NEWS YOU CAN USE

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Life Insurance Benefits You Can Tap Early

THE PRIMARY purpose of life insurance is to deliver a large cash benefit to beneficiaries when the insured dies. Protection is the most important purpose of life insurance, by far.

But today's life insurance policies are versatile and flexible tools. Depending on your carrier and the type of policy you own, the living benefits of your life insurance policy create an asset that can help you and your family achieve a variety of financial objectives, even while the insured is still alive.

Cash value

Permanent life insurance allows you to accumulate cash value over time. It accumulates tax-deferred, and you can withdraw up to the total amount you contributed on a tax-advantaged basis. Death benefits, of course, are generally tax-free to beneficiaries.

Dividends

Mutual insurance companies generally distribute profits to policyholders in the form of dividends. You can have dividends accumulate in the insurance policy (also increasing the death benefit over time), or you can withdraw them. Dividends withdrawn not taxed.

Borrowing

Permanent life insurance makes great collateral for loans. It's very safe for the lender, since eventual repayment is practically assured. If you own a permanent life insurance policy, you may be able to borrow against the death benefit, up to the surrender value of the policy.

There's no underwriting and little paperwork to fill out. You can choose to pay down the loan and replenish your cash value, or not. The loan will accumulate at interest, and the insurance company will pay itself back out of the death benefit.

Conversion to annuities

Many people buy life insurance while young and find they don't need the insurance in later years.

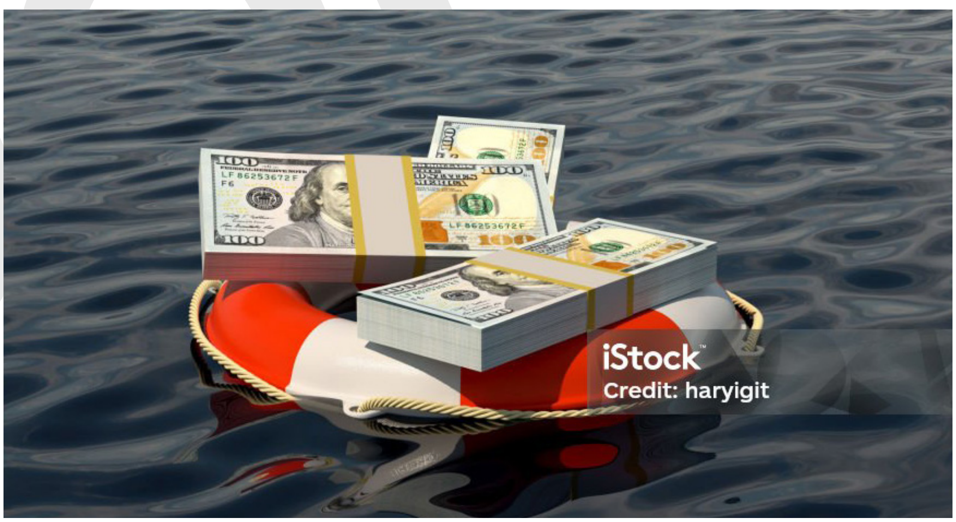
However, they may want or need guaranteed income. Section 1031 of the Internal Revenue Code allows you to exchange your life insurance for an annuity tax-free.

You won't have to pay capital gains or income taxes on the conversion transaction. You can also make a Section 1035 exchange to a different life insurance policy.

Use cash value as income

If you pay into your permanent insurance for years, you may accumulate significant cash value.

You can use this cash value to supplement your income without the restrictions of IRAs and 401(k)s. There are no penalties for taking it early, and no required minimum distributions. Dividends are withdrawn tax-free.



Welcome to Our Newsletter

Black Belt Insurance Group is pleased to present you with our newsletter.

We hope the articles in this and future editions will provide insight into an array of health, life and financial matters, and we urge you to contact us with questions and comments.

Our agency works in the areas of health and life nsurance, investment and benefit planning for individuals and families. Our goal is to provide excellent service, competitive pricing and products tailored to meet the special needs of each client.

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Book a Consultation

Five Medical Services Medicare Doesn't Cover

WHILE MEDICARE ,and especially Medicare Advantage, comes with a number of low-cost benefits, it does not cover all health care services that you may need after you turn 65.

The following list includes things that Original Medicare and the majority of Medicare Advantage plans do not cover. These are services that people new to Medicare may expect to receive and are surprised to find they don't. This list can help you plan accordingly.

Care you receive abroad

Original Medicare will not pay for any health care services you receive while traveling abroad. Also, supplemental Medicare prescription drug plans purchased by Original Medicare recipients do not cover prescriptions outside of the United States.

What you can do: However, some Medigap plans some Medicare Advantage (Part C) plans offer coverage for emergency and urgent care abroad. Check your plans for coverage. If you have only Original Medicare, consider travel insurance that also covers health care services.

Long-term care

Original Medicare and Medicare Advantage do not cover long-term care costs that can mount quickly.

Long-term care is defined as medical and non-medical services for people who cannot perform basic daily tasks like dressing or bathing on their own. People who need long-term care can hire someone to come into their home or be cared for at an assisted living facility or nursing home. This type of care is typically not dispensed in hospitals and it can be extremely costly.

What you can do: One option is to secure long-term care insurance, but that should be done far in advance of turning 65. Premiums grow exponentially as we age and if you have certain health conditions or are a certain age, it may be out of reach.

Dental care

Original Medicare does not cover dental care. Enrollees will have to pay those costs out of pocket.

What you can do: Some, but not all, Medicare Advantage plans cover preventative dental care like cleanings and routine. Some cover comprehensive care as well, such as crowns and extractions.

Hearing aids

As people age, many experience hearing loss, but while Original Medicare would pay for treatment, it would not cover hearing aids, and you will have to pay 100% of the cost yourself. That said, it usually covers 80% of diagnostic hearing exams to determine if you need treatment.

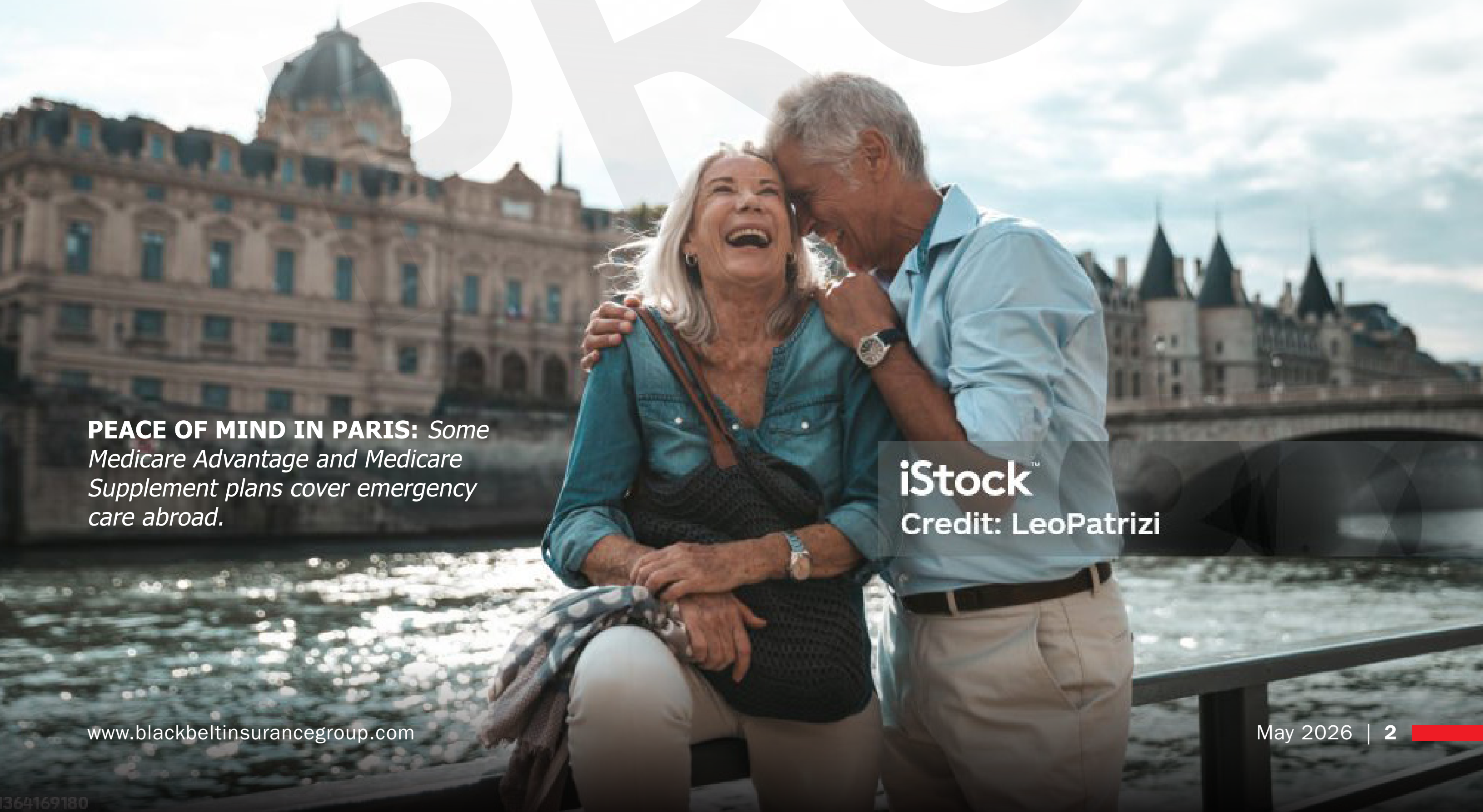
What you can do: The majority of major insurers that offer Medicare Advantage plans have at least one plan that covers hearing aids.

Routine vision care

Original Medicare typically neither covers exams for eyeglasses or contacts nor the cost of glasses or contact lenses. Enrollees will have to pay for those themselves.

However, it does cover screening for glaucoma, cataracts or macular degeneration, and eye exams for patients with diabetes, as well as treatment.

What you can do: Certain Medicare Advantage plans cover eyeglasses, intraocular (artificial) lenses and contact lenses. If you need corrective lenses, during your next open enrollment you may want to look for a plan that offers this coverage.



PEACE OF MIND IN PARIS: *Some Medicare Advantage and Medicare Supplement plans cover emergency care abroad.*

The Pros and Cons of a Roth IRA Conversion

MANY AMERICANS who have amassed a significant retirement nest egg by investing in an individual retirement account or a 401(k) plan eventually consider a Roth conversion.

A Roth conversion entails taking the funds in an IRA and/or 401(k) — funds contributed to these accounts with pre-tax income — and transferring or rolling them over into a Roth IRA. One of the main reasons people consider a Roth conversion is to better manage their taxes and required minimum distributions after they retire.

Typically, when funds are withdrawn from a traditional IRA or 401(k) plan, the saver pays taxes on those withdrawals, but the funds withdrawn from a Roth IRA are not taxed. That's because the funds deposited into one of these accounts are taxed prior to deposit. Money that accrues through the wise investment of the Roth IRA funds are also not taxed.

Be prepared though: When you pursue a Roth conversion, you will pay a certain amount of tax upfront on the transferred funds. Those taxes will vary depending on the size of the transfer and their tax bracket.

While that obligation can't be avoided, the benefit is not paying any taxes on future withdrawals from the Roth IRA, as long as the rules are followed.

Ways to execute roth conversions

Roth conversions can be done in a few different ways:

- Transferring funds from a traditional IRA into a Roth IRA.
- Rolling over funds in a 401(k) account into a Roth IRA.
- Rolling over funds in a 401(k) account into a Roth 401(k) account.

In the above cases, the funds you convert into a Roth account will be taxed since you contributed to the account with funds that were not subject to income taxes.

When planning for a Roth conversion, you have to consider the income tax hit you will take, particularly if you make a big conversion in a single tax year that puts you into a higher tax bracket.

Fortunately, you do not have to convert the entire balance of a retirement account into a Roth account in one swoop. You can spread conversions over a multiple years to reduce the effects on your tax obligations.

A sticking point: the five-year rule

When considering a Roth conversion, keep in mind that IRS rules require you to keep the funds untouched for the first five years. Any withdrawals made from the Roth IRA in the first five years are subject to a 10% penalty.

If you plan on multiple conversions over a period of years, each one of those conversions starts a new five-year clock. In other words, you could have multiple five-year rules to keep track of to avoid getting hit with a penalty.

Each five-year clock starts on Jan. 1 of the year you make the conversion, even if you make it on Dec. 31. If you do that, you can essentially buy yourself a year.

The time horizon

After you've paid the taxes during a conversion, you won't pay taxes on withdrawals, including any earnings the account accrues.

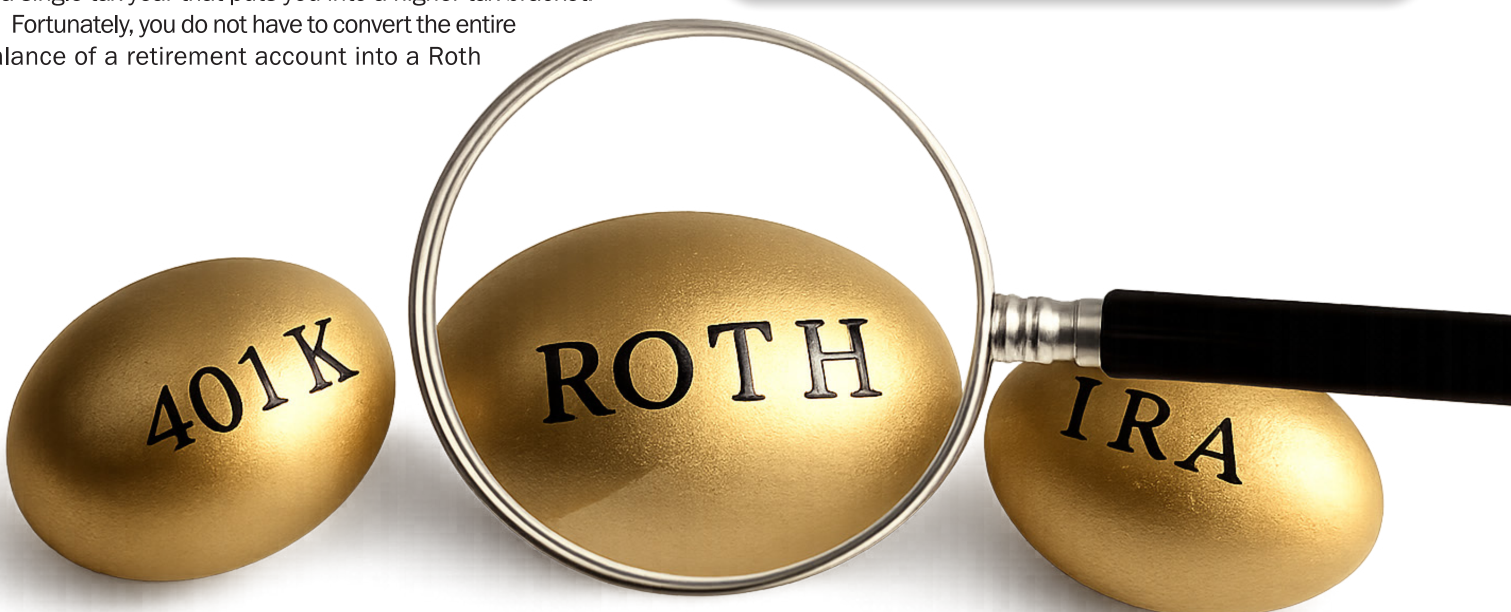
Some savers will shift funds to Roth accounts so that they can more easily pay for large outlays in retirement without hiking their tax obligations.

When a conversion may not be worth it

If you are expecting to fall into a lower tax bracket after you retire, a Roth conversion may not be right for you. However, it's hard to predict what your tax bracket will be in the future when you retire since Congress rewrites tax laws every few years.

There is no guarantee that the tax rates in effect now will be on the books when you retire.

Curious if a Roth conversion is right for you?
Call us: 262-762-9974



As You Age, Prioritize Self-Care for Overall Well-Being

AS WE age, we may not make new friends, and our social circle may shrink over the years as friends pass away or move to another part of the country. As well, once we stop working, we may lose feelings of self-worth and connections.

But if you have the right mindset and pursue a life of self-care, this doesn't have to happen.

The first step in self-care is to think about the connections you will have in retirement and how you can grow those connections Equally important is to find a happiness in your life by pursuing activities that bring you pleasure and prioritize health and well-being.

Here are some tips you can consider as you plot out your self-care journey:

Select your activities: Activities that prioritize health and balance, such as exercise, emotional awareness, social connections and spiritual practices can go a long way to helping you feel better and healthier.

Settle on an activity that you enjoy and be clear about what brings you the most life satisfaction. If you look forward to the activity, it's much easier to get into a routine.

You might find transcendental meditation brings you clarity and peace. If that's the case, pursue that, learn more about it and find out how you can advance in this practice.

Prioritize relaxation: Adopting relaxation techniques can help individuals achieve better health and life satisfaction. Many activities help people relax, including deep breathing exercises, physical exercise, meditation and involvement in church, to name a few.

Put the emphasis on you: Set boundaries, manage stress and emphasize activities that nourish your mind, body and soul. Avoid toxic influences in your life if possible.

If birdwatching brings you peace and calm, don't be ashamed to prioritize getting up at 4 in the morning to catch the rarest birds in your area.

Keep it flexible: When considering your self-care plans, be flexible and let them evolve with your needs. Incorporate simple practices like deep breathing or gratitude journaling. Don't get locked down into one thing, particularly if you feel that it is becoming a chore rather than an activity that brings you peace and happiness.

Seek out helpful tools: There are thousands of smartphone apps that can support your self-care journey. Many offer personalized guidance to improve sleep, reduce anxiety and build healthier habits.

A quick Google search can help you find the right app for your specific goals, whether it's meditation, tracking exercise, stress reduction or another area of wellness.

Begin simply: Starting small can help transform self-care into lasting, beneficial habits. Do not plan too many changes all at once and focus on what you feel is achievable.

Say you decide to start walking 10,000 steps a day — don't also commit to volunteering for a charity and picking up a new hobby at the same time. Focus on one activity that brings you joy and build from there.

Also, don't go all in at first. If you want to try cycling, don't splurge on an expensive bike right away. Borrow a friend's or buy a decent used model and decide later if you want to upgrade.

The takeaway

As we age, self-care becomes increasingly important for maintaining both physical and mental well-being. Our bodies naturally change over time, often requiring more attention to nutrition, exercise, sleep and preventive health care.

Regular checkups, healthy habits, a healthy social circle and mindful daily routines can extend not only the length of life but also its quality.