marrick wealth monthly

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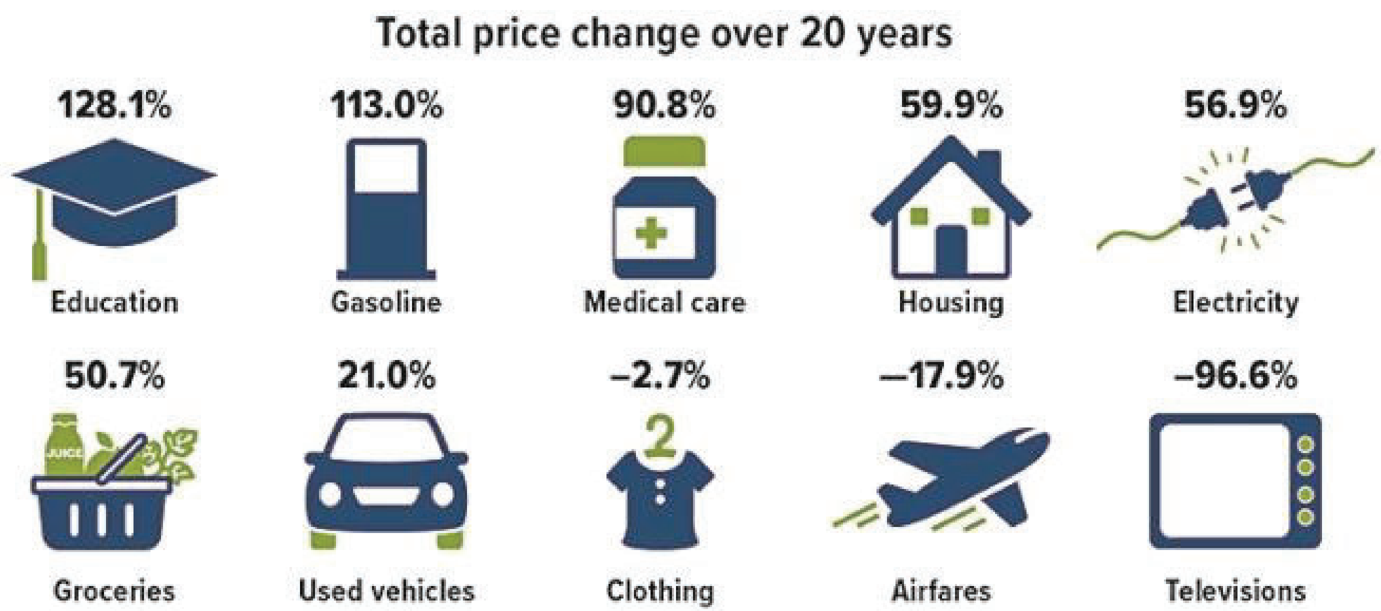
Two Decades of Inflation

After being largely dormant for the last decade, inflation roared back in 2021 due to various factors related to the pandemic and economic recovery. For perspective, it may be helpful to look at inflation over a longer period of time. During the 20-year period ending September 2021, the Consumer Price Index for All Urban Consumers (CPI-U), often called *headline inflation,* rose a total of 53.8%. While the prices of some items tracked the broad index, others increased or decreased at much different rates.



Source: U.S. Bureau of Labor Statistics, 2021 (data through September 2021)

Charitable Giving Can Be a Family Affair

As families grow in size and overall wealth, a desire to "give back" often becomes a priority. Cultivating philanthropic values can help foster responsibility and a sense of purpose among both young and old alike, while providing financial benefits. Charitable donations may be eligible for income tax deductions (if you itemize) and can help reduce capital gains and estate taxes. Here are four ways to incorporate charitable giving into your family's overall financial plan.

Annual Family Giving

The holidays present a perfect opportunity to help family members develop a giving mindset. To establish an annual family giving plan, first determine the total amount that you'd like to donate as a family to charity. Next, encourage all family members to research and make a case for their favorite nonprofit organization, or divide the total amount equally among your family members and have each person donate to his or her favorite cause.

When choosing a charity, consider how efficiently the contribution dollars are used — i.e., how much of the organization's total annual budget directly supports programs and services versus overhead, administration, and marketing. For help in evaluating charities, visit the Charity Navigator web site, charitynavigator.org, where you'll find star ratings and more detailed financial and operational information.

Snapshot of 2020 Giving

Despite the pandemic and economic downturn, 2020 was the highest year for charitable giving on record, reaching $471.44 billion. Giving to public-society benefit organizations, environmental and animal organizations, and human services organizations grew the most, while giving to arts, culture, and humanities and to health organizations declined.

Source: Giving USA 2021

Estate Planning

Charitable giving can also play a key role in an estate plan by helping to ensure that your philanthropic wishes are carried out and potentially reducing your estate tax burden.

The federal government taxes wealth transfers both during your lifetime and at death. In 2021, the federal gift and estate tax is imposed on lifetime transfers exceeding $11,700,000, at a top rate of 40%. States may also impose taxes but at much lower thresholds than the federal government.

Ways to incorporate charitable giving into your estate plan include will and trust bequests; beneficiary designations for insurance policies and retirement plan accounts; and charitable lead and charitable remainder trusts. (Trusts incur upfront costs and often have ongoing administrative fees. The use of trusts involves complex tax rules and regulations. You should consider the counsel of an experienced estate planning professional and your legal and tax professionals before implementing such strategies.)

Donor-Advised Funds

Donor-advised funds offer a way to receive tax benefits now and make charitable gifts later. A donor-advised fund is an agreement between a donor and a host organization (the fund). Your contributions are generally tax deductible, but the organization becomes the legal owner of the assets. You (or a designee, such as a family member) then advise on how those contributions will be invested and how grants will be distributed. (Although the fund has ultimate control over the assets, the donor's wishes are generally honored.)

Family Foundations

Private family foundations are similar to donor-advised funds, but on a more complex scale. Although you don't necessarily need the coffers of Melinda Gates or Sam Walton to establish and maintain one, a private family foundation may be most appropriate if you have a significant level of wealth. The primary benefit (in addition to potential tax savings) is that you and your family have complete discretion over how the money is invested and which charities will receive grants. A drawback is that these separate legal entities are subject to stringent regulations.

These are just a few of the ways families can nurture a philanthropic legacy while benefitting their financial situation. For more information, contact your financial professional or an estate planning attorney.

Bear in mind that not all charitable organizations are able to use all possible gifts, so it is prudent to check first. The type of organization you select can also affect the tax benefits you receive.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

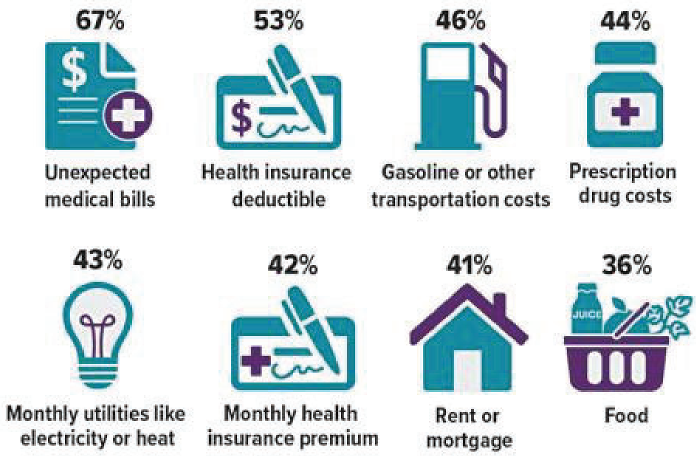
What a Relief! Congress Acts Against Surprise Medical Bills

If you have ever been caught off-guard by a large medical bill, a long-running practice known as balance billing might be the reason. A balance bill — which is the difference between an out-of-network provider's normal charges for a service and a lower rate reimbursed by insurance — can amount to thousands of dollars.

Many consumers are already aware that it usually costs less to seek care from in-network health providers, but that's not always possible in an emergency. Complicating matters, some hospitals and urgent-care facilities rely on physicians, ambulances, and laboratories that are not in the same network. In fact, a recent survey found that 18% of emergency room visits resulted in at least one surprise bill.[1]

Who's Afraid of High Health-Care Costs? Most People

Percent of surveyed adults who say they are worried about being able to afford the following expenses



Source: Kaiser Family Foundation and JAMA, 2020

Coming Soon: Comprehensive Protection

The No Surprises Act was included in the omnibus spending bill enacted by the federal government at the end of 2020. The new rules will help ensure that consumers do not receive unexpected bills from out-of-network providers they didn't choose or had no control over. Once the new law takes effect in 2022, patients will not receive balance bills for emergency care, or for nonemergency care at in-network hospitals, when they are unknowingly treated by out-of-network providers. (A few states already have laws that prevent balance billing unless the patient agrees to costlier out-of-network care ahead of time.)

Patients will be responsible only for the deductibles and copayment amounts that they would owe under the in-network terms of their insurance plans. Instead of charging patients, health providers will negotiate a fair price with insurers (and settle disputes with arbitration). This change applies to doctors, hospitals, and air ambulances — but not ground ambulances.

Consent to Pay More

Some patients purposely seek care from out-of-network health providers, such as a trusted family physician or a highly regarded specialist, when they believe the quality of care is worth the extra cost. In these nonemergency situations, physicians can still balance bill their patients. However, a good-faith cost estimate must be provided, and a consent form must be signed by the patient, at least 72 hours before treatment. Some types of providers are barred from seeking consent to balance bill for their services, including anesthesiologists, radiologists, pathologists, neonatologists, assistant surgeons, and laboratories.

Big Bills Will Keep Coming

The fact that millions of consumers could be saved from surprise medical bills is something to celebrate. Still, many people may struggle to cover their out-of-pocket health expenses, in some cases because they are uninsured, or simply due to high plan deductibles or rising costs in general. Covered workers enrolled in family coverage contributed $5,588, on average, toward the cost of premiums in 2020, with deductibles ranging from $2,700 to more than $4,500, depending on the type of plan.[2]

When arranging nonemergency surgery or other costly treatment, you may want to take your time choosing a doctor and a facility because charges can vary widely. Don't hesitate to ask for detailed estimates and try to negotiate a better price.

If you receive a bill that is higher than expected, don't assume it is set in stone. Check hospital bills closely for errors, check billing codes, and dispute charges that you think insurance should cover. If all else fails, offer to settle your account at a discount.

1-2) Kaiser Family Foundation, 2020

How to Correct an Error on Your Credit Report

According to the Consumer Financial Protection Bureau (CFPB), credit report errors more than doubled during the coronavirus pandemic. In addition, the CFPB found that many pandemic protections which were designed to help consumers, such as loan forbearance periods on federal student loans and federally backed mortgages, ended up negatively impacting their credit reports as a result of complications such as processing delays and suspended payments being marked incorrectly.[1] This is a significant issue for many consumers, because credit report errors may negatively impact creditworthiness and potentially lead to negative financial consequences, such as being offered higher mortgage interest rates or being turned down for a job or an apartment lease.

Fortunately, changes made during the pandemic have made it easier to stay on top of your credit report. Under new expanded rules, you are now eligible to obtain a free weekly credit report from each of the three nationwide credit reporting bureaus until April 20, 2022. To obtain free reports, go to AnnualCreditReport.com where you can fill out an online form, choose the reports you want, and, after answering some security questions, review your reports online.

If you find an error on your credit report, there are steps you can take to correct it. First, contact the credit reporting agency to dispute the error. You can do this online or by mail. Explain why you are disputing the information and be sure to include documentation that supports your dispute. The credit reporting bureau generally has 30 to 45 days to investigate the disputed information. Once the investigation is complete, the credit reporting bureau must provide you with written results. If the credit reporting bureau confirms that your credit report does contain errors, the information on your report must be removed or corrected.

If you do not agree with the credit bureau's investigation results, you can ask that a statement of the dispute be included in your file and in future reports. You can also contact the creditor that reported the information to the credit reporting bureau and dispute it with the creditor directly. If the creditor finds that the information is inaccurate, it must notify each credit bureau to which it has reported the information so the information can be updated or deleted. If you believe the error is the result of identity theft, you may need to take additional steps to resolve the issue, such as placing a fraud alert or security freeze on your credit report.

Keep in mind that correcting a credit report error can often be a time-consuming and emotionally draining process. If at any time you believe that your credit reporting rights are being violated, you can file a complaint with the Consumer Financial Protection Bureau at consumerfinance.gov.

1) Consumer Financial Protection Bureau, 2021

IMPORTANT DISCLOSURES

This publication is not intended to provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

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