

# TUPLER FINANCIAL

## *Comprehensive Financial Guidance*

### **From Data Breaches to Ransomware: How to Avoid Becoming the Victim of a Cybercrime**

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Each time you connect to the Internet, you risk becoming the victim of a cybercrime. It's the price we pay for living in a digital world — whether it's at home, at work, or on your smartphone.

According to the Identity Theft Resource Institute, the number of U.S. data breaches in 2016 increased by 40%. And as recently as May 2017, a widespread "ransomware" attack targeted personal computers across the globe. While software companies are continually developing strategies to combat the latest cybercrimes, there are some steps you can take to help protect yourself online.

#### **The stronger, the better**

It's a scary thought — most of us have a large amount of financial and personal information that's readily accessible through the Internet, in most cases protected by nothing more than a username and password.

Create a strong password by using a combination of lower- and upper-case letters, numbers, and symbols or by using a random phrase. Avoid using a password with your personal information such as your name and address. In addition, have a separate and unique password for each account or website that you use.

If you have trouble keeping track of all your password information or you want an extra level of password protection, consider using password management software. Password manager programs generate strong, unique passwords that you control through a single master password.

#### **Follow the 3-2-1 rule**

Backing up your online data is critical to avoid losing valuable information due to a cyber attack. If you have digital assets that you don't want to risk losing forever, you should back

them up regularly. This pertains to data stored on both personal computers and mobile devices.

When backing up data, a good rule to follow is the 3-2-1 rule. This rule helps reduce the risk that any one event — such as a computer hacker gaining access to your computer — will compromise your primary data and backups. In order to follow the 3-2-1 rule:

- Have at least three copies of your data (this means a minimum of the original plus two backups)
- Use at least two different formats (e.g., hard drive and cloud-based service)
- Ensure that at least one backup copy is stored in a separate location (e.g., safe-deposit box)

#### **Stay one step ahead**

Finally, the best way to avoid becoming the victim of a cybercrime is to stay one step ahead of the cybercriminals. Here are some extra precautions you can take before you go online:

#### **Consider using two-step authentication.**

Two-step authentication, which involves using a text or email code along with your password, provides another layer of protection for your sensitive data.

**Keep an eye on your accounts.** Notify your financial institution immediately if you see suspicious activity. Early notification not only can stop the cyber thief but may limit your financial liability.

**Think twice before clicking.** Beware of emails containing links or asking for personal information. Never click on a link in an email or text unless you know the sender and have a clear idea where the link will take you.

**Be careful when you shop.** When shopping online, look for the secure lock symbol in the address bar and the letters *https*: (as opposed to *http*:) in the URL. Avoid using public Wi-Fi networks for shopping, as they lack secure connections.

#### **September 2017**

Life Is for the Living, and So Is Life Insurance  
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I just bought a vacation home. Do I need to purchase a specific type of insurance?  
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## Life Is for the Living, and So Is Life Insurance



*The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.*

*Life insurance guarantees are based on the claims-paying ability and financial strength of the life insurance company issuing the policy.*

Life can be busy. The requirements of work and family often leave little time to step back and think about where you've been and where you're heading. But as your responsibilities grow, so does the need to evaluate what would happen if life for you stopped. September is Life Insurance Awareness Month and a good time to reflect on how life insurance can help those you leave behind — the living.

### Your spouse or life partner

A successful marriage is often predicated on sharing and providing for one another, and that includes each other's financial obligations. If you were suddenly no longer in the picture, would there be enough money to pay for your final expenses, cover debt, and buy some time to allow your significant other to adjust to a new way of life? Life insurance can provide funds to cover immediate expenses and income to help support your surviving loved one.

### Your children

You've worked hard to provide for your kids, to give them the chance to realize their hopes and dreams. Your children are likely your greatest responsibility — a responsibility that doesn't end with your passing. Whether your children are in diapers or about to enter college, if something happened to you or your spouse, or both of you, would there be enough income to continue to provide financially for your children? Life insurance can help provide the resources for their continued growth and maturation.

### Your home

Buying a home may be the largest single expenditure of your life. While being a homeowner is exciting, mortgage payments, often lasting 30 years, along with maintenance, utility costs, homeowners insurance, and real estate taxes can add up to a long-term financial commitment. Adequate life insurance protection can provide funds that could be used to cover these expenses, allowing your family to remain in their home.

### Your business

Do you own your own business? Life insurance can fit into your business plan in many ways. It can be part of an employee benefit program, with coverage under a group plan. Life insurance purchased on the lives of certain key employees can protect your company from the loss of talented and valuable workers. And life insurance can be used to fund a buy-sell agreement.

### Caring for an aging parent or loved one

Are you caring for an aging parent or loved one? Would the people who depend on you be

able to afford quality health care and a comfortable place to live without your financial support? Life insurance can become extremely important in these situations, helping to provide for these individuals in the event of your death.

### Planning for retirement

Preparing for retirement probably means you're saving as much as you can in your 401(k), IRA, or other savings vehicle. If you die before you get to enjoy your retirement, will your retirement plan die for your surviving loved ones as well? Not only will your salary be unavailable to help pay for current living expenses, but your income won't be there to build the nest egg for the retirement of your spouse or life partner. Life insurance can help provide funds that can be used for your spouse's or life partner's retirement.

### Your health has changed

If your health declines, how will it affect your life insurance? A common worry is that your insurer could cancel your coverage should your health change. However, changes to your health will not affect your current insurance coverage, provided you continue to pay your premiums on time. In fact, you should take a closer look at your life insurance policy to find out if it offers any accelerated (living) benefits that you can access in the event of a serious or long-term illness.

### Leaving a legacy

Life insurance can be used to increase the size of an estate for your heirs. The death benefit could provide your beneficiaries with a larger legacy than might otherwise be possible. The cost of life insurance may be significantly less than the proceeds of the policy paid to your beneficiaries when you die.

### Charitable giving

Donating a life insurance policy to a charity may enable you to make a larger gift than you otherwise could afford. Further, the government encourages charitable giving by providing tax advantages for certain charitable donations (the charity must be a qualified charity). This means that both you and the charity could benefit from your donation (though some charities may not accept a gift of life insurance for various reasons).

## Medicare and Your Employer Health Plan



**The U.S. Bureau of Labor Statistics projects that the labor force will grow to about 164 million workers by 2024. Approximately 13 million of these workers (roughly 8%) will be age 65 and older.**

**Source: U.S. Bureau of Labor Statistics, Older workers: Labor force trends and career options, May 2017**

If you plan to continue working after you reach age 65, you may be wondering how Medicare coordinates with your employer's group health plan. When you're eligible for both types of coverage, you'll need to consider the benefits and costs, and navigate an array of rules.

### How does Medicare work with your group health plan?

You can generally wait to enroll in Medicare if you have group health insurance through your employer or your spouse's employer. Most employers can't require employees or covered spouses to enroll in Medicare to retain eligibility for their group health benefits. However, some small employers can, so contact your plan's benefits administrator to find out if you're required to sign up for Medicare when you reach age 65.

If you have Medicare and group health coverage, both insurers may cover your medical costs, based on "coordination of benefit" rules. The primary insurer pays your claim first, up to the limits of the policy. The secondary insurer pays your claim only if there are costs the primary insurer didn't cover, but may not pay all the uncovered costs.

Who is the primary insurer? If your employer has 20 or more employees, your employer group health plan is primary and your Medicare coverage is secondary. If your employer has fewer than 20 employees, your Medicare coverage is primary and your employer group health plan is secondary.

Your employer can tell you more about how your group health coverage works with Medicare.

### Should you wait to enroll in Medicare?

Medicare Part A helps pay for inpatient hospital care as well as skilled nursing facility, hospice, and home health care. Because Medicare hospital insurance is free for most people, you may want to enroll in Part A even if you have employer coverage. It could be helpful to have both types of insurance to fill any coverage gaps. However, if you have to pay for Part A, you'll need to factor the cost of premiums into your decision.

Medicare Part B medical insurance, which helps pay for physician services and outpatient expenses, requires premium payments, so it would be wise to compare the costs and benefits of Medicare to your employer's plan. If you're satisfied with your employer coverage, you may be able to wait to enroll in Part B.

Late-enrollment penalties typically apply if you do not enroll in Medicare Part A and Part B when you are first eligible. However, if you are covered by a group health plan based on current employment, these penalties generally do not apply as long as you follow certain rules. You can sign up for Medicare Part A and/or Part B at any time as long as you are covered by a group health plan through your own employment or your spouse's employment. When you stop working or your coverage ends, you have eight months to sign up without penalty. This eight-month period starts the month after your employment ends or the month after your employer group health coverage ends (whichever occurs first). Visit [medicare.gov](https://www.medicare.gov) for more information.

### What if you have an HSA?

If you have a high-deductible health plan through work, keep in mind that you cannot contribute to a health savings account (HSA) after you enroll in Medicare (A or B). The good news is that the HSA is yours, even if you can no longer contribute to it, and you can use the tax-advantaged funds to pay Medicare premiums and other qualified medical expenses. So it might be helpful to build your HSA balance before enrolling in Medicare.

Whether you should opt out of premium-free Part A in order to contribute to an HSA depends on what you consider to be more valuable: secondary hospital insurance coverage or tax-advantaged contributions to pay future expenses. HSA funds can be withdrawn free of federal income tax and penalties provided the money is spent on qualified health-care expenses. HSA contributions and earnings may or may not be subject to state taxes.

### How are Medicare claims handled?

Once you enroll in Medicare, tell your health-care providers that you have coverage in addition to Medicare to help ensure that claims are submitted properly. You can also contact the Medicare Benefits Coordination & Recovery Center (BCRC) at (855) 798-2627 if you have questions about how your claims will be handled.

Medicare rules are complex, and these are only guidelines. Different rules and considerations apply if you have retiree health coverage through your former employer (or your spouse's employer) or other types of health coverage. For more detailed information, visit [medicare.gov](https://www.medicare.gov).

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## I just bought a vacation home. Do I need to purchase a specific type of insurance?

Insuring a vacation home is different from insuring a primary residence. As a result, you'll want to purchase insurance that is specifically geared to this type of property.

The cost to insure a vacation home will vary, depending on where the property is located and the insurance company. Other factors, such as the type of property and special amenities, may also affect the cost of premiums.

Insurance that is specifically designed for second/vacation homes can range from standard coverage that protects against certain named perils, to more comprehensive coverage that protects against all perils (up to policy limits), unless specifically excluded in the policy.

Depending on what the policy covers, you may need to obtain additional protection (e.g., personal and liability property coverage) through either an endorsement to your primary homeowners policy or a separate policy. And if your vacation home is located in an area that is susceptible to flood damage, which is not

covered under standard homeowners insurance, you'll want to consider separate coverage for that peril as well. Homes susceptible to hurricanes, wildfires, or earthquakes might also require an endorsement or separate policy.

Insurance premiums for vacation homes are usually much higher than those for a primary residence because of circumstances unique to second homes (e.g., long periods of being unoccupied, vandalism risk). However, you may be able to save money by insuring your vacation home with the same company that provides coverage for your primary residence. You might also be eligible for other discounts, such as those offered for newly built homes and those with an operating security system. Policy discounts vary by state and insurer.

Be sure to shop around for the best coverage and rates. You might also want to contact the state department of insurance where your vacation home is located for additional information on the coverage and rate options that may be available.



## How much can I deduct if I donate my car to charity?

If you donate your car to charity, you can claim an income tax deduction for the donation if you itemize your deductions on your federal income tax return.

The fair market value (FMV) of your car represents the maximum deduction you may take on your federal income tax return. Certain commercial firms and trade organizations publish monthly or seasonal guides for different regions of the country that contain dealer sale prices or average dealer prices for recent-model cars. While these prices are not "official" and the publications are not considered appraisals of any specific donated property, they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area. In certain circumstances, if the tax deduction you claim for your car is greater than \$5,000, you may need a written appraisal of the car's FMV from a qualified appraiser.

If the charity sells your car and you claim a deduction of more than \$500, you can deduct the lesser of (1) the gross proceeds of the sale (as indicated on IRS Form 1098-C) or (2) the

car's FMV on the date of your contribution. In the following circumstances, you can generally deduct the car's FMV at the time of your contribution: The charity is going to significantly use your car instead of selling it; the charity is going to fix up the car materially before selling it; or the charity is going to give the car away or sell it (at a price well below its FMV) to a needy individual as part of its charitable mission. In this instance, IRS Form 1098-C should indicate which of the exceptions applies.

If the charity sells your donated car for \$500 or less, you can deduct the lesser of \$500 or the FMV of your car on the date of your contribution. However, if one of the exceptions noted above applies, you may generally deduct the FMV of your car.

Charitable contribution deductions are generally limited to 50% of your adjusted gross income (AGI), or 30% or 20% of AGI depending on the type of charity and the property donated. Disallowed amounts can generally be carried over and deducted in the following five years, subject to the percentage limits in those years. Your overall itemized deductions may also be limited based on the amount of your AGI.

