



“It’s the Economy, Seniors”

By Evelyn R. Preston

It’s the economy, seniors! It’s still lagging behind our retirement goals. Although the market trends up, interest rates slump and soon we may have to dig deeper for healthcare and taxes.

To cover shortfalls, downsizing/spending can free up extra cash and cushion dwindling savings. The latest sell-offs focus on formerly set-in-stone assets mainly linked to the older population. These recent trends prove that cash-conscious seniors have once again discovered creative solutions to re-feather their nest-eggs.

I hear it’s a good idea to cash in my life insurance policy now that I’m older and a widower—I could use the money!

According to recent trade and newspaper articles, seniors who need to pay medical bills or other immediate expenses are mining the cash they can get from non-traditional sources, especially life insurance. People in their 70’s or older, with a substantial life policy, can receive about 20% of the death benefit—which can be three or four times more than surrendering the policy for its cash value.

However, its SELLER beware! This complex transaction calls for an expert’s advice to explore the risks (includes divulging medical records), shop for the best offer and assess possible tax consequences that might offset other benefits.

I now live far away from our family’s cemetery plots. Would they be easy to sell?

Yes and no! “Grave decisions,” writes the WSJ, “require grave solutions.” It’s emotionally wise,

family friendly—and usually cheaper—to prepay and prepare for any final arrangements. There’s a lot of land—and spaces—available in most cemeteries that depress prices short term for sellers.

But burial site costs will escalate over time for buyers so the longer you live, the better the bargain! Whether buying or selling, it’s imperative to pin down: number of plots, cemetery’s rules of transfer, clear ownership title and choices like in-ground crypts, perpetual ground maintenance and pre-purchase arrangements.

Becoming more popular, cremations can be cost-effective and creative—smaller facilities, fewer “extras,” and unique options from traditional burials to scattering at sea, even ocean reef building. Ashes added to a concrete arch with deceased’s name become an underwater haven for fish. Life can indeed go on!

I have extra money that I’d like to transfer to my children. Is there any way to “gift” more than the current limit without incurring additional taxes?

Open the “Bank of Mom & Dad” suggests financial writer, Jason Zweig, by loaning money to your kids. Children can borrow at current rock bottom rates; parents can forgive up to \$26,000 to \$52,000 (singles/ couples) annually—a windfall deal for kids (home buying, college funding, etc.) and a way to reduce potential estate taxes for parents.

Follow the rules! The IRS requires interest charges, though the loan rate can be refinanced. The loan period remains fixed. More

esoteric estate planning and complex tax strategies via family partnerships and specialized trusts abound for the wealthy but definitely require professional oversight.

I’m riding my bike more and eating out less; any other new savings ideas?

Update everything reminds Suze Orman; 1) home assessment for possible lower insurance coverage and property tax rates; 2) insurance policies for new deductions or combining home/ auto coverage; 3) credit cards noting changes to variable rates; 4) tossing high rate store credit cards; 5) W-4 exemptions to whittle down overpayments to the IRS that equal free loans to Uncle Sam—that tax refund is your own money! And for our reader—eat lunch out—often the same meal lists for half the price of dinner.

What’s your all-time favorite savings idea?

To negotiate, bargain and ask for a deal. “Will a sale price be further reduced next week, next month? Is there a discount for cash, for multiple items, for seniors or groups, for off-season, off-hours? When are floor models (cars, furniture, etc.) liquidated?” I recently enjoyed a substantial “thank you” of free service after writing a recommendation for a company I’ve used and touted for years!

Evelyn Preston has worked as a financial advisor for over 25 years. Her latest book, “Memoirs of the Money Lady” is available at www.money-lady.com. She can be reached at 650.494.7443.