ATHENA WEALTH STRATEGIES

COMMITMENT. WISDOM. GUIDANCE

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Contents

State Financial Issues

by Robin Starr, CFP®, CDFA®, CRPC

I grew up in the New York Area where it is a well-known cliché that people retire and they move to Florida. Some of this is to avoid shoveling snow in old age, but nowadays one of the most common concerns of retirees, remote workers, and anyone looking to relocate is taxes.

Marginal tax rates alone, however, are not the whole story when it comes to addressing the financial issues around an interstate move.

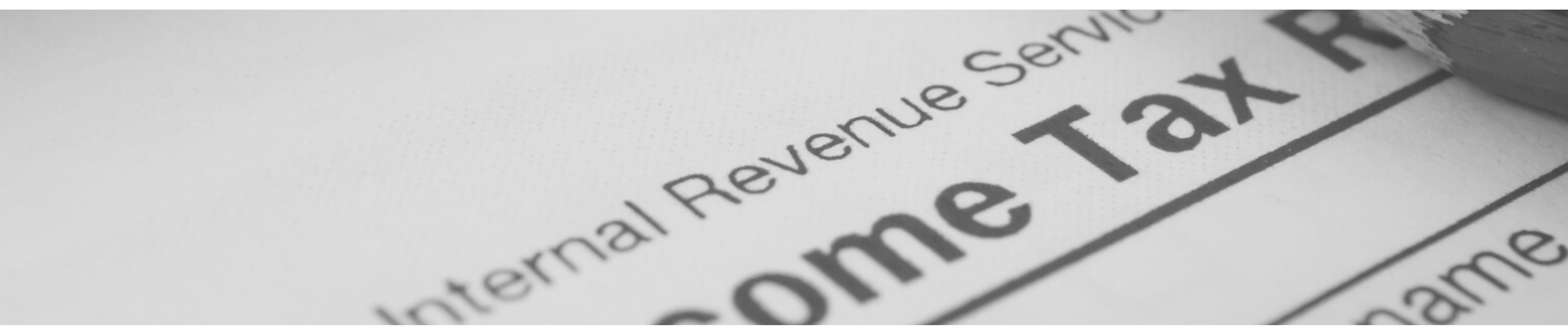
While some states – such as California and New York – may have a very high top tax rate, for those who are lower earners, a state with a progressive tax system may prove a better deal than one with one rate that is applied across all income levels.

It's also important to look at what types of income are subject to tax. The majority of states (including California, New York, and the District of Columbia) exempt social security income from taxes. Many states exempt at least some pension income as well.

For those in their working years, other concerns may emerge. Five states plus the District of Columbia have statewide disability insurance programs, guaranteeing some degree of wage replacement for those who are unable to work for several weeks (or months, depending on the state). In some cases this includes a paid family leave component.

Saving on state income tax can be valuable, but in some cases this can be made up through higher than average property taxes or other fees.

For those who freelance or retire before they qualify for Medicare, moving to a state with a coverage gap between Medicaid and the healthcare exchanges could be financially very expensive.



In 2022, more people than ever before have the option to be mobile. Moving from a state taxing you at 9% to one without a tax can save a lot of money, but the decision is often much more complicated, financially, than just marginal tax rate. It's also important not to let the tail wag the dog and remember that where you live is about more than just money.

Declining Stock Market – Value of a Rebalance

by Julie VanTilburg, CFP®

As our clients know, our professional opinion is not to make changes on what we think will happen next. While we can bring perspective on where things stand relative to recent and distant history, we don't have a crystal ball that tells us where the market is going. Nobody can know the future - we can only make educated guesses as to what is more and less likely to happen.

Given that guesswork is a fool's errand, our approach has always been to choose an allocation that fits a client's mindset as well as their plan. We focus on the long term and make adjustments not due to short term fluctuations but only when it suits those long term goals.

I often tell my clients I'd rather be in the market while it is going down than to be out of the market when it is going up. After years and years in this business, we have all heard many times from those who want to sell following a drop and "get back in when it is better." While investing may seem less nerve-wracking when the market has started its recovery, investing this way virtually guarantees losses as every time it "gets better" you're buying back in at a higher price.

If you own 100 shares valued at $10 per share and the value drops to $8, you have not lost any of your shares. The value of each may drop to $7 or even $6 but if you hold onto those shares and they recover their value eventually, you will (eventually) recover your investment. It's only when you sell them that you realize - or lock in - that loss.

While the heart (or the stomach) may say to sell following a large loss, the numbers say to rebalance - to buy more to bring yourself back to your target. This gives you shares bought at a lower cost which don't need to rise as far to make a profit.

To illustrate the point, if a $100,000 portfolio drops 20% to $80,000.
To get back to $100,000, the portfolio must gain $20,000 from the $80,000 value.
That means it would have to gain 25% to reach break-even (even though it was only a 20% drop).

Buying additional shares while values are down to breakeven sooner
vs.
only holding existing shares with no additional purchases.

The lower cost shares will make money before the shares owned prior to the drop.

This can be done via rebalancing your portfolio.

Of course, investment recommendations must be considered on an individual basis depending on each individual's income needs, situation and overall plan.

If you're concerned, please don't hesitate to reach out!

FIVE WAYS PLANNING CAN HELP EASE YOUR WAY THROUGH A CRISIS

(NONE OF WHICH ARE INSURANCE)

BY ROBIN STARR, CFP®, CDFA®, CRPC

There is no way around it - things have gotten very messy in the economy in 2022. While the job market has stayed fairly strong thus far, inflation is rising and many are feeling much less secure than they did a year or even a few months ago. As with most emergencies, being prepared beforehand can make a financial crisis easier to manage and potentially less devastating. Planning can provide a financial "Go Bag" and an action plan to help stay as close to on track as we can be during these uncertain times.

Here are five ways in which proper planning can keep a crisis from turning into a disaster:

1 EMERGENCY FUND, EMERGENCY FUND, EMERGENCY FUND

So boring and yet so important. Having at least 3-6 months of necessary expenses in savings prevents having to use high interest credit cards or paying taxes and penalties on retirement plan withdrawals. Whether used for unexpected expenses such as car or home repairs or to cover a gap in income between jobs, an emergency fund means that costs can be covered rather than wondering how the bills will get paid.

2 KNOWING WHERE THE MONEY'S GOING AND THUS HOW MUCH YOU REALLY NEED

Many people have some vague idea of how much they spend each month but don't really know where the money is going. Doing the work to categorize expenses and separate the truly necessary from the nice to have will make it easier to figure out whether a reduced income or unemployment benefit will be enough to live on. While a bare-bones budget may not make sense most of the time, having an idea of the base cost of living can make it much easier to prepare for and survive a crisis like unemployment with your finances intact.

3 MAKING SURE YOUR DEBT LOAD IS REASONABLE

Even if someone's day to day expenses are lower, a high debt load can make it very hard to live on a reduced income. Proper planning before making a large purchase can help make sure you don't end up with a mortgage or other debt too large to allow for resiliency in a crisis.

4 FRAMEWORK TO UNDERSTAND WHETHER YOUR GOALS WILL STAY ON TRACK

Longer term goals may suddenly seem out of reach. But are they? Having a plan in place and ready to revisit will allow you to check in and see where you stand. It may be that you've already planned for this, and if not, you'll be able to see what adjustments may need to be made. In some situations, suspending retirement or other long term goals may cause issues in the future whereas in other cases the impact of a short-term halt in long-term savings may be negligible.

5 SOMEONE TO TALK TO INSTEAD OF PANICKING ON YOUR OWN

Dollars and cents aside, this stuff is stressful. Many people make bad financial decisions as a result of stress and panic. Those who don't may still spend a lot of time and energy worrying about it. Working with a planner means having someone to go to in a crisis to check in, check your impulses, and provide a second opinion.

While you may not have prepared for this crisis, even small steps now will help you weather this storm and be ready for the next one. Our planning process starts with determining cash flow and spending needs which can be done by anyone at any time. Do you know where your money is going? If not, this is a great time to find out.

There are online tools and templates that can help you or your loved ones get started on your own, but for anyone looking for a more hands on approach, our planning team is happy to help.

ADULTING 101:

HEALTH INSURANCE

Choosing a health insurance plan can be overwhelming as it has its fair share of complexities. From confusing terms and deadlines to careful considerations of your personal health and finances, it is important to understand how these variables play a role in choosing a plan that is most appropriate for you. It's easy to get overwhelmed by the technicalities of health insurance, but it helps when you understand the most common terms.

Grasping this terminology will assist in choosing a plan that best aligns with your general health needs.

Common Health Insurance Terms

- **Copay** **-** The flat dollar amount you pay each time for a medical-related service or procedure.
- **Coinsurance** – A percentage of a medical-related expense you must pay. The health insurance plan covers the remaining portion that is not paid by you.
- **Deductible** – The amount you pay for medical-related expenses before the insurance pays. Since the Affordable Care Act, preventative care is generally covered 100% even before reaching the deductible.
- **Out-of-pocket maximum** – Maximum out-of-pocket amount you will pay for the year for coverage. Once this maximum limit is reached, the insurance will handle the rest.
- **Premium** –The monthly amount you pay for your health insurance plan.
- **Out-of-pocket costs** – The cost you pay in addition to the premium. This includes copays, coinsurance, and deductibles, as mentioned above.

Components of Health Insurance

Whether choosing employer-based coverage or a marketplace plan on your own, plans fall into several different types:

HEALTH MAINTENANCE ORGANIZATION (HMO)

Coverage is limited to only doctors, specialists, and providers who are within the HMO. Typically, these plans will not cover out-of-network services unless it is for an emergency. It may also require you to be located within their geographical area to be eligible and a referral is needed from your primary doctor to consult with a specialist.

PREFERRED PROVIDER ORGANIZATION (PPO)

Pay less when using in-plan network of doctors, specialists, or providers. You may also access out-of-network services without a referral for an additional out-of-pocket cost.

POINT OF SERVICE PLAN (POS)

Pay less when using plan network's doctors, hospitals, or providers. Please note that you if you need to see a specialist, you must get a referral from your primary doctor.

EXCLUSIVE PROVIDER ORGANIZATION (EPO)

Coverage is limited only through the plan networks doctors, specialists, or providers, unless it is an emergency. Generally, a referral from your primary doctor is not needed to consult with a specialist.

Ultimately, each type of Marketplace health insurance plan is carefully designed to suit different needs. Some plans will provide you access to a wide range of healthcare facilities and doctors, while others may charge you an additional cost for out-of-network providers or restrict your provider options. For some people, the restrictive network of an HMO is a dealbreaker but for others the lower cost and simplified service model can be a big benefit.

Choosing a Health Insurance Plan that is Right for You

Take a close look at the summary of benefits, which will go into further detail regarding the plan's costs, coverages, and medical professionals available to you through the network. This is a critical step to avoid potential issues with medical expenses, access to specific medical providers, and more.

Below are a few key takeaway points to keep in mind:

- **When is the deadline to sign up?** *Don't miss it and research accordingly!*
- **What health insurance plans are available to you?**
- **Which type of health insurance plan aligns best with your necessary health and coverage needs?**

Think about your health needs and review the summary of benefits and scope of services for each plan from a health and financial standpoint. Questions to ask yourself may include:

Health:

How much healthcare do you expect to need over the next year?

- *While we highly discourage anyone from skipping coverage altogether in hopes they get lucky, a young and healthy individual with no chronic conditions or medications may need different coverage from someone with complex health needs and a network of existing providers.*

Do you prefer to visit a specialist without a referral from your primary doctor?

Does the plan cover specific medications?

Are your key providers in-network?

Does the plan cover surgeries, chronic conditions, or specialist services (e.g. chiropractic, physical therapy)?

Cost:

Do you prefer lower out-of-pocket costs even though this may limit your provider options?

Do you prefer to have a plan with higher premiums and more coverage, or lower premiums with higher out-of-pocket costs?

Many types of plans – such as healthcare exchange plans and Medi-Gap policies are standardized. Exchange (aka Obamacare) plans are standardized by color such as gold, silver or bronze and Medicare supplement policies by letter, with each plan of a given tier offering the same coverage options. This makes it easier to compare apples to apples and choose a plan from what may seem like an overwhelming array of choices.

Virtual Events:

Missed a Webinar?

Past webinars can be viewed on Athena's website under the "Current Topics & Events" tab. Listed below are some of the topics available:

- *Guide to the Markets with J.P. Morgan*
- *Signs of Dementia & Aging - How to Plan for the Future*
- *How to Be Prepared for Fire Season in California*
- *"I Owe How Much?!" Understanding and Taking Control of Your Student Loans*
- *"What If?" Parent Contingency Planning*

Visit Athena's website to access the webinar recordings today!

www.athenawealthstrategies.com

Contact Us

Schedule a Meeting

Be sure to bookmark these links:

Julie VanTilburg, CFP®
Co-Founder | Financial Planner
https://my.timetrade.com/book/QXH71

Robin Starr, CFP®, CDFA®, CRPC
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Kaitlyn Zawada, CRPC
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Maritza Rogers, CFP®, CRPC
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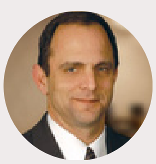
https://my.timetrade.com/book/XWDC2



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