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Spring 2019

Tax Scams to Watch Out For

Quiz: How Much Have You Thought About Health and Health-Care Costs in Retirement?

What are some tips for creating a home inventory?

What are some ways to prepare financially for severe weather?



Spring 2019 Update

Spring has arrived! We welcome the warmer temperatures and sunny days. Let us know if you have any fun trips for plans for this spring or upcoming summer. We always like to hear about happenings with our clients.

8th Annual "Shred" Event and Open House

The Wednesday after tax-day, April 17, plan to come by our office for a fun spring event. Bring your confidential documents to our office to take advantage of our professional shredding services. Stay and enjoy some shredded barbeque. See the enclosed flyer for more details on this fun event!

When: Wednesday, April 17, 11:30 am – 2 pm

Where: Our Office at 1255 Crescent Green, Suite 440

RSVP to Tami at
tami@keystonefinancialpartners.com or
919-463-0018.

Please Note that if you can't make it to this shred event, our clients are always welcome to drop off documents to be shred anytime at our office. We have a regular service that picks up and shreds our confidential documents.

Jim Trull Recognized as Leading Financial Advisor by Commonwealth Financial Network

Jim Trull achieved Commonwealth President's Club status for 2019. This distinction recognizes successful financial advisors based on a ranking of annual production among Commonwealth's network of approximately 1,710 financial advisors. Commonwealth is the nation's largest privately held independent broker/dealer-RIA and the broker/dealer of choice for Jim Trull. In earning this distinction, Jim Trull has qualified to join his peers at the Commonwealth President's Club conference, May 5-10, 2019, at the Montage Palmetto Bluff in Bluffton, SC.

The Benefits of Donating Your RMD to Charity

For clients over age 70 ½, you must take a Required Minimum Distribution each year. If you do not need the income or are already using the income to support a favorite charity, you may want to consider donating all or part of your RMD directly to your charity of choice. Qualified Charitable Distributions (QCD) is a tax-savvy strategy with several benefits. If the money is not distributed to you, it reduces the taxable amount of your IRA distribution and lowers your adjusted gross income. That could help you to (1) avoid the Medicare high-income surcharge, (2) make fewer of your Social Security dollars taxable, and (3) maybe even keep you in a lower tax bracket. If this is a strategy you may be interested in, please contact our office at 919-463-0018 to learn more.

Chris Walsh Welcomes a New Addition to His Family

Keystone Financial Partners congratulates Chris on newest addition to his family. Baby girl Ella was born on February 22. She came earlier than expected and needed a bit of extra care by the hospital NICU, but she is now home. Chris and his wife, Lauren are settling into the new routine of managing a toddler and newborn. Big sister Aubrey is curious, but also helpful with Ella. We're happy for his growing family.

New Videos Added to Keystone Web Site

Visit our web site and take a look at our most recent videos. Investor's often make emotional, short-sighted decisions. These videos give tips on how to take control of those emotions and how we react to them. Most recent videos include Fake Headlines, Market Whiplash and Investing: It's Simple, But Not Easy.

Tax Scams to Watch Out For



It is important to remember that the IRS will never initiate contact with you by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media.

While tax scams are especially prevalent during tax season, they can take place any time during the year. As a result, it's in your best interest to always be vigilant so you don't end up becoming the victim of a fraudulent tax scheme.

Here are some of the more common scams to watch out for.

Phishing

Phishing scams usually involve unsolicited emails or fake websites that pose as legitimate IRS sites to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft.

It is important to remember that the IRS will never initiate contact with you by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media. If you get an email claiming to be from the IRS, don't respond or click any of the links; instead forward it to phishing@irs.gov.

Phone scams

Beware of callers claiming that they're from the IRS. They may be scam artists trying to steal your money or identity. This type of scam typically involves a call from someone claiming you owe money to the IRS or that you're entitled to a large refund. The calls may also show up as coming from the IRS on your Caller ID, be accompanied by fake emails that appear to be from the IRS, or involve follow-up calls from individuals saying they are from law enforcement. Sometimes these callers may threaten you with arrest, license revocation, or even deportation.

If you think you might owe back taxes, contact the IRS for assistance at [irs.gov](https://www.irs.gov). If you don't owe taxes and believe you have been the target of a phone scam, you should contact the [Treasury Inspector General](https://www.treasury.gov) and the [Federal Trade Commission](https://www.ftc.gov) to report the incident.

Tax return preparer fraud

During tax season, some individuals and scam artists pose as legitimate tax preparers, often promising unreasonably large or inflated refunds. They try to take advantage of unsuspecting taxpayers by committing refund fraud or identity theft. It is important to choose a tax preparer carefully, since you are legally responsible for what's on your return, even if it's prepared by someone else.

A legitimate tax preparer will generally ask for proof of your income and eligibility for credits and deductions, sign the return as the preparer, enter the Preparer Tax Identification Number, and provide you with a copy of your return.

Fake charities

Scam artists sometimes pose as a charitable organization in order to solicit donations from unsuspecting donors. Be wary of charities with names that are similar to more familiar or nationally known organizations, or that suddenly appear after a national disaster or tragedy. Before donating to a charity, make sure that it is legitimate. There are tools at [irs.gov](https://www.irs.gov) to assist you in checking out the status of a charitable organization, or you can visit [charitynavigator.org](https://www.charitynavigator.org) to find more information about a charity.

Tax-related identity theft

Tax-related identity theft occurs when someone uses your Social Security number to claim a fraudulent tax refund. You may not even realize you've been the victim of identity theft until you file your tax return and discover that a return has already been filed using your Social Security number. Or the IRS may send you a letter indicating it has identified a suspicious return using your Social Security number. If you believe you have been the victim of tax-related identity theft, you should contact the IRS Identity Protection Specialized Unit at 800-908-4490 as soon as possible.

Stay one step ahead

The best way to avoid becoming the victim of a tax scam is to stay one step ahead of the scam artists. Consider taking the following precautions to keep your personal and financial information private:

- Maintain strong passwords
- Consider using two-step authentication
- Keep an eye out for emails containing links or asking for personal information
- Avoid scam websites
- Don't answer calls when you don't recognize the phone number

Finally, if you are ever unsure whether you are the victim of a scam, remember to trust your instincts. If something sounds questionable or too good to be true, it probably is.

Quiz: How Much Have You Thought About Health and Health-Care Costs in Retirement?



According to the 2018 Senior Report from America's Health Rankings, social isolation is associated with increased mortality, poor health status, and greater use of health-care resources. The risk of social isolation for seniors is highest in Mississippi and Louisiana and lowest in Utah and New Hampshire.

When planning for retirement, it's important to consider a wide variety of factors. One of the most important is health and its associated costs. Thinking about your future health and the rising cost of health care can help you better plan for retirement in terms of both your finances and overall well-being. This quiz can help you assess your current knowledge of health and health-care costs in retirement.

Questions

1. Health-care costs typically rise faster than the rate of inflation.

True.

False.

2. You could need more than \$500,000 just to cover health-care costs in retirement.

True.

False.

3. Medicare covers the costs of long-term care, as well as most other medical costs.

True.

False.

4. The southern, warmer states are generally the healthiest places for seniors to live.

True.

False.

5. If you're concerned about health-care costs in retirement, you can just delay your retirement in order to maintain your employer-sponsored health benefits.

True.

False.

Answers

1. True. The average inflation rate from 2010 to 2017 was less than 2%, while the average spending on prescriptions, doctors, and hospitals grew between 4% and 5%. From 1970 to 2017, annual per-capita out-of-pocket spending on health care grew from about \$600 to approximately \$1,100 (in 2017 dollars).¹

2. True. In 2017, America's Health Rankings projected that a 45-year-old couple retiring in 20 years could need about \$600,000 to cover their health-care costs, excluding the cost of long-term care. The same report projected that about 70% of those age 65 and older will need some form of long-term care services. And according to the Department of Health and Human Services, the average cost of a one-year stay in a nursing home (semi-private room) was \$82,000 in 2016.²

3. False. Original Medicare Parts A and B help cover inpatient hospital care, physicians' visits, preventive care, certain laboratory and rehabilitative services such as physical therapy, and skilled nursing care and home health care that are not long term. Medicare Part D helps cover the cost of prescriptions (within certain guidelines and limits). Medicare does not cover several other costs, including long-term care, dental care, eye exams related to eye glasses, and hearing aids. Seniors may need to purchase additional insurance to cover these and other services not covered by Medicare.³

4. False. Interestingly, America's Health Rankings found that the five healthiest states for seniors were (1) Utah, (2) Hawaii, (3) New Hampshire, (4) Minnesota, and (5) Colorado.⁴

5. Maybe true, maybe false. Many people believe they will work well into their traditional retirement years, both to accumulate as large a nest egg as possible and to take advantage of employer-sponsored health benefits (if offered beyond Medicare age). While this is an admirable goal, you may not be able to control when you actually retire. In a 2018 retirement survey, nearly 70% of workers said they planned to work beyond age 65; 31% said they would retire at age 70 or older. But the reality is that nearly 70% of current retirees retired before age 65. Many of those individuals retired earlier than planned due to a health problem, disability, or other unforeseen hardship.⁵

The bottom line is that while it's hard, if not impossible, to predict your future health needs and health-care costs, it's important to work these considerations into your overall retirement planning strategies. Take steps now to keep yourself healthy — eat right, exercise, get enough sleep, and manage stress. And be sure to account for health-care expenses in your savings and investment strategies.

¹ Consumer Price Index, Bureau of Labor Statistics, 2018, and Peterson-Kaiser Health System Tracker, 2018

² Preparing for Health Care Costs in Retirement, America's Health Rankings, 2017, and LongTermCare.gov, 2018

³ Medicare.gov

⁴ Senior Report, America's Health Rankings, 2018

⁵ 2018 Retirement Confidence Survey, Employee Benefit Research Institute

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What are some tips for creating a home inventory?

Imagine having to remember and describe every item in your home, especially after you've been the victim of a fire, theft, or natural disaster.

Rather than relying on your memory, you may want to prepare a home inventory — a detailed record of all your personal property. This record can help substantiate an insurance claim, support a police report when items are stolen, or prove a loss to the IRS. Here are some tips to get started.

Tour your property. A simple way to complete your inventory is to make a visual record of your belongings. Take a video of the contents of each room in your home and spaces where you have items stored, such as a basement, cellar, garage, or shed. Be sure to open cabinets, closets, and drawers, and pay special attention to valuable and hard-to-replace items. You can also use the tried-and-true, low-tech method of writing everything down in a notebook, or use a combined approach. Mobile inventory apps and software programs are available to guide you through the process.

Be thorough. Your home inventory should provide as many details as possible. For

example, include purchase dates, estimated values, and serial and model numbers. If possible, locate receipts to support the cost of big-ticket items and attach copies of appraisals for valuables such as antiques, collectibles, and jewelry.

Keep it safe. In addition to keeping a copy of your inventory at your home where you can easily access it, store a copy elsewhere to protect it in the event that your home is damaged by a flood, fire, or other disaster. This might mean putting it in a safe deposit box, giving it to a trusted friend or family member for safekeeping, or storing it either on an external storage device that you can take with you or on a cloud-based service that provides easy and secure access.

Update it periodically. When you obtain a valuable or important item, add it to your inventory as soon as possible. Review your home inventory at least once a year for accuracy. You can also share it annually with your insurance agent or representative to help determine whether your policy coverages and limits are still adequate.



What are some ways to prepare financially for severe weather?

Floods, tornadoes, lightning, and hail are common spring events in many parts of the country and may result in

widespread damage. Severe weather often strikes suddenly, so take measures now to protect yourself and your property.

Review your insurance coverage. Make sure your homeowners and auto insurance coverage is sufficient. While standard homeowners insurance covers losses from fire, lightning, and hail (up to policy limits), you may need to buy separate coverage for hurricanes, floods, earthquakes, and other disasters. Consult your insurance professional, who can help determine whether you have adequate coverage for the risks you face.

Create a financial emergency kit. Collect financial records and documents that may help you recover more quickly after a disaster. This kit might contain a list of key contacts and copies of important documents, including identification cards, birth and marriage certificates, insurance policies, home inventories, wills, trusts, and deeds. Make sure your kit is stored in a secure fireproof and

waterproof container that is accessible and easy to carry. The Emergency Financial First Aid Kit, available online at [ready.gov](https://www.ready.gov), offers a number of checklists and forms that may help you prepare your own kit, as well as tips to guide you through the process.

Protect your assets. Take some commonsense precautions to safeguard your home, vehicles, and other possessions against damage. For example, to prepare for a possible power outage, you might want to install an emergency generator and a sump pump with a battery backup if you have a basement or garage that is prone to flooding. Inspect your yard and make sure you have somewhere to store loose objects (e.g., grills and patio furniture) in a hurry, cut down overhanging tree limbs, and clean your gutters and down spouts. Check your home's exterior, too, to make sure that your roof and siding are in good condition, and invest in storm windows, doors, and shutters. In addition, make sure you know how to turn off your gas, electricity, and water should an emergency arise. And if you have a garage, make sure your vehicles are parked inside when a storm is imminent.