

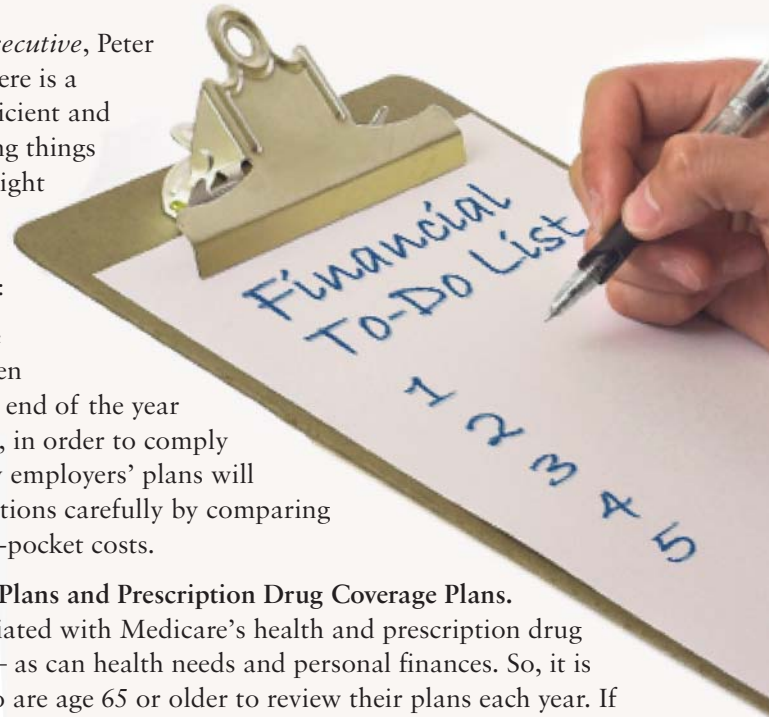


# PLATINUM PERSPECTIVE

DECEMBER 2010

## Get the Right Things Done: A Financial To-Do List

In his book, *The Effective Executive*, Peter Drucker pointed out that there is a difference between being efficient and being effective. Efficiency is doing things right; effectiveness is doing the right things. Here are five *effective* financial priorities that should be taken care of before year-end:



- 1. Review your health insurance options.** Health insurance open enrollment occurs toward the end of the year at many companies. For 2011, in order to comply with healthcare reform, many employers' plans will change.<sup>1</sup> Review your plan options carefully by comparing coverage and potential out-of-pocket costs.
- 2. Review Medicare Advantage Plans and Prescription Drug Coverage Plans.** The costs and coverage associated with Medicare's health and prescription drug plans can change each year — as can health needs and personal finances. So, it is important for Americans who are age 65 or older to review their plans each year. If a plan no longer meets their needs, changes can be made from mid-November through the end of December.<sup>2</sup> Learn more by visiting [www.medicare.gov](http://www.medicare.gov).
- 3. Maximize contributions to your flexible spending account or health savings account.** As healthcare costs continue to escalate, it's always a good idea to maximize contributions made to your flexible spending account (FSA). FSAs allow you to set aside pretax money for medical expenses. Health savings accounts provide similar benefits for employees with high deductible health plans who meet eligibility requirements.<sup>3</sup> *Please Note:* Beginning January 1, 2011, the cost of many over-the-counter medicines cannot be reimbursed from FSA and HSA accounts without prescriptions. Insulin and a few other medicines will still be covered, as will healthcare expenses such as eye glasses, co-pays or deductibles.<sup>4</sup> If your plan's benefit-year calendar ends on December 31 and provides a grace period, FSA contributions can be used for expenses incurred through March 15 of the following year. If contributions are not used, any remaining balance is forfeited.<sup>3</sup>
- 4. Review and rebalance your retirement and investment portfolios.** Even if you don't intend to make any major changes, it's likely that the performance of your individual investments has shifted your asset allocation. In order to maintain your long-term strategy, it is important to rebalance your portfolio by restoring your intended allocation. We will work with you to ensure that your investments are part of a risk-appropriate, well-diversified portfolio.



*continued*

from page 1

**5. Maximize your retirement plan contributions.** The Bipartisan Deficit Reduction Commission's proposals include a recommendation that full Social Security benefits become available at age 68.<sup>5</sup> Although the proposed changes will be phased in gradually and would not take full effect until 2050,<sup>6</sup> it underscores the importance of saving as much as you can for retirement. ■

<sup>1</sup> National Business Group on Health, *Large Employers' 2011 Health Plan Design Changes*, August 2010

<sup>2</sup> Centers for Medicare and Medicaid Services, *Medicare & You 2011*

<sup>3</sup> IRS, *Publication 969*

<sup>4</sup> IRS, *Guidance Explaining 2011 Changes to Flexible Spending Arrangements*, September 3, 2010

<sup>5</sup> Los Angeles Times, *Panel Weighs Deep Federal Budget Cuts to Trim Deficit*, November 11, 2010

<sup>6</sup> FiscalCommission.gov, *CoChairs' Proposal*, November 10, 2010

## How to Reduce Credit Card Costs

**C**redit cards are very convenient. It is one reason many Americans love their plastic. The awful part is that paying credit card fees and interest rates can be costly. It's all too easy to run up a big balance and find yourself with a substantial monthly payment. If you would like to reduce the cost of your credit cards, consider these ideas:

- **Pay off your balance — every month.** The fastest way to reduce the cost of credit cards is to pay off your balance each month so you never owe interest.
- **Negotiate a lower interest rate.** If you have excellent credit, you may be able to negotiate a lower interest rate on your credit card. Just phone your card



company, ask for a supervisor and request that your rate be lowered. In mid-November, the average consumer credit card rate was 14.77 percent, according to [www.creditcard.com](http://www.creditcard.com). Two-thirds of people who have negotiated for a lower rate have been successful.<sup>7</sup>

- **Ask that your fee be waived.** Many credit card fees have increased recently. As a result, if you don't carry a balance or carry a low balance, it may be more beneficial to ask that your annual fee be waived. ■

<sup>7</sup> PRNewswire, *Personal Financial Knowledge Has Gone up, but Americans Still Aren't Making the Right Financial Moves, According to Lending Club Survey*, June 24, 2010

Advisory services and securities offered through Lincoln Investment Planning, Inc.