



# HIGHLAND TRUST PARTNERS

## *Pet Insurance?*

*By Founding Partner Chris Caldwell, CFP®, CRC®, MBA*

### WE ALL WANT THE BEST FOR OUR PETS

How much life insurance do I need? Do I need to purchase long-term care insurance? Is my home insurance structured properly? Do I need a PPO or HMO health policy? Do I need disability insurance? Will my auto insurance pay all damages?

2019 has been an expensive year in veterinary expenses at the Caldwell house where there are presently eight pets. We started the year with nine but, unfortunately, had to euthanize one of our dogs last month who had a congenital heart defect. Between him

increasing cost of veterinary services is one of the largest contributing factors. Pet owners are shocked at the expense of many procedures. Treatment for cancers can cost upwards of \$5000, intestinal blockage from \$1000 to \$6000, and ligament injuries from \$2000 to \$5000.

If thinking about pet insurance, there are a few things to consider:

**1. Preexisting Conditions.**

Just like humans, insurance carriers consider preexisting conditions when providing (or not) insurance for pets. For example, we could not have insured our dog who was born with a heart defect. Also, carefully read the policy information to understand what other items and conditions are not covered.

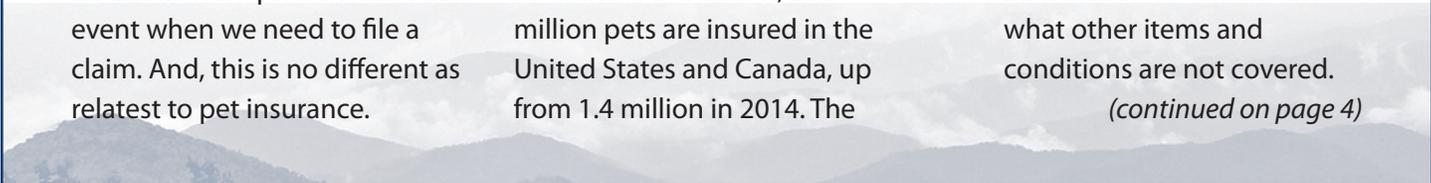
*(continued on page 4)*



We are constantly forced to think about our insurance coverage decisions about which we are often unclear. Of course, we often only know if these decisions were prudent after an event when we need to file a claim. And, this is no different as relate to pet insurance.

and our English Bulldog, 2019 vet bills were several thousand dollars. My wife and I have talked about pet insurance for years, but have never actually analyzed whether it is worth the cost.

According to a 2018 study by the North American Pet Health Insurance Association, 2.43 million pets are insured in the United States and Canada, up from 1.4 million in 2014. The



### FINANCIAL PLANNING AND THE BLENDED FAMILY

Penguins have long been thought to be the gold standard in the animal world for their long-term relationships. According to **oceana.org**, penguins will date, propose (with a small smooth pebble) and "marry." They will raise their offspring together. And, in some cases, the male Emperor Penguin will stand still for 65 days to protect their young. However, as wonderful as this seems, there are predators, climate issues, etc., that can interfere with this noted stability and penguins can find themselves in blended family situations.

With our species, and much like penguins, sometimes it does



not work out as we had planned. Challenges can get involved and divorce becomes a reality. Unlike Penguins, however, we have a lot

more to talk about when it comes to co-parenting (and organizing the family finances) for the new blended family. Now that I have your attention, I will drop the penguin references and, to be honest, I have ridden those "penguin suit coattails" for about as far as I can!

Below are several steps we take when it comes to helping our blended families. Keep in mind that we are, by no means, limited to only these steps.

#### **Step 1: Inventory All Assets as Well as Income and Debt.**

There are starting questions that we ask clients when we talk about the first stages of the financial planning process. What do you own, what do you owe and whom do you owe? As simple as this sounds, it is powerful information and is the foundation for the blended family financial planning process.

**Step 2: Define Priorities.** What

is important and needs to be discussed first and foremost? Is there something that we need to work on immediately? For example, sometimes one of the spouses will be owed part of the other's IRA or 401K. Maybe it is health insurance/COBRA. Any and all subjects that pertain to family and finances will be discussed.

**Step 3: Check Your Beneficiaries!** IRAs, 401Ks, and life insurance all pay to whom is listed as the beneficiary (regardless of the will) if the account holder or insured dies.

**Step 4: A Plan of Action.** A plan of action will be set in motion as well as communication of the reasoning behind the actions suggested in this plan of action.

Bringing families together can be a joyous as well as a stressful process. Highland Trust Partners is happy to educate and advocate for the best options for any family during this time of change!

## Operations

**2019 Required Minimum Distributions:** We have begun processing the 2019 IRA Required Minimum Distributions (RMDs) for clients with Beneficiary IRAs as well as clients 70½ years and older. We are using distribution instructions currently on file. If you have IRAs held at other institutions, please consult with us to determine the best method for taking your total distributions.

# Introspection

## *The Joy of Giving*

By Senior Financial Adviser Amy Parrish,  
AMWA®

### ONE FAMILY'S MEMORY OF TIME SPENT TOGETHER

I saw a Facebook post earlier this week that said there are only four Wednesdays until Christmas. I hate to admit that that causes me some anxiety, but it certainly does. While I find a lot of joy in the season, gift giving can be stressful because of the pressure to find the "perfect" gift for each person on my list. In today's world of easy giving through gift cards and other simple means, I desire (and struggle) to find gifts containing a personal touch. This summer, however, I learned the value of giving the gift of my time. It also became a gift of an exciting experience to my family.

For several years, my father shared with my sister and me that he wanted to go back to Columbus, Indiana and show us around. He and my mom, who has passed, lived there as newlyweds in the early 60s before my sister or I were born, and he has fond memories of their time there. This past June, we decided to offer this trip to him for Father's Day.

Admittedly, my sister and I were skeptical. Dad had kept in touch with a couple that he and Mom had known in Columbus which was his only recent connection to the town. He had never been back for a visit since his newlywed days. We wondered how much the city had changed in the 50+ years since he'd been there and if we'd be able to find the spots about which he had reminisced. But we determined that it would be fun to find out and we'd enjoy family time together along the way.

Over Memorial Day weekend, my dad, sister, my two children, 15 and 12 at the time, and I made the drive to Columbus. The children were concerned: "What is there to do in Columbus?" "How far is it?" "Why do we have to go?" I wasn't quite sure

about the first two questions, but for the last I said, "because Gramps wants us to go and it will be a fun trip together."

It turned out that it was an unforgettable experience! We laughed and talked endlessly in the car. We heard a lot of stories about Mom and Dad's early life together that we hadn't known. We met the couple with whom Dad had stayed in touch. And we found out that Mom and Dad had originally introduced these two to each other. They have enjoyed a long and beautiful marriage together! They graciously welcomed us into their home and to their city of which they are very proud. Columbus has a great architectural history and much of it remains unchanged from when Dad was there. The forward-thinking planning of the city's builders has stood the test of time.

I'm happy to say that I've visited Columbus, Indiana. From the simple desire to give my dad a special gift, my family received a treasured memory from our special time spent together. Thanks, Dad, for encouraging us to relive, in a small way, the beginning of your life with Mom, the wife of your youth.



## Technology Corner



Dashlane

**Dashlane:** With Dashlane, you can keep track of all your passwords in one user-friendly app. For free, you can store and manage up to 50 passwords. The app can also test the strength of your passwords and generate passwords that are complex and unique to you with a combination of random letters and numbers. Users may add secure notes and personal information that is protected within the app. The app also provides Premium (\$4.99/mo.) and Premium Plus (\$9.99/mo.) plans that include advanced features and unlimited password storage.

*(continued on next page)*

## Pet Insurance?

### WE ALL WANT THE BEST FOR OUR PETS *(continued from page 1)*

**2. Breed.** Animal breed will factor into the premium cost. Pure breeds are more susceptible to health complications thus making the insurance more expensive. Our English Bulldog is in this category.

**3. Insurance Carriers.** There are a number of options for insurers. It could be a cost savings to insure different pets with different carriers, so do not feel you have to choose one for all pets. Explore your options!

**4. Premium Costs and Shifts.** As pets age, carriers tend to raise the premium amounts. If you are going to insure your pets, it is best to do so when they are young to avoid the preexisting condition clause. Also, consider lifespan, activities,

and the day-to-day activities of your pet (e.g., inside vs. outside) to weigh potential healthcare cost against premium cost.

**5. Types of Coverage.** Like human health insurance, there are different types with various deductibles and annual maximums. Again, much of this depends on how much risk there is that your pet will need care. Several publications have suggested purchasing only accident policies since the cost for preventive and wellness coverage could easily be more than the veterinarian bills for those visits.

**6. Veterinarian Costs .** Not all veterinary clinics charge identically. You may be

surprised at some of the differences in the cost for certain procedures. Make a list of conditions your pet could face in his/her lifetime and ask clinics to give you price estimates. This can help greatly in your decision making process. And, even if you end up not insuring your pet, this information could become invaluable if your pet becomes ill.

Insuring your pets is as much about peace of mind as saving money. We all want the best for our four-legged (okay, two or no legs for the bird and snake people) family members. Having a good veterinarian as well as the means to pay the bills received from him or her is very important. You love your pets too much to put yourself in a situation where you cannot afford what is best for them!

# Information & Tools

## Technology Corner (continued)



GasBuddy

**GasBuddy:** GasBuddy allows users to search their area for the cheapest gas prices available. Enter in your city or zip code and GasBuddy provides a sorted list of gas stations by location and price. GasBuddy also provides savings opportunities by offering Pay with GasBuddy. Pay with GasBuddy is a gas card that is connected to the user's checking account and, when used at participating locations, provides savings on gas purchases. Along with finding the best deals and increasing savings, users can also search for their vehicle make and model to check for any issued recalls. The basic version of the app is free. There are also Plus & Premium versions for a monthly fee.

# HTP News and Reminders

## More New Additions

Highland Trust Partners announced the hiring of two of our interns to full-time positions in our Summer 2019 newsletter. We are excited to announce two more full-time employees to our team.

**Troy DeCastro:** Troy is an independent financial advisor and a Chartered Financial Analyst®. He has worked in the financial industry since 1990. Troy received a BS in mathematics from East Tennessee State University. He played football at ETSU recording 24 starts and was named to the Southern Conference All-Academic Team in 1986.



Before joining Highland Trust Partners, an independent financial planning and wealth management firm in 2019, Troy worked for over 20 years with Crawford Investment Counsel where he oversaw the firm's sub-advisory relationships. Previously, he worked for William M. Mercer for over 8 years in various roles including actuarial analyst and institutional investment analyst/consultant.

Troy and his wife, Katie, have two daughters, Claire and Maggie. He enjoys spending time with friends and family, traveling, and watching football.

**Will Divers:** Will is a graduate of Auburn University with a Bachelor of Science in Business Administration as a finance major. During his college years he served as a Corporate Accounting and Finance intern at Zaxby's Franchising LLC. Will is currently filling the position of Administrative Assistant at HTP.



Will grew up in Athens and enjoys being back in his hometown and the community that he loves. Will is a member of First Baptist Church of Athens. He enjoys cheering for his Auburn Tigers in his spare time. He also enjoys his time outside whether it be on the golf course or hunting.

## Rural Hospital Tax Credit

By Rosalyn Merrick, Director of Stakeholder Engagement,  
Georgia HEART Hospital Program

### TIME REMAINS TO RECEIVE GEORGIA HEART PROGRAM BENEFITS



In an effort to encourage broad-based taxpayer support for financially struggling non-profit rural hospitals, effective January 1, 2017, Georgia lawmakers

adopted a highly attractive, one-of-a-kind state income tax credit program, known as Georgia Helping Enhance Access to Rural Treatment, or Georgia HEART, program.

Each year through 2024, in exchange for contributing to one or more qualified Georgia rural hospitals, taxpayers can receive a 100% credit against their Georgia income taxes. The annual total limit on the available Georgia HEART credits is \$60 million, of which \$24 million remain for 2019. On or before June 30 of each year, the maximum credit available to individual taxpayers is \$5,000 and the maximum credit for married couples and the owners of interests in pass-through business entities (such as "S" corporations, limited liability companies, and partnerships) is \$10,000. After July 1, so long as credits remain available, there is no limit on the amount of Georgia HEART credits for which individual or married taxpayers or pass-through business owners may apply to offset all or a portion of their Georgia income tax liabilities.

The law permits "C" corporations and trusts to secure a Georgia HEART credit equal to the amount of the contribution, or 75% of the corporation's or trust's Georgia income tax liability, whichever is less.

Although a federal charitable income tax deduction is not available in cases where a taxpayer receives a corresponding state income tax credit, some pass-through business owners may take advantage of both a federal business expense deduction and the Georgia HEART state income tax credit. This occurs

when a pass-through business makes a payment to a rural hospital that qualifies as an ordinary and necessary business expense for federal income tax purposes. In these cases, the Georgia Department of Revenue permits each owner of the pass-through business entity to claim his or her share of the Georgia HEART credit corresponding to the business payment, based on his or her profit/loss percentage ownership of the business at the end of the year. Of course, the business owner's share of the federal deduction must be added back to his or her Georgia taxable income, as the State of Georgia will not permit the business owner to have his or her Georgia taxable income from the business reduced by a federal business expense deduction, while also receiving a state income tax credit for the same amount.

Businesses seeking to claim a business expense deduction for payments to a rural hospital should contemporaneously document the business and financial rationale for making such payments. If, by making a payment to a rural hospital, the business expects to build brand awareness, increase customer or client loyalty, earn community goodwill, develop more business, and/or retain and recruit employees, the business should estimate and document the value of those expected outcomes. In all cases, taxpayers should consult with their tax advisors.

Until the end of 2019, so long as Georgia HEART credits remain, there is no limit on the amount of Georgia HEART credits for which the owners of pass-through businesses may apply.

For more details about the Georgia HEART program and the tremendous positive impact it is having on rural healthcare in Georgia, please visit [www.georgiaheart.org](http://www.georgiaheart.org)

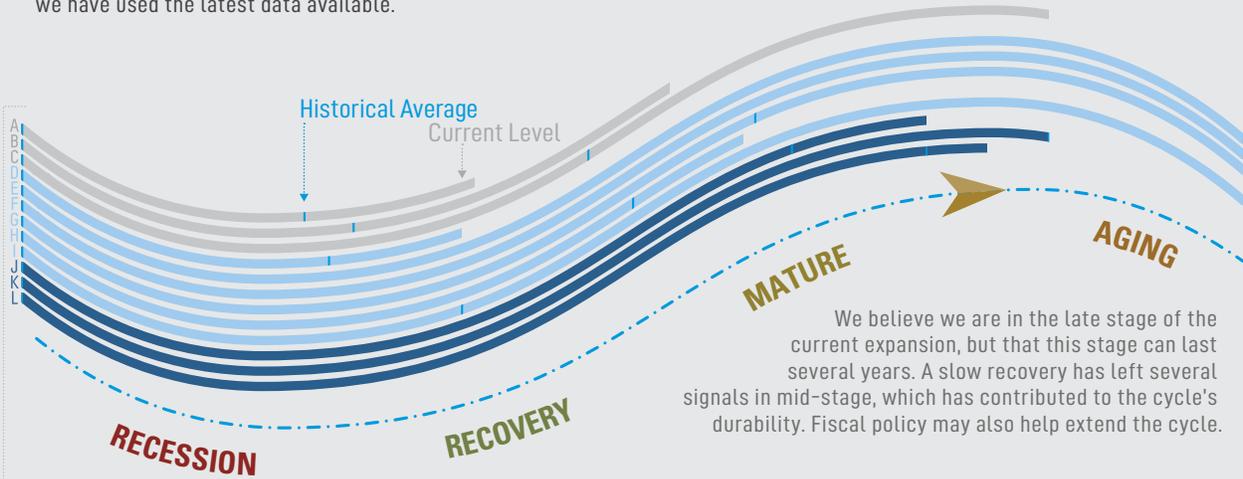
# Chart of the Quarter

## RECESSION WATCH October 2019



Our Recession Watch Dashboard is showing a modest risk of recession starting within the next year.

Because data for the components of this dashboard are available with varying frequencies, some will be more current than others. In all cases, we have used the latest data available.



We believe we are in the late stage of the current expansion, but that this stage can last several years. A slow recovery has left several signals in mid-stage, which has contributed to the cycle's durability. Fiscal policy may also help extend the cycle.

- |  |                                   |  |  |
|--|-----------------------------------|--|--|
| A 3-Month Treasury Bill, Low             | D 10-Year Treasury Yield, Low     | G Commodity Prices, Low                        | J Profitability, Peak                          |
| B Civilian Employment, Passes Prior Peak | E Housing Starts, Expansion Total | H Yield Spread, BAA, 20-Year Treasury, Low     | K Real S&P 500 Price Index, % Above Prior Peak |
| C CPI, Year-over-Year, Low               | F GDP, % Above Prior Peak         | I Average Hourly Earnings, Year-over-Year, Low | L Real Earnings Peak                           |

Data for all series is as of October 31, 2019. Starting point for all series is June 1954 except housing starts (March 1961), hourly earnings (December 1970), and commodity prices (December 1970). Real prices and real earnings determined using the Consumer Price Index for all urban consumers (CPI-U). Commodity prices are based on the GSCI Total Return Index. Profitability is based on real profit per unit value added for non-financial corporate business based on current production as calculated by the BEA.

The 10-year Treasury yield hit a new low for the current cycle in July 2016 (based on the daily average), shifting us to earlier in the cycle by that metric.

Sources: LPL Research, Federal Reserve, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Bureau of the Census, Standard and Poor's, Robert Shiller, National Bureau of Economic Research, Haver Analytics, Thomson Reuters



# Market Index Returns\*

Fixed Income	Current Yield 8/1/19
90-Day T-Bill	2.07%
5-Year T-Note	1.68%
10-Year T-Note	1.89%
30-Year T-Bond	2.44%

Source: Bloomberg

Index	2019 (1/1/19-7/31/19)	2018 (One Year)
Dow Jones Ind.	16.69%	-3.48%
S&P 500	20.24%	-4.38%
NASDAQ	23.21%	-2.84%
MSCI EAFE	12.58%	-13.79%

Source: Morningstar Research

\*The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

Not FDIC Insured | Not Bank Guaranteed | May Lose Value  
Not Insured by any Federal Government Agency | Not a Bank Deposit

Securities offered through LPL Financial, Member FINRA/  
SIPC. Advisory Services offered through IFG Advisory, LLC, a  
registered investment advisor. Highland Trust Partners and  
IFG Advisory, LLC are separate entities from LPL Financial.  
LPL Financial compliance # 1-613116.

1077 Baxter Street, Suite 600  
Athens, GA 30606  
706-850-4965 (office)  
www.highlandtrustpartners.com

