# GREAT PLAINS

*Trust and Asset Management*

**FIRST QUARTER 2021** *Because Money Matters.®*

### *When will I receive my Statements and Tax Information?*

- All 1099 tax forms will be mailed along with your annual statements by 1/31/2021
- RMD letters will be mailed by 1/31/2021
- K-1's will be mailed by 2/28/2021
- IRA Form 5498 (reporting 2020 contributions) will be mailed by 5/20/2021

*Happy New Year!*

We are thankful for all our clients. We wish you a healthy, happy, and prosperous 2021!

## *Covering the Cost of Nursing Home Expenses - Medicare? Medicaid?*

If you find yourself in the difficult situation of having to place a loved one in a nursing home, you may be wondering how you are going to pay for it. The cost can range from $5,000 to a staggering $25,000 each month. The 2020 Genworth Cost of Care survey lists the national average cost of a semi-private room in a nursing home at $7,756 while a private room will cost about $8,821.

Many people are confused about the difference between Medicare and Medicaid and how each program may cover nursing home costs. Medicare is a government health insurance program for adults over the age of 65 and some disabled individuals; however, there are limitations on what Medicare will cover for nursing home costs. If someone is over 65 and requires only a short term stay in a skilled nursing facility to recover after hospitalization, Medicare should cover the cost for the first 20 days, provided that there was a preceding hospital stay of at least 3 days. After 20 days, Medicare will cover any costs over $176/day ($185.50 in 2021), but only for 100 days.

If your loved one needs to move permanently to a nursing home, Medicare will not pay these costs. Medicaid may pay these costs if strict eligibility requirements are met. In most cases, the nursing home resident must have "spent down" their assets to an extremely low level ($2,000 in Kansas and $5,000 in Missouri). There are exempt assets that do not count toward this asset limit, such as the primary residence, a car and irrevocable funeral plans. If the nursing home resident is married, there are rules that protect against spousal impoverishment such that the remaining spouse does not have to exhaust all of his or her assets. You should consult an attorney experienced in elder law if you find yourself in this situation as there are planning strategies available that may assist in Medicaid eligibility. ❖

## Enhanced Security for Trust Reporter

New: GPTC Client Access (Trust Reporter) Zero Trust Two Factor Authentication (2FA)

If you haven't done so already, the next time you log into Trust Reporter, you will be required to add your mobile phone number for registration. Each time you log into Trust Reporter after, you will receive an access code sent to the mobile phone number you provided.

The security industry and Great Plains Trust Company continue to place the highest priority on the safety and security of your investment accounts. This change to Client Access (Trust Reporter) is part of that ongoing evolution.

# 2021 IRA Eligibility

*Please remember to consult a tax specialist to determine your particular eligibility and individual situation.*

| FEATURE | TRADITIONAL | ROTH |
|---|---|---|
| **CONTRIBUTIONS** | | |
| Owner's Age | ❖No age limitations | No age limitations |
| Owner's Income | Taxable compensation equal to or greater than contribution | Taxable compensation equal to or greater than contribution |
| Owner's Maximum Income | No maximum to make contributions, but tax deduction has phase-out | MAGI is $125,000 or less ($198,000 if married) with income level phase-out |
| Tax Benefits | Contributions may be tax-deductible, depending on owner's income and tax-filing status | Never deductible for federal income |
| Contribution Amounts | $6,000 ($7,000 if age 50 or older) | $6,000 ($7,000 if age 50 or older) |
| **WITHDRAWALS** | | |
| Distribution | Generally fully taxable (unless after-tax contributions) | Generally tax-free, except the earnings portion of a non-qualified distribution |
| Penalties for Early Distribution | Taxable portion subject to IRS 10% penalty unless the individual is age 59.5 or older; some exceptions apply | Same as traditional; some exceptions apply. Contributions can always be withdrawn without tax or penalty |
| RMD (Required Minimum Distribution) | ❖Mandatory based on IRA Regulations | None |

* The SEP IRA contribution limit increased $1,000 for 2021 with the maximum contribution set at $58,000. SEP IRA contributions are due by taxpayers' federal tax filing deadline including extensions.

* 2020 IRA and Roth IRA contributions must be postmarked by April 15, 2021. Be sure to reference the contribution year.

* Deferrals to 401(k) plans remain the same for 2021 with the maximum deferral amount set at $19,500 ($26,000 if age 50 or older).

❖ SECURE Act passed 12/20/19. Mandatory distribution at age 70.5 for years 2019 and prior. Age 72 if reached in 2020 or after.

# COVID-19 and your Healthcare Directive

As we navigate through the coronavirus pandemic, we at GPTC continue to have numerous conversations with clients regarding estate planning. One topic that undoubtedly comes up is what happens if someone needs to make medical decisions on my behalf should I become too ill to make them myself competently.

### Advanced Medical Directive

States vary on what this is called, but a medical power of attorney, advanced directive, living will, and HIPPA release work together for someone to make healthcare and end-of-life decisions on your behalf in the event you are no longer able to do so on your own. The documents work together, but provide healthcare providers with instructions on who to consult as well as end-of-life decisions such as a do-not-resuscitate (DNR) order. The medical power of attorney or advanced directive provide the ability to appoint a primary and contingent person to act on your behalf for medical decisions. The living will is used for end-of-life decisions about things like ventilators or feeding tubes.

### Final Instructions

Leaving clear instructions for your loved ones is very important and not found in the boilerplate language of most estate planning documents. While it may not always be legally binding and creating this type of instruction may be difficult, it can be helpful to both trustees and beneficiaries in making sure that your estate plan accomplishes not only your financial goals, but passes on values and legacy in your own words. ❖

# *Common Mistakes When Designating Your IRA Beneficiary*

Part of the estate planning process is ensuring that all of your accounts have correct beneficiary designations. Mistakes in designating the beneficiary of your IRA can mean that the assets go to an unintended beneficiary or result in additional legal and tax expenses. The problem is that most of these mistakes are not discovered until after the death of the IRA owner when it is too late to correct the mistake. Listed below are some common mistakes with IRA beneficiary designations:

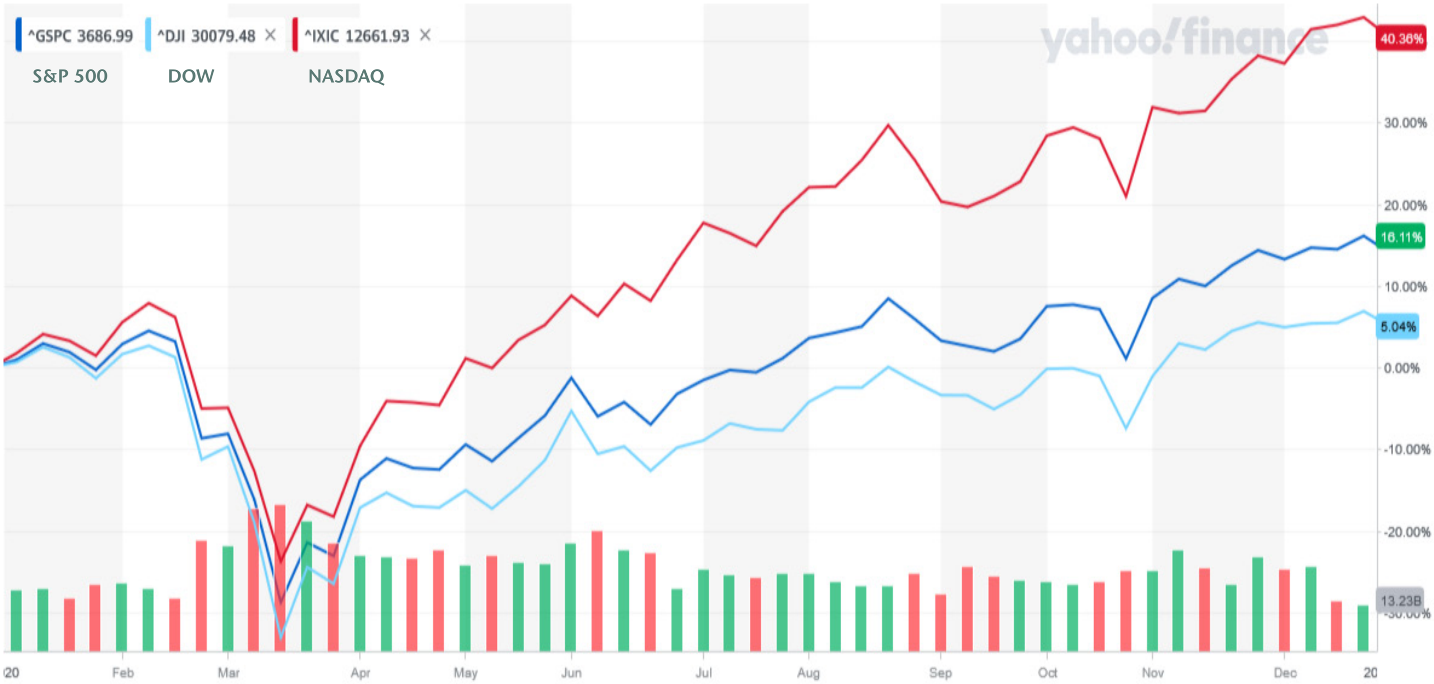
1. Missing beneficiary designations. More than 1/3 of all IRA death claims processed by IRA plan administrators do not list a beneficiary. When this happens, the proceeds must be paid to the IRA owner's estate which not only increases costs due to legal fees with opening the estate but also delays payment of the proceeds to the deceased owner's family. In addition, the probate laws may result in payment of the IRA proceeds to an unintended beneficiary.

2. Outdated beneficiary designations. IRA owners often name the account beneficiary when they open the account and fail to update the designation to reflect changes in life circumstances such as marriage or divorce. This can be particularly devastating in the case of divorce and remarriage where the former spouse who is still named as the IRA beneficiary may inherit the account despite the divorce (this is state specific). You should review your beneficiary designations periodically.

3. Incomplete or Incorrectly Completed Beneficiary Designations. You should be certain the percentages designated for the beneficiaries (if more than 1) add up to 100%, that the form is signed by the IRA owner and that spousal consent is obtained if you are designating someone other than your spouse as beneficiary. Also be certain to provide complete information for each beneficiary including full name, date of birth and address. Avoid vague beneficiary designations such as "all of my children". If naming a trust, be sure to include the full and complete name including the date of the trust.

While GPTC reviews the beneficiary designations we receive, we may not always know there is a mistake such as the incorrect trust name or date. GPTC also may not know when there have been changes in your life circumstances that require a change in beneficiary. If you would like to review your beneficiary designations on your accounts at Great Plains, please feel free to contact us and together we can make sure that your final wishes will be carried out. ❖

# December 31, 2020 Market Performance YTD




Source: Yahoo!Finance

GREAT PLAINS

*Trust and Asset Management*

When you work with Great Plains, you're putting your wealth in the hands of real professionals, not just some algorithm. Real people who have built real wealth. Real businesses. Not just for our customers, but for ourselves. We know firsthand the hopes, fears, ambitions and challenges that individuals and small business owners in Kansas City and nationwide face. It's what makes Great Plains the first name in wealth management. And it's always on a first-name basis.

## OUR MISSION STATEMENT

To be a premier provider of investment and trust services to the business owner and high net worth/ income individual. We shall deliver responsive, reliable and informed service combined with a commitment to achieve superior long-term investment returns for our customers. We shall at all times deal honestly and respectfully with all clients and associates.

## CONTACT US

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