example, is returning 25% of the premium for March 20 through May 31, in the form of a dividend to policyholders. Find out if your insurer is offering a partial rebate and if so, how much, at the Consumer Federation of America (consumerfed.org/issues/insurance/auto-insurance).

Real Estate

Home sales. Can you sell a house during a pandemic? Realtors will try. The virus has forced them to adapt quickly, forgoing open houses in favor of virtual tours. Online real estate brokerage Redfin is offering a 3D scan of all homes listed by its agents, as is Compass. Many Realtors are also offering live video walkthroughs of homes to prospective buyers. Expect more of these virtual open houses. A number of states have deemed real estate an essential business. Among them: Connecticut, Illinois, New Jersey and Wisconsin. These states will allow real estate agents to do showings, although they must limit the number of people in attendance and uphold social distancing requirements. But even some states, New York for one, that consider real estate essential allow only virtual property tours.

Refinancing. Despite a drop in home purchases, refinance activity should remain high. Mortgage rates are likely to come down a bit more from the current 3.3%, with rates on the 10-year T-note already very low at 0.7%. One reason mortgage rates have been slower to drop: Lenders are currently swamped with refinance applications, so for now they are not putting their best rates forward to drum up business.
**Starting Date for Social Security**

I am turning 70 on Aug. 16, 2020, and am filing online for Social Security. There is a question about what month I want my benefits to begin. Because it is April 1 today, my latest choice is August 2020, but that is prior to my 70th birthday. Based on what I have read, my first check will be received the month AFTER I begin my benefits. I am concerned that by saying August 2020, I will lose out on having waited until I turned 70. Should I wait until May 1, 2020, and then have the choice to begin benefits in September, or request August?

You are considered age 70 for the full month that your 70th birthday occurs, says Jim Blankenship, founder of Blankenship Financial Planning and author of *A Social Security Owner’s Manual*. If you start your benefit in August, your first check will arrive in early September, and you will still get credit for waiting until age 70 to collect Social Security.

**Stimulus Checks for Nonfilers**

Since my 95-year-old mother did not file a 2018 federal tax return, due to insufficient income for that year, will she still receive a stimulus check or direct deposit through the CARES Act?

Assuming your mother collects Social Security, she will receive her stimulus check. Social Security recipients, who typically don’t have to file tax returns, do not need to file a return to receive the money.

**The Switch to a Spousal Benefit**

My wife and I are over 70. I took my full Social Security income benefit at 66. My wife also took her income benefit, a year later at 66, based on her earnings record. Her current income benefit now is less than half if she were to take a spousal benefit. Can she change to a spousal benefit? How can she do this?

Your wife should be eligible for spousal benefits, equal to 50% of the benefit that you are receiving, Blankenship says. She just needs to apply for this benefit, and the new amount will replace what she’s currently receiving based on her own record. She can go online to *SocialSecurity.gov* to apply, or call the assistance center line at 800-772-1213. Once the coronavirus lock-downs are removed, you could also visit a local Social Security Administration office. Do this as soon as possible because every month of delay is simply lost money.

**Survivor Benefits**

I am 67, my husband is 89, and retired for many years. He is receiving Social Security. I am receiving a spousal benefit based on his earnings record but waiting until age 70 to claim my own benefit. When my husband passes, which may be very soon, will I continue to receive his full Social Security amount as a survivor’s benefit, plus the spousal benefit? Or will the spousal benefit go away?

Upon your husband’s passing, you will be eligible for a survivor (or widow’s) benefit, which would be equal to the benefit that he has been receiving. This will replace your spousal benefit that you are receiving now. You won’t receive both benefits, only the larger of the two.

**How to Become a Wellness Coach**

I enjoyed your article “Ways to Make Wellness Work for You” in the March 2020 issue of Kiplinger’s Retirement Report and was intrigued by the statement that senior housing centers and communities are adding wellness coaches and programs. It struck me that being a wellness coach would be something I would really enjoy doing in retirement as I am very much into exercise, a healthy diet, reducing stress and other kinds of self-care.

Are you aware of what qualifies someone to be a wellness coach? Is there a certification program for such? I’d be interested in receiving any additional information you may have about how to become a wellness coach. In fact, this might make for an interesting story in a future issue.

I’m so glad to hear that the article inspired you to become a wellness coach in retirement. There are courses and a certification program that you can take to become a wellness coach. Wellcoaches (wellcoacheschool.com) offers both a training and certification program that is endorsed by the American College of Sports Medicine and the American College of Lifestyle Medicine. Both are professional organizations for medical professionals in those fields. Let us know if you pursue this. Maybe we’ll write about you!

---

**DO YOU HAVE A RETIREMENT-PLANNING QUESTION?**

EMAIL IT TO RETIRE@KIPLINGER.COM.
Have you ever said to yourself “I’d love to get a computer, if only I could figure out how to use it.” Well, you’re not alone. Computers were supposed to make our lives simpler, but they’ve gotten so complicated that they are not worth the trouble. With all of the “pointing and clicking” and “dragging and dropping” you’re lucky if you can figure out where you are. Plus, you are constantly worrying about viruses and freeze-ups. If this sounds familiar, we have great news for you. There is finally a computer that’s designed for simplicity and ease of use. It’s the WOW Computer, and it was designed with you in mind. This computer is easy-to-use, worry-free and literally puts the world at your fingertips.

From the moment you open the box, you’ll realize how different the WOW Computer is. The components are all connected; all you do is plug it into an outlet and your high-speed Internet connection. Then you’ll see the screen – it’s now 22 inches. This is a completely new touch screen system, without the cluttered look of the normal computer screen. The “buttons” on the screen are easy to see and easy to understand. All you do is touch one of them, from the Web, Email, Calendar to Games – you name it… and a new screen opens up. It’s so easy to use you won’t have to ask your children or grandchildren for help. Until now, the very people who could benefit most from E-mail and the Internet are the ones that have had the hardest time accessing it. Now, thanks to the WOW Computer, countless older Americans are discovering the wonderful world of the Internet every day. Isn’t it time you took part? Call now, and you’ll find out why tens of thousands of satisfied seniors are now enjoying their WOW Computers, emailing their grandchildren, and experiencing everything the Internet has to offer. Call today!

“I love this computer! It is easy to read and to use! I get photo updates from my children and grandchildren all the time.”

– Janet F.

NEW
Now comes with...
Larger 22-inch hi-resolution screen – easier to see
16% more viewing area
Simple navigation – so you never get lost
Intel® processor – lightning fast
Computer is in the monitor – No bulky tower
Text to Speech translation – it can even read your emails to you!
U.S. Based Customer Service

FREE
Automatic Software Updates

CALL NOW to order your WOW Computer.

- Send & Receive Emails
- Have video chats with family and friends
- Surf the Internet:
  Get current weather and news
- Play games Online:
  Hundreds to choose from!

Call now toll free and find out how you can get the new WOW Computer.

Mention promotional code 112931 for special introductory pricing.

1-888-864-9650

© 2020 firstSTREET for Boomers and Beyond, Inc.
**TAXES**

**Property Tax Breaks for Retirees**

If you’re scouting around for a new place to live in retirement, you need to consider sales, property and any other local taxes in addition to income tax rates. If you’re planning to buy a home in your new location, property taxes should be examined closely, because they can be quite a bit higher than income taxes in many places. This is especially true in popular retirement locations that have low or no income taxes, such as Arizona, Florida, Nevada, South Carolina, Tennessee and Texas.

You also should educate yourself about the property tax breaks, if any, available to senior citizens in each locale. They can cut down your property tax bill significantly if you qualify.

**What You Should Look For**

Those tax breaks come in different forms—exemptions, tax credits, deferrals and rate freezes. They also come with different restrictions, such as qualifications based on age, income or length of residence. Examine each one carefully. To give you a sense of what to look for, here are a few examples of the hundreds of individual property tax breaks available to seniors nationwide:

- **Arizona.** Homeowners who are at least 65 years old, have lived in their primary residence for at least two years and fall below certain income limits (for 2020, one owner of a property must have total income of $37,584 or less, and multiple owners of a property must have a combined income of $46,980 or less) can have the valuation of their property frozen for three years.

- **California.** Homeowners age 62 or older can postpone payment of property taxes. You must have an annual income of less than $35,500 and at least 40% equity in your home. The delayed property taxes must eventually be paid (payment is secured by a lien against the property).

- **Oklahoma.** Seniors age 65 or older with income below $12,000 can claim an income tax credit for the amount that their property tax exceeds 1% of total income, up to $200.

- **South Carolina.** For senior homeowners, the first $50,000 of their home’s fair market value is exempt from local property taxes. To qualify, you must be at least 65 years old and have been a legal resident of South Carolina for one year, as of July 15 the year the exemption is claimed.

- **Texas.** For homeowners age 65 or older, $10,000 of the home’s assessed value is exempt from school taxes. Other taxing units may also offer an exemption of at least $3,000 to senior citizens.

- **Wisconsin.** The Wisconsin Housing and Economic Development Authority provides property tax deferral loans for homeowners age 65 or older with an income under $20,000.

Use Kiplinger’s Retiree Tax Map at [kiplinger.com/links/retireetaxmap](http://kiplinger.com/links/retireetaxmap) to check on the property tax breaks available for seniors in each state.

**Coronavirus-Related Property Tax Relief**

Temporary property tax relief triggered by the coronavirus outbreak may also be available to retirees. “Many states are, of course, modifying tax-related due dates due to the COVID-19 pandemic,” says Emily Baugh, senior analyst at Wolters Kluwer Tax & Accounting. For instance, she says, the deadline for seniors applying for Oregon’s property tax deferral program was extended from April 15 to June 15, 2020.

Retirees can also take advantage of other coronavirus-related property tax relief measures for all residents, not just senior citizens. For example, Iowa and Indiana are temporarily waiving penalties for property taxes paid late. **K. ROCKY MENGLE**
The Answers to More RMD Questions

WHEN THE CARES ACT MADE REQUIRED MINIMUM DISTRIBUTIONS OPTIONAL FOR 2020, THE Legislation LEFT READERS WITH MANY MORE QUESTIONS ABOUT WHEN THEY COULD RETURN THOSE DISTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT OR WHETHER THEY SHOULD CONVERT THE EQUIVALENT OF THE RMD TO A ROTH. HERE ARE OUR REPLIES.

I took my RMD more than 60 days ago in 2020. Can I return it to my IRA? It depends. The IRS recently issued new guidance that gives some people more time to return the money using an indirect rollover. If you took an RMD between Feb. 1 and May 15 and haven’t made any other indirect rollovers in the past year, you now have until July 15, 2020, to roll over the money into an IRA. If you took the money in January, you’re out of options now, but don’t lose hope. Between now and next April 15, when the taxes on those distributions are due, the IRS could come out with additional clarification that gets even those early birds off the hook. So stay tuned.

If I don’t have to take an RMD from my regular IRA in 2020, would it be beneficial to convert this same amount to my Roth account and pay the taxes incurred on that amount? Skipping your 2020 RMD and converting that same amount to a Roth is an excellent idea. Because Roths are funded with after-tax dollars, the money withdrawn in retirement is tax free, and Roths have no RMDs.

By not taking the RMD from a traditional IRA this year, you have more room to convert the funds without triggering a much higher tax bill (see our story on page 17). In any other tax year, the RMD and the Roth conversion amount would both be added to your overall annual taxable income, potentially launching you into a higher bracket.

“A Roth conversion is a bet that your taxes will be higher in the future,” says Evan T. Beach, director of wealth advisory for Campbell Wealth Management. “You know that next year your taxes will be higher if for no other reason than that you’re going to have to take an RMD.”

What about a qualified charitable distribution? Can I roll it back, and if not, how will that money be taxed? Because QCDs are distributions given directly to charity, you might be able to stop payment on the check before the charity gets it and then roll over the money. But you would have to act fast. Once the charity cashes the check or the funds are transferred to its account, you can’t get the money back to roll it over. And we’re not sure why you would want to. “QCDs are the most tax efficient way to give to charity,” says Ben Barzideh, wealth adviser for Piershale Financial Group. Because the distribution bypasses you, it isn’t added to your taxable income, so the net effect is zero. Plus, you can still qualify for the standard deduction, which nearly doubled in value beginning in 2018.

Does this new rule apply to income annuity payments? Do you know of a way to stop payments for one year only and to resume again in 2021? From a tax standpoint, the IRS treats all traditional IRAs as one pot, regardless of how the money is allocated, whether in annuities or some other investment. So, if you have an IRA annuity, the waiver does apply, but it will also depend on the insurance company and the annuity. “There are annuities that allow you to turn (the payments) on or off,” says Beach. If your annuity is one of them, then you can hit the pause button for 2020 and resume next year. Check with the insurer to determine what kind of annuity you have and whether the waiver can apply.

With 2020 RMDs for IRAs waived, my wife and I plan to skip taking an RMD this year. This will result in us having a significantly lower AGI for 2020. Will the Social Security Administration consider adjusting the IRMAA surcharges down for the remainder of 2020 since our AGI is lower? The income-related monthly adjustment amounts, or IRMAAs, that determine how much you pay for Medicare Part B and Part D plans rely on a formula specified in the Social Security Act. That formula bases the rates on your adjusted gross income from two years before. Although your IRMAAs will remain the same for this year, you should see your lower AGI reflected in the rate you pay in 2022.

KIPPLINGER’S RETIREMENT REPORT | 15

JUNE 2020
**Gifts for Grads to Build Good Money Habits**

**WHAT DO PARENTS AND GRANDPARENTS GIVE AS A GIFT TO THE COLLEGE GRADUATE OF 2020, WHO FACES A CRATERING JOB MARKET AND SHOULDERS AN AVERAGE OF $29,900 IN STUDENT LOAN DEBT?**

The short answer is financial help, but that doesn’t mean showering the new graduate in your life with lots of money, especially if you’re crunched for cash yourself.

The best financial gifts are those that improve financial behavior, says Len Hayduchok, president of Dedicated Financial Services in Hamilton, N.J. “Leverage those gifts to teach good financial habits.”

This generation will certainly need them. Their older siblings who graduated at the height of the Great Recession spent the next decade struggling to make up for lost wages early in their career. Their struggle was so pronounced that a 2018 report from the Federal Reserve Bank of St. Louis determined that those born in the 1980s were at greatest risk of “becoming a ‘lost generation’ for wealth accumulation.”

Today’s graduates aren’t destined to share the same fate, especially if parents and grandparents can help them ramp up their money skills and encourage them to save. That’s what the financial graduation gifts that follow aim to do. They range from thousands of dollars to one that is free, though it does involve the added gift of your time. Besides what you can afford, the new grad’s employment status also will determine which of these gifts you can give.

**A Savings Match.**

If the college grad in your life has landed a job, building an emergency fund that covers at least three months of living expenses should take priority over all other savings, even retirement. But financial planner Gordon Achtermann of Your Best Path Financial Planning in Fairfax, Va., has a way for you to help your child or grandchild do both while teaching them to save.

He suggests making a pact: For every dollar they put into a savings account, you match it with money in an IRA—up to the annual IRA limit of $6,000 in 2020—that you set up for them. (You can only contribute to someone’s IRA or Roth if that person has earned income, and those contributions cannot exceed their earnings.)

“If they take money out of the savings for something that is not a real emergency, the IRA payments stop until the money is replenished,” he says.

Which is better, a regular IRA or a Roth IRA? “If they don’t need the tax break that a traditional IRA provides, a Roth would be better,” Achtermann says.

**Help With Debt.**

Hayduchok suggests a similar pact for paying down debt. Offer to pay a couple of months of their loan payment, he says, if they put the same amount toward paying off a credit card. Along with monthly student loan payments averaging between $200 and $300, the average credit card debt for graduating students is $1,183, a 2019 Sallie Mae survey found.

**Financial Planning.**

It seems counterintuitive to give the new graduate, who may have no monetary assets to speak of, a few hours with a financial adviser, but that time with a professional can help these young adults start things off on the right foot, says Diane Pearson, a financial adviser with Pearson Financial Planning in Pittsburgh. Pearson has helped new grads evaluate job offers, understand the
kinds of insurance they need and determine where they can afford to live.

If they’re considering moving to another city, “we look at the cost of rent and whether they will need to buy a car.” The emphasis, she says, is on financial planning. “If you’ve got a strong foundation, the assets are going to come.”

**A Budgeting App.** Nothing helps a young person build a better financial foundation than learning to live within their means. If your finances are also tight, this next gift will be as much of a boon to you as it is to the recipient. Mint is a free budget app that helps users create budgets and track spending, bills and account balances to stay on target. The real gift, however, is spending some time teaching the new grad to use the app, or if it’s new to you, then learn together, says Achtermann. K CATHERINE SISKOS

### How Much You Can Give

The IRS allows every individual to give up to $15,000 per year to each recipient. If you are married, your spouse can also give $15,000 for a maximum combined gift of $30,000 in 2020. The recipient can be anyone, not just a relative, and the gifts may be cash, stocks or other valuables.

You can also make multiple gifts to different recipients. For example, if you have three grandchildren graduating in the same year, you can give each one $15,000. As long as you stay within that $15,000 limit, there are no gift taxes or filing requirements for either the giver or the recipient.

If you go over the limit, you must file a disclosure form with the IRS, and the exceeding amount is applied toward your lifetime gift tax exclusion of $11.58 million. Gift taxes are owed only if you exceed the lifetime gift tax exclusion.

Paying tuition directly to the school is not considered a taxable gift. In that instance, you can give more than the $15,000 limit without triggering gift tax filing requirements.

If you plan to give a substantial financial gift to a grandchild, you may want to wait until after they’ve finished their schooling. Because the child’s and parents’ assets are considered in financial aid applications, any monetary gift from you could hurt their chances of getting financial aid for college or graduate school.

---

### A Great Year for a Roth Conversion

**TWO EVENTS—A CRASHING STOCK MARKET AND THE WAIVER OF REQUIRED MINIMUM DISTRIBUTIONS IN 2020—HAVE UNEXPECTEDLY CREATED AN IDEAL TIME TO CONVERT RETIREMENT SAVINGS FROM A TRADITIONAL INDIVIDUAL RETIREMENT ACCOUNT TO A ROTH IRA.**

Unlike traditional IRAs, withdrawals from a Roth are tax free in retirement. The catch is that federal and state taxes are owed on the conversion amount for the year the conversion is made.

Those taxes, however, have just gotten more affordable. With the Dow Jones Industrial Average down 14% in the first four months of 2020, a shrunken retirement savings portfolio has less to tax.

For retirees with other sources of income, there’s the added bonus of skipping a 2020 required minimum distribution, an option the CARES Act allows only for this year. The waiver applies to RMDs from all traditional individual retirement accounts, including inherited IRAs, as well as defined contribution plans such as 401(k)s. In any other year, those distributions, which are mandatory at age 72 and taxed as ordinary income, would only add to your tax burden. Retirees who don’t need their 2020 RMD should consider converting to a Roth an amount equal to that waived distribution.

“This year is an unprecedented opportunity,” says Maria Erickson, a financial advisor at Freedom Financial and Business Planning in Tampa, Fla. “The numbers are pretty compelling. You can reduce your tax bill by 30% to 40%.”

**The Case for High Earners**

For people nearing retirement who are typically in their highest earning years, Roths are tantalizingly attractive savings vehicles that can seem frustratingly out of reach.

For one thing, not everyone can contribute to a Roth. Some high earners and people with no earned income cannot contribute at all. (Anyone else can contribute $6,000 in 2020, or $7,000 for those age 50 and over.)

The Internal Revenue Service bases eligibility on your modified adjusted gross income and tax filing status. If you are single and your MAGI exceeds $139,000, or $206,000 if you’re married and file jointly, you can’t contribute to a Roth IRA. But there are no income re-
strictions on contributions to traditional IRAs, nor are there any income limits or earnings requirements for Roth conversions. That means you can contribute to a traditional IRA and convert it to a Roth, a strategy known as a “backdoor” Roth IRA.

Even for high earners who are eligible to contribute, Roths aren’t always better. Financial advisers typically recommend Roths for individuals who expect to pay higher taxes in retirement. Because Roths are funded with after-tax dollars in exchange for tax-free retirement withdrawals, there are no tax breaks for contributions. In the past, the ability to reduce current taxable income by contributing pre-tax dollars to a traditional IRA typically has been of greater value to high earners, whose incomes usually fall in retirement anyway.

Then in 2017, Congress slashed tax rates to their lowest levels in decades. Unless Congress intervenes, those rates will sunset at the end of 2025. The U.S. national debt is currently at record levels, $24.7 trillion as of April 23, 2020. As Congress passes more relief measures to combat COVID-19 and a devastating recession, the debt is only expected to rise, increasing the odds of tax rates rising after 2025, too. That makes the case for converting to a Roth now even more compelling for high earners, who may pay higher taxes beginning in 2026.

Other Benefits to Consider
Tax-free withdrawals in retirement aren’t the only advantages Roths offer. In fact, their benefits compared to traditional IRAs have only grown in the past year.

One of the biggest boons: Roths have no RMDs, although they are required for beneficiaries other than a spouse. If you don’t need the money, you can leave the funds intact for your heirs, who now get a better deal with an inherited Roth compared to an inherited traditional IRA. Until Congress passed the SECURE Act last year, nonspouse beneficiaries of either a Roth or traditional IRA could “stretch” the accounts by taking distributions based on their life expectancy, but beginning in 2019, that option ended. Now those beneficiaries must withdraw all the money from either a regular or Roth IRA account within 10 years. The difference, though, is that withdrawals from an inherited Roth are tax free.

Unlike traditional IRAs, Roth IRAs also enable you to tap contributions free of taxes and penalties at any age for any reason. You can begin withdrawing earnings at age 59½ provided you have had the Roth account for at least five years. Otherwise, you will pay a 10% penalty for early withdrawals and be taxed on the earnings.

How Much Should You Convert?

Two things may determine how much you can afford to convert from a traditional to a Roth IRA in a given year: the effect on your tax rate and the means for paying the taxes on the conversion amount.

Because the conversion amount is added to your taxable income, it could potentially bump up your tax bracket. To stay within the same tax bracket, the most you could convert is the difference between your current tax bracket’s highest end and your pre-conversion taxable income. So, for example, a married couple filing jointly in 2020 with a taxable income of $100,000 pays 22% in taxes and can convert up to $71,050 without hitting the next tax bracket, which begins at $171,051 and is taxed at 24%.

You can also spread out the amount you want to convert over several years to minimize the tax impact, which can be painful. That same couple that converts $71,050 could potentially owe $15,631 on the conversion amount if they have only made deductible contributions to any traditional IRA they own.

If you have also made nondeductible contributions over the years, the tax bill isn’t a straightforward percentage based on your income. Instead, you will need to calculate which portion of those contributions were deductible and nondeductible for every traditional IRA you own, not just the one being converted. Inherited IRAs are excluded from this equation.

The IRS doesn’t want you to pick and choose which types of contributions are used for the conversion. Instead, a ratio of pre-tax to after-tax assets for all IRA accounts is used to determine how much of the contributions should be taxed. Earnings, of course, are always taxed. You may want professional tax help to determine what you will owe before deciding how much to convert.

If you have a regular 401(k) and are retired, the IRS allows you to roll over (not convert) only after-tax contributions directly into a Roth IRA, eliminating the tax bill on the rolled-over amount.

Keep in mind if you pay the taxes for a Roth conversion using money from an IRA, the IRS considers the portion used for taxes a distribution. In that case, taxes and a 10% penalty, if it’s an early withdrawal made before age 59½, will apply. Whenever possible use savings from a nonretirement account to pay the taxman.

K Mark A. Stein
Invest in your children’s future

The Week Junior is brought to you by the publisher of The Week, America’s most trusted newsweekly. The Week Junior’s content is safe, informative, and entertaining. It’s packed with amazing news and stories for the 8- to 14-year-old kids in your life.

To subscribe, visit us at theweekjunior.com/kiplinger to get our special introductory rate of just $1.40 per issue!

The Week Junior

An exciting read in the mail every week
Going Places Without a Car

Maria Seltzer used to drive downtown from the eastern part of San Diego County to the theater. Then she began driving instead to a nearby Metropolitan Transit System trolley stop, where she could park her car for free and ride about an hour into the city. “I like musicals,” Seltzer says. “If it’s a musical, I’m in.”

Though Seltzer, 79, still drives, getting to the theater and ballet was becoming more difficult, especially competing for a parking spot downtown. “I was glad I could find a different way to get there,” she says.

In the midst of a deadly pandemic, it may be hard to imagine a time when riding mass transit or getting into a city cab will be perfectly normal things to do for anyone, let alone senior citizens. “I was glad I could find a different way to get there,” she says.

According to the American Journal of Public Health, Americans on average outlive their ability to drive safely by 10 years for women and seven years for men. Like Seltzer, three-quarters of Americans age 65 and older live in suburban and rural areas where mass transit options can be minimal, if they exist at all.

Even some cities fall short. San Diego isn’t like New York City where you just get on the subway, says Seltzer, a former dancer who lived in New York before she and her late husband moved to California. “We don’t have that here.”

Becoming a Passenger
Most Americans equate driving with autonomy and prefer not to think about a time when they can no longer drive, leaving them unprepared once that day finally arrives.

“They think they’re going to drive forever,” says Katherine Freund, founder of the Independent Transportation Network of America, a nonprofit transportation network for seniors and the visually impaired. Through affiliates or partnerships, ITN (itnamerica.org) provides transportation for seniors in communities in 47 states.

Eventually, though, something happens that prevents you from getting behind the wheel. Your vision deteriorates, for example, or you have a knee or hip replacement. Typically, “it’s not an all-or-nothing situation,” Freund says, adding that the transition from driver to passenger usually happens in stages over 10 years.

At first, you might stop driving at night or to unfamiliar places. Then it might be avoiding longer distances or nearby cities. Research from the AAA Foundation for Traffic Safety found that 1 in 5 older drivers reduced their driving in the past year, with 57% of women and 43% of men reporting they had cut back. Over time, those cutbacks add up, potentially limiting your social interaction and damaging your quality of life.

“Social isolation and loneliness are real concerns for our growing population of older people,” says Lisa D’Ambrosio, a research scientist with the Massachusetts Institute of Technology AgeLab in Cambridge.

Social media and virtual connections like FaceTime are helpful but not always enough, as many Americans discovered when the coronavirus kept them isolated in their homes. Some people want, need and can benefit from more personal interactions, not just the virtual ones, D’Ambrosio says.

Location Is Everything
Beyond the social benefits, reliable public transportation is essential for daily life, and location is everything
when it comes to finding practical alternatives to driving. Some communities have better public transportation than others, including paratransit for disabled passengers who can’t use a public bus that follows a fixed route.

“Where you choose to live becomes very important,” says Shawn Brennan, transportation and mobility manager for Maryland’s Montgomery County Aging and Disability Services.

Experts suggest researching transportation options when you’re considering where to live in retirement.

“Think about these things before they become an issue,” says Rhonda Shah, a project manager with AAA Traffic Safety Advocacy. “Transportation definitely should be one consideration before you make a move.”

For example, think of five places you regularly want or need to go: supermarkets, the post office, a doctor’s office, your children’s home or a place of worship.

“How do you get there now, and how might you get there without a car?” asks licensed certified social worker Beth Shapiro, who developed a course, To Drive or Not to Drive, that helps people transition from driver to passenger.

Consider your support system in the town or city where you plan to retire. Family members and friends can help but only to a point. They may be busy with their own lives, which means finding alternatives and learning how to use them.

“Public transportation can be intimidating so build up your comfort level by practicing with a friend or family member,” says AAA’s Shah.

If you’re in good health, look for pedestrian-friendly neighborhoods with places you can walk to. Some retirees also are turning to pedal-assist electric bicycles and three-wheelers for making short, local trips.

Nonprofits to the Rescue

Keep in mind that some transit options may be through nonprofit or private organizations. For example, in Sussex County, Del., where many retired people live and public transportation is minimal, nonprofit group and ITN affiliate Independent Transportation Network Southern Delaware fills the void. The organization has 300 members age 55 and older who rely on volunteer drivers.

“Most of these people do not drive at all,” says retired teacher and administrator Joe Feichtl, who has been a volunteer driver with the group for four years. “They are stuck in the house. We drive 24 hours a day.”

Area residents regularly schedule rides to doctor’s appointments, religious services, grocery stores, drug stores, concerts, theaters, restaurants and hair salons. Members deposit an initial $50 into their accounts to cover the transit cost of $1.50 per mile plus a $3.50 pickup fee. No money changes hands, and no tipping is allowed. The membership fee is $40 per year for individuals, $70 for families.

Some of the group’s members who still drive prefer not to if it’s a longer trip late at night. For example, one woman in her mid-50s reserved a volunteer driver to take her to her daughter’s birthday party at 10 p.m. in Ocean City, Md., 22 miles from her home in Delaware.

HARRIET EDLESON

Transit Resources

When scouting out transportation options, here are some organizations that can help.

If you still drive, AAA (seniordriving.aaa.com) offers a driver refresher course in most states ($15.95, members; $19.95, nonmembers). An online course through AARP (aarpdriversafety.org) ranges between $20 and $30, depending on the state, with discounts available for members.

GoGo (gogograndparent.com) enables people without smartphones to use ride service companies Uber and Lyft by calling 855-464-6872. The “concierge” fee is 27 cents per minute added to the Uber or Lyft fare; operators will quote an approximate fare before sending a vehicle. You can set up an account by phone or online, and the service will charge the card you have on file. There is no membership fee. Ask the operator if service is available in your area.

National Volunteer Transportation Center (ctaa.org/national-volunteer-transportation-center) can help you find nonprofit transportation alternatives in your community.

Rides in Sight (ridesinsight.org) has a database that you can search by location for transportation options that serve seniors and the visually impaired.

Village to Village Network (vtvnetwork.org) helps communities establish a “village,” a group of volunteers that typically provides rides and other assistance for older adults. Visit the site to find or start a village.

Walkscore (walkscore.com) rates cities, towns and neighborhoods based on how easily stores, parks and other destinations can be reached on foot.
See the World Without Leaving Home

In February, the U.S. State Department issued a Global Level 4 Health Advisory—its most dire warning—that it summarized in three words: “Do Not Travel.” Passing through Transportation Security Administration checkpoints a day later were 146,348 fliers, 93% fewer than the same date a year earlier.

The coronavirus has grounded even the most avid travelers this year. In a survey by market research firm Longwoods International, 67% said the pandemic had affected their travel plans for the next six months.

So what’s a globe-trotting, nature-loving, house-bound culture vulture to do? Plenty. You can still visit museums and marvel at their great works of art, tour historical landmarks and stroll through foreign cities. And you can do it all from home as a virtual sightseer because these sights can be toured online for free.

Fine Art. If you like fine art, for example, you will love Google Arts and Culture (artsandculture.google.com). The website, which the Paris-based Google Cultural Institute launched in 2011, has organized more than 3,000 professionally curated online exhibitions of artifacts, photographs and paintings from museums around the world. Now you can get up close to view famous masterpieces like Edvard Munch’s “The Scream” or lesser-known works like Claude Monet’s 1875 portrait of his fellow Impressionist artist Pierre-Auguste Renoir.

Landmarks. Social distancing won’t keep you from virtually visiting some of the world’s famous structures. On the same Google Arts and Culture site discover what it’s like to stand atop the Taj Mahal or stroll through the rooms of the Palace of Versailles, enjoying 360-degree views of both places and a zoomed-in look at the details.

Elsewhere online, take a hot-air balloon ride over the Buddhist temple complex (youtube.com/watch?v=8epwUR6B8os&feature=youtu.be) in Bagan, Myanmar, or walk through Petra (youtube.com/watch?v=HCoyRrylVrg&feature=youtu.be), the Jordanian city of palaces, temples and tombs carved out of sandstone 24 centuries ago.

History. In the U.S., the National Women’s History Museum (womenshistory.org/womens-history/online-exhibits) has exhibits on women’s suffrage as well as the considerable contributions black women have made to the civil rights movement and as mathematicians for NASA and its predecessor, the National Advisory Committee for Aeronautics.

The Museum of Flight (museumofflight.org/ExploreThe-Museum/Virtual-Museum-Online) in Seattle offers virtual tours of aircraft from long-range bombers to Alaskan bush planes. Not surprisingly, Boeing, which used to be based in Seattle, dominates the museum’s lineup. It includes a pair of World War II bombers, the B-17F and B-29; the Boeing VC-137B that was the first “Air Force One”; an Antonov An-2, the largest single-engine biplane; and the supersonic Concorde airliner.

National Parks. When you are tired of being stuck indoors, explore the great outdoors. The National Park Service (nps.gov/yell/learn/photosmultimedia/virtualtours.htm) is creating a library of virtual assets depicting some of the most beautiful landscapes in the world.


Street Life. Often, the best and most relaxing part of a vacation is the time spent strolling through a city or rambling in the countryside. There are stay-at-home options here as well. You can, for example, watch streaming videos of what it is like to wander through Seoul’s Myeong-dong shopping district (youtube.com/watch?v=w-m4UON2Hlk) on a busy day or appreciate the sophistication and skills of the Incas who built Machu Picchu (youvisit.com/tour/videos/machupicchu/80561?id=16601) in Peru. K MARK A. STEIN
A MEDICARE ADVANTAGE MSA PLAN ADDS VALUE TO A HEALTHY LIFESTYLE

The Lasso Healthcare MSA (Medical Savings Account) gives you money toward your health care. You decide how to spend, save or invest the funds.

KEY FEATURES OF THE MSA INCLUDE:

- A deposit of money from Medicare into your MSA bank account ($3,240 in 2020)
- Keep any unused funds at year-end
- $0 monthly premium
- No network — see any Medicare provider
- Special tax advantages
- Earn up to $250 in gift card rewards to major retailers via our health incentives

LassoHealthcare.com/kip | (800) 918-2795

Deposit and deductible prorated for within-year enrollments. 2020 enrollment available in AZ, AR, DC, DE, GA, HI, IL, IN, KS, KY, LA, MD, MN, MS, MT, NC, ND, NM, NV, OH, PA, RI, SC, SD, TX, UT and WY.

Lasso Healthcare MSA is an MSA with a Medicare contract. Enrollment in the Plan depends on contract renewal.
Synchrony Bank gives you competitive rates and a convenient mobile app, so you can save with confidence and stay in control. It's banking in sync with you.