



THE BARROWS SOLLENBERGER GROUP, PC

Helping our clients acquire, grow & preserve family wealth in a tax efficient manner.



Our Mission

Help our clients make and keep their money.

Ensure our clients achieve their financial goals.

Serve our clients in an efficient and timely manner.

Exceed our clients expectations daily.

INSIDE THIS ISSUE :

Does Your Emergency Fund Need Rescued? 2

Importance of Planning Ahead for Long Term Care. 3

78% of Tax Audits Are Done By Mail, Not In Person. 4

A Message from the Partners -

SUMMER DAY CAMP EXPENSES MAY QUALIFY FOR A TAX CREDIT

Along with the lazy, hazy days of summer come extra expenses, including summer day camp. Good news for parents, those expenses may help you qualify for a tax credit.

Here are the facts:

1. The cost of day camp may count as an expense towards the child and dependent care credit.
2. Expenses for overnight camps do not qualify.
3. Whether your childcare provider is a sitter at your home or a daycare facility outside the home, you'll get some tax benefit if you qualify for the credit.
4. The credit can be up to 35 percent of your qualifying expenses depending on your income.
5. You may use up to \$3,000 of the unreimbursed expenses paid in a year for one qualifying individual or \$6,000 for two or more qualifying individuals to figure the credit.

Call Denise or Diane at 717-267-3572 to see if your child or dependant care expenses qualify.

Launch Your



College Graduate

After the ugliest job market in decades, the outlook is improving, just as you're sending your child out into the working world. Employers expect to hire 19% more recent college graduates this year than last.¹

Of course, as good as this news is, you know it doesn't guarantee that your child is on a straight path to Happily Ever After. Recent grads face many financial hurdles other than the obvious one of landing a job (which may still take months). Most grads come out of college with an average of \$24,000 in student debt.¹ And most have little experience budgeting. A recent study found that 57% of grads in their 20's are still dependent on Mom and Dad.¹

So clearly your days of coaching aren't over yet. Offer your child the advice that follows—worth more in the long run than any handout.

Help with budgeting. For the first time, your grad will have real income and

(Continued on page 2)

Launch Your College Graduate

(Continued from page 1)

real bills. They may think \$40,000 is a lot of money, but in reality, costs such as the rent and taxes they never paid before leave them with very little to save.

Making a debt bearable. Living under a cloud of student loan(s) is stressful. See if your grad would qualify for an income-based repayment loan or consolidating and stretching out the term of the loan. Can they handle a few years of tight living until they are making more money?

Begin weaving a safety net. New grads don't realize how quickly a crisis can shatter their fragile budgets. Introduce the idea of emergency savings.

The ultimate goal is six months of expenses, but put that in dollar terms. Together, devise a plan to get there, open a savings account and set up automatic transfers from checking.

Put retiring on the radar. Good luck getting your grad to care about retirement! That is 40 years off. Instead, note that stashing a mere \$99 in a 401(k) biweekly would make him a millionaire in 40 years, assuming a 50% employer match and an 8% average annual return. They can bump up contributions later.²

Know when to step in. Never subsidize your child if it means shortchanging your own goals. Even if you can afford to give money, do so with caution.

Help only with critical things, like food or health care. Set expectations upfront regarding the time frame and amount of aid.

Finally, give your grad just enough to help them get by, but not enough to make them relax. The goal is to get them off your books, not make them permanent.

¹ money.cnn.com/2011/05/18/magazines/money mag/college

² This is a hypothetical example used for illustrative purposes only. It does not represent the return on any specific investment.



Does Your Emergency Fund Need To Be Rescued?

In life you should expect the unexpected, and this is why you need an emergency fund. The best you can do is to prepare for emergencies that require access to additional money. Having an emergency fund is the ideal solution.

You should keep between three and six months worth of your living expenses set aside in your emergency fund. Depending on your specific situation and whether or not you have children, carry substantial debt, and types of insurance coverage will determine what amount is best for you.

The most common reason for the need of an emergency fund is due to a sudden loss of income. If you or your spouse lose a job, you still have bills to pay and it may take a few months to find suitable new employment. It is best to plan for a worst-case scenario so that the smaller emergencies such as replacing the hot water heater that just went out will be easily covered.

Call Denise Barrows at 717-267-3572 for a *Wealthcare* *checkup* so we can work together to put life back in your assets.

The Importance of Planning Ahead for Long Term Care.

The average cost of staying in a nursing home for a year is between \$55,000 and \$100,000, depending upon where you live.¹ Are YOU ready for long term care costs? Private long term care insurance can help you prepare your finances for the future.

What is long term care insurance?

Long term care (LTC) insurance covers nursing home, skilled nursing, assisted living facility, Alzheimer's Disease care, custodial care, or in-home care costs for people over 65. Also provides for younger individuals that are in nursing facilities due to accidents. Medicare, disability insurance, and traditional medical insurance plans do not cover most other kinds of long-term care.

How does long term care insurance work?

Once it has been determined that you qualify for LTC, you will receive a daily benefit of \$100-\$500 maximum for your expenses, depending upon the type of coverage you select. Your coverage is guaranteed as long as you continue to pay your insurance premiums.

What happens if I don't have LTC?

If you are not covered by LTC insurance, you will need to pay for your nursing home and long term care expenses directly or rely on your family to cover the costs. You can qualify for some long term care coverage through Medicaid, but only after you and your spouse have "spent down" almost all of your assets.

The importance of planning.

No one wants to think about a time when they might need long term care. So planning ahead for this possibility often gets put aside. Most people first learn about LTC when they or a loved one needs care. Then their options are often limited by lack of information, the immediate need for services, and insufficient resources to pay for preferred services.

Planning ahead allows you to have more control over your future.

Why plan ahead for LTC?

Planning ahead for long term care is important because there is a good chance you will need some long term care services if you live beyond the age of 65. About 70% of people over age 65 require some services², and the likelihood of needing care increases as you age.

Planning ahead helps you understand what service options are available in your community. What special conditions may apply for receiving services, for example, age or other eligibility criteria. What services cost, and what payment option(s), public and private, apply. Having this information helps ensure you will have a range of options when you need LTC, and make it more likely that you will have more choice(s) and control over where and how you receive services.

¹ credit.com/life/stages/retirement/TheFactsAboutLongTermCareInsurance

² Longtermcare.gov/LTC/mainsite/PlanningLTC/Importance/index

(Continued on page 4)



78% of Tax Audits are Done by Mail, Not in Person

You're now almost four times as likely to conduct your tax audit by mail, than you are to sit down with the tax auditor.

Of the more than 1.6 million Americans who were slapped with audits last year, 78% dealt with correspondence audits, while only 22% were asked to come in for **an in-person examination**.

That is a 13% rise in audits by mail from 2009, and a 93% jump compared to 2003. In 2000, the chances of getting a correspondence audit were less than 2 to 1.

Why the shift? Because correspondence audits are cheaper for the IRS. Plus many people take action as soon as they receive the audit notice in the mail, in hopes that it won't escalate to a visit from Uncle Sam.

While a face-to-face examination with an IRS agent can involve going through an entire return, correspondence audits usually ask taxpayers to provide information about very specific items on a tax return, like income, expenses, or deductions.

The Importance of Planning Ahead for Long Term Care.

(Continued from page 3)

Planning ahead is important because the cost of LTC services often exceeds what the average person can pay from income and other resources. By planning ahead, you may be able to save your assets and income for uses other than LTC, including preserving the quality of life for your spouse and other loved ones. With planning, there is a greater likelihood of being able to leave an estate to your heirs, because you are less likely to use up your financial resources paying for care.

Finally, for many people, one of the most important advantages of planning ahead is to ensure greater independence should you need care. Your choices for receiving care outside of a facility and being able to stay at home or receive services in the community for as long as possible are greater when you plan ahead.

Call Denise Barrows at 717-267-3572 to start planning your future and *to discuss what options and services are available to help you stay independent longer.*

**Never be afraid to do something new. Remember amateurs built the ark;
professionals built the titanic.**

Unknown