

Retirement and Health Care

Do You Plan to Retire?

What does this mean to you?

When does this Start?



Retirement Cost of Living

How much do you need Annually?

What does the farm cover now?

Will the farm still cover expenses in retirement?

Where will you live? Can you age in place? (How many steps into the house?)

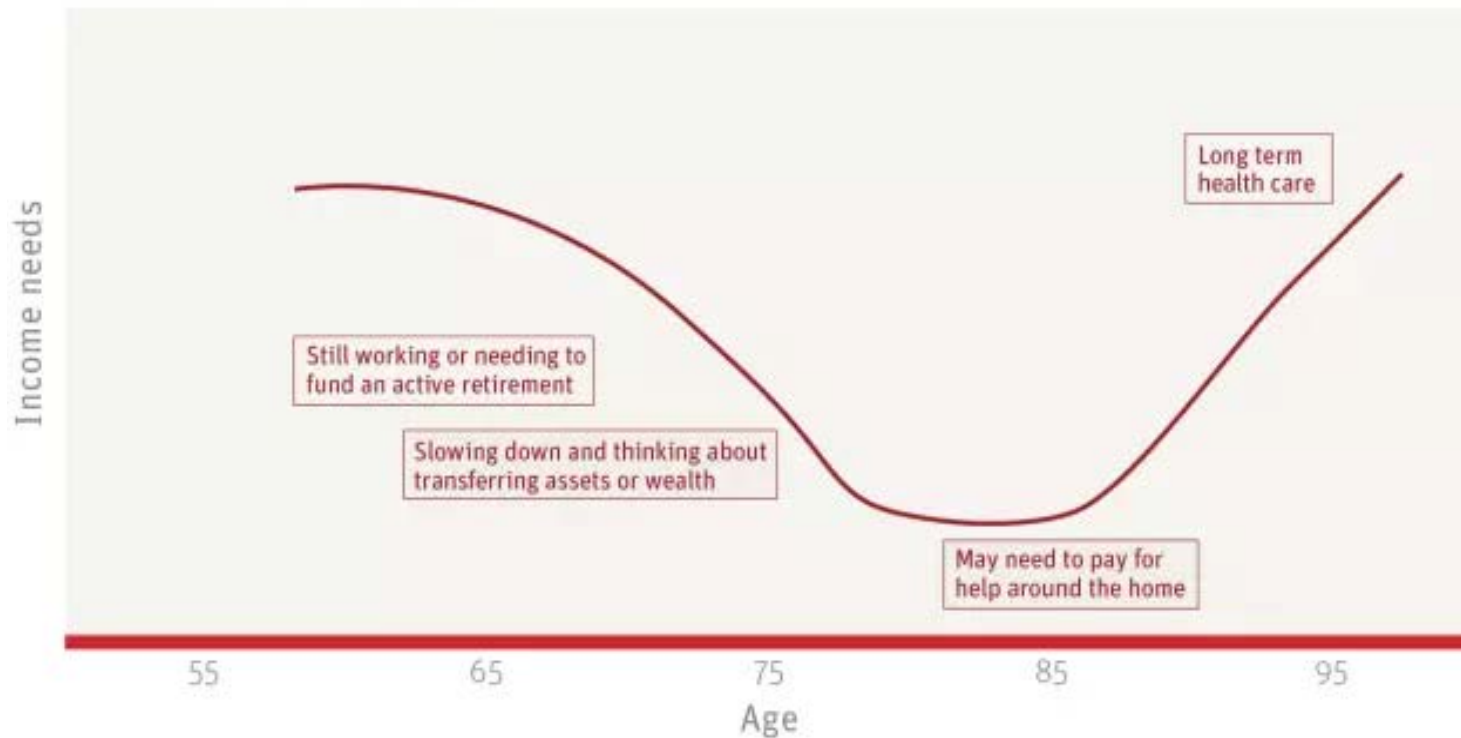
Health Care Needs?

Be realistic



Retirement Cost of Living

THE RETIREMENT SMILE



Retirement Cost of Living

Need to Factor in Inflation

\$40,000 income need

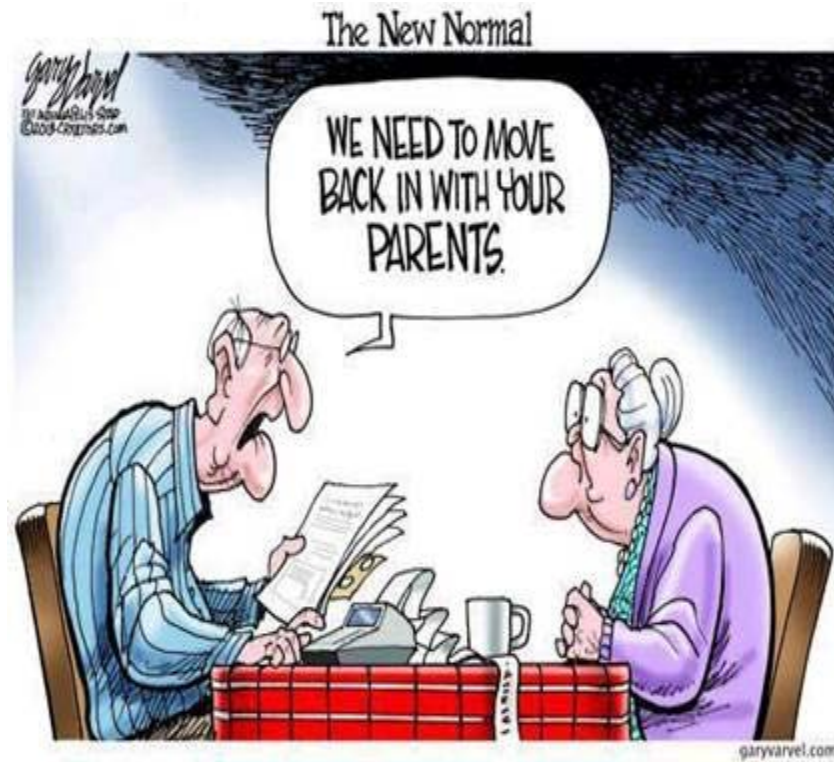
At 3% inflation becomes:

\$51,000 need in 10 years

\$68,000 need in 20 years



Options



Sources

- Social Security Income
- Investments: IRA's, Stocks, Bonds, Savings
- Spouse Retirement Income
- Keep working (on farm or off)
- Sale of Farm Assets
- Renting the Farm
- Sale of Conservation Easement

Social Security

YOUNG FARMER'S PAY ATTENTION

Based on your top 35 years of earnings

Many, Many Farmers Hurt Themselves with Social Security by Tax Avoidance on Sch F.

Many spouses hurt when their income not reported (Should be partner, employee or member of a qualified joint venture)

Social Security payments are adjusted for Inflation unlike other retirement sources.



Traditional, SEP, SIMPLE IRA Reduce Your Adj. Gross Income

SCHEDULE 1 (Form 1040)		Additional Income and Adjustments to Income		OMB No. 1545-0074 2018 Attachment Sequence No. 01	
Department of the Treasury Internal Revenue Service		▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information.			
Name(s) shown on Form 1040				Your social security number	
Additional Income	1-9b Reserved			1-9b	
	10 Taxable refunds, credits, or offsets of state and local income taxes			10	
	11 Alimony received			11	
	12 Business income or (loss). Attach Schedule C or C-EZ			12	
	13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>			13	
	14 Other gains or (losses). Attach Form 4797			14	
	15a Reserved			15b	
	16a Reserved			16b	
	17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E			17	
	18 Farm income or (loss). Attach Schedule F			18	
	19 Unemployment compensation			19	
	20a Reserved			20b	
21 Other income. List type and amount ▶			21		
22 Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23			22		
Adjustments to Income	23 Educator expenses	23			
	24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	24			
	25 Health savings account deduction. Attach Form 8889	25			
	26 Moving expenses for members of the Armed Forces. Attach Form 3903	26			
	27 Deductible part of self-employment tax. Attach Schedule SE	27			
	28 Self-employed SEP, SIMPLE, and qualified plans	28			
	29 Self-employed health insurance deduction	29			
	30 Penalty on early withdrawal of savings	30			
	31a Alimony paid b Recipient's SSN ▶	31a			
	32 IRA deduction	32			
	33 Student loan interest deduction	33			
	34 Reserved	34			
	35 Reserved	35			
	36 Add lines 23 through 35	36			

Retirement Savings

Investments and Financial Planning



**“I retire on Friday and I haven’t saved a dime.
Here’s your chance to become a legend!”**

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Retirement Savings

- Start early and take advantage of compounding
- Contribute as much as you can even if it's a small amount
- Watch out for fund fees
- Socially Responsible Funds available
- WATCH ASSET ALLOCATION
- 4% withdrawal rule, the standard benchmark, not perfect, but a place to start a budget

Asset and Conservation Easement Sales

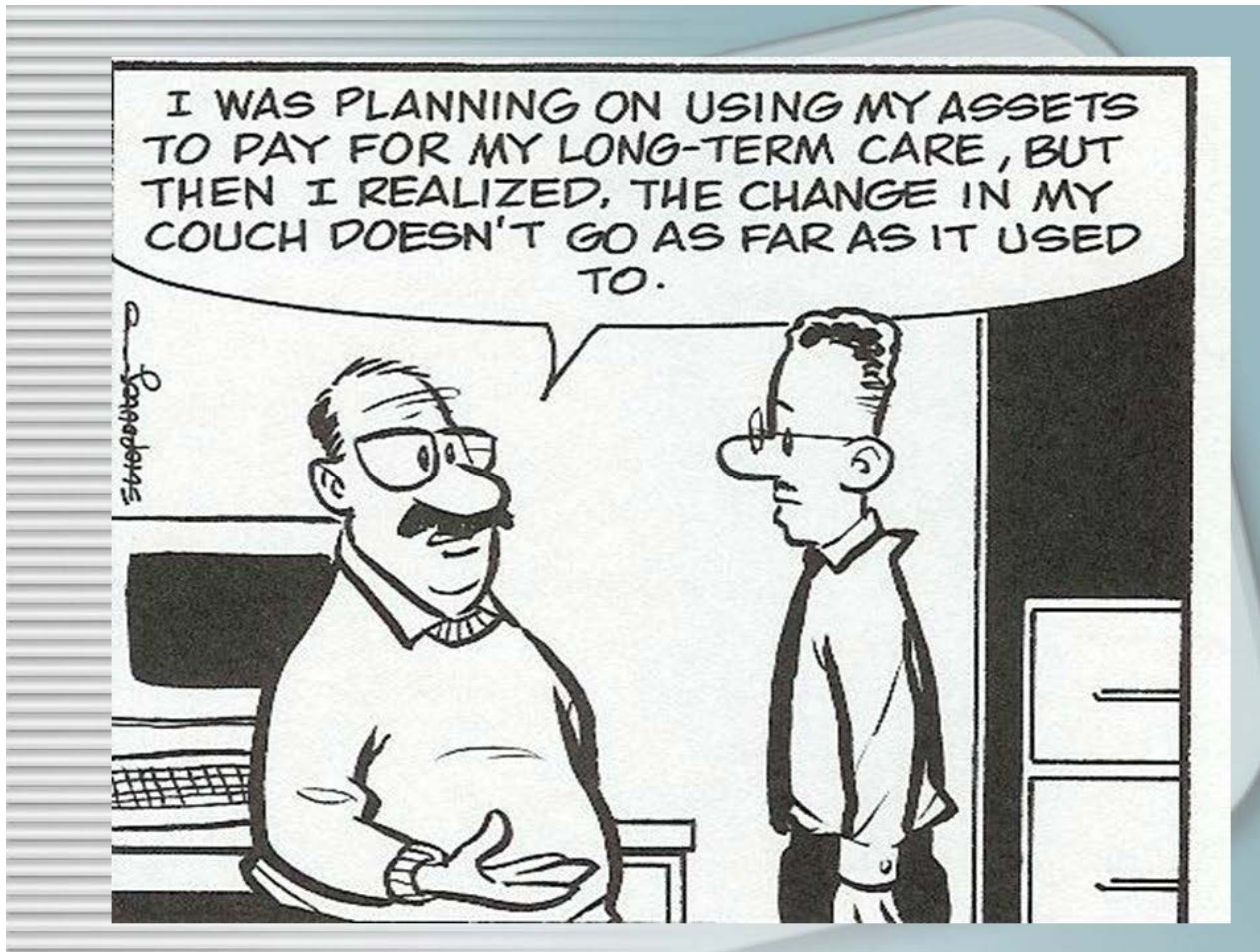
- Understand the Tax Implications
- Easement Sales are Taxable Events
- Debts need to be figured in and addressed
- Installment Sales can often be beneficial to both generations, but not without risks.
- **Easement Sales can only fund one generation's retirement during perpetuity—and that's a long time.**



Health Care

- Sign up for Medicare at 65
- Medicare will not cover 100% of your costs
- Some people are “dual eligible” Medicare and Medicaid
- Medicare is for acute, short-term care, not long-term care (nursing home)
- The Wildcard: What will be your health care needs? Personal and Family History?

Long-Term Care



Long-Term Care

- Long term Costs are very high
- “Losing the farm to the nursing home” is a common concern—but, they don’t want your farm, they just want to get paid
- **There is a 5 year lookback on asset transfer that could effect eligibility for Medicaid to cover long-term care.**
- **Work with elder care attorney for planning and asset protection.**



Addressing Long-Term Care

- Family, and at home care, when possible
- Long-Term Health Care Insurance is expensive, but less if you buy younger
- Some Life Insurance can be used for Long-term Care Insurance including combination Life/Long-Term-Care products
- **LongTermCare.gov is a good resource**
- **Consult your insurance agent**



Questions

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**“Your health insurance doesn’t pay for heartburn.
You need fire insurance for that.”**