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\$9,733

Average national monthly cost of nursing home care in a private room. The cost of care can vary widely by area. For example, in Texas the average monthly cost for a private room is \$6,692, while in New York state it is \$14,813.

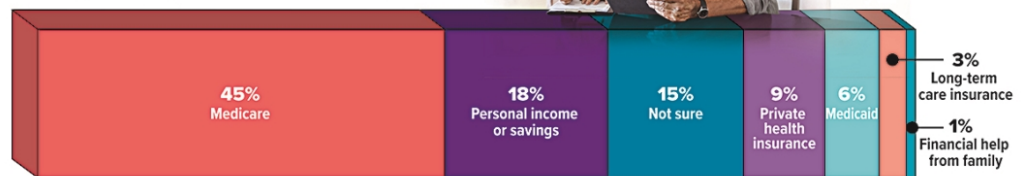
Source: Genworth Cost of Care Survey, 2024

How Would You Pay for Long-Term Care?

According to the U.S. Department of Health and Human Services, seven out of 10 people age 65 and over will need some type of long-term care. Medicare only pays for skilled services or rehabilitative care in a nursing home for a maximum of 100 days, and unfortunately, it does not pay for non-skilled assistance with activities of daily living, including walking, bathing, dressing, and many other long-term care services.

Despite this limited coverage, almost half of Americans age 65 and older said that Medicare would be the main source of funding if they or a loved one entered a nursing home due to a long-term illness or disability. And only 6% identified Medicaid, even though it is the primary source of such funding.

Percentage of Americans age 65 and older who identified the following as main source of funding if they or a family member entered a nursing home



Source: Kaiser Family Foundation, 2023 (may not total 100% due to rounding)

Saving for College: 529 Plan vs. Roth IRA

529 plans were created in 1996 to give families a tax-advantaged way to save for college. Roth IRAs were created a year later to give people another tax-advantaged way to save for retirement. Along the way, some parents began using Roth IRAs as a college savings tool. And now, starting in 2024, extra funds in a 529 plan can be rolled over to a Roth IRA for the same beneficiary. Here's how the two options compare in a few key areas.

Contribution rules

529 plan: Anyone can open a 529 account. In 2024, individuals can contribute up to \$18,000 (\$36,000 for married couples) without triggering gift tax implications. And under a special accelerated gifting rule unique to 529 plans, individuals can make a lump sum contribution in 2024 up to \$90,000 (\$180,000 for married couples) with no gift tax implications if they elect to spread the gift over five years. Lifetime contribution limits for 529 plans are high — most plans have lifetime limits of \$350,000 and up (limits vary by state).

Roth IRA: Not everyone can contribute to a Roth IRA. In 2024, single filers must have a modified adjusted gross income (MAGI) of \$146,000 or less and joint filers must have a MAGI of \$230,000 or less. (A partial contribution is allowed for single filers with a MAGI between \$146,000 and \$161,000, and joint filers with a MAGI between \$230,000 and \$240,000.) In 2024, the annual contribution limit is \$7,000 (\$8,000 for people age 50 and older).

Roth IRA: Earnings in a Roth IRA also accumulate tax-deferred and are tax-free if a distribution is qualified. A distribution is qualified if a five-year holding period is met *and* the distribution is made: (1) after age 59½, (2) due to a qualifying disability, (3) to pay certain first-time home buyer expenses, or (4) to your beneficiary after your death. If your distribution isn't qualified, the earnings portion of the withdrawal is subject to income tax and, if you're younger than 59½, a 10% early withdrawal penalty (unless an exception applies). One exception to this penalty is when the withdrawal is used to pay college expenses.

So, your age is key. Once you've met both the age 59½ and five-year holding requirements, money withdrawn from your Roth IRA to pay college expenses is tax-free. But even though withdrawing funds before age 59½ for college expenses won't trigger an early withdrawal penalty, you *may* owe income tax on the earnings. (Nonqualified distributions draw out contributions first and earnings last, so you could withdraw up to the amount of your contributions and not owe income tax.)

Investment options and flexibility

529 plan: You're limited to the investment options offered by the 529 plan. Plans typically offer a range of static and age-based portfolios (where the underlying investments automatically become more conservative as the beneficiary gets closer to college) with varying levels of risk, fees, and management goals. If you're unhappy with the investment performance of the options you've chosen, you can change the investment options on your *current* contributions only twice per year, per federal law.

Roth IRA: With a Roth IRA, you generally can choose from a wide range of investments, and you can typically buy and sell investments whenever you like (usually incurring transaction costs and fees), so they offer a lot of flexibility.

There are generally fees and expenses associated with investing in a 529 plan, as well as the risk that investments may lose money or not perform well enough to cover college costs as anticipated. The tax implications of a 529 plan can vary from state to state and should be discussed with a legal and/or tax professional. States offering their own 529 plans may provide their residents and taxpayers with exclusive advantages and benefits, which may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 plan, consider the investment objectives, risks, charges, expenses, investment options, underlying investments, and the investment company, which are available in the official disclosure statement and applicable prospectuses. Contact your financial professional to obtain a copy.

529 Plan Snapshot (2023)



15.5 million
Total number
of accounts



\$447 billion
Total assets



\$23,725
Average balance

Source: ISS Market Intelligence, 529 Market Highlights, Q4 2023

Tax benefits

529 plan: Earnings in a 529 account accumulate tax-deferred and are tax-free when withdrawn if funds are used to pay the beneficiary's qualified education expenses, a broad term that includes tuition, fees, housing, food, and books. States generally follow this tax treatment, and some states may offer a tax deduction for 529 contributions. If funds in a 529 account are used for a non-qualified expense, the earnings portion of the withdrawal is subject to income tax and a 10% federal penalty.

Is Tip Fatigue Wearing You Out?

Traditionally, tipping has been a way to reward workers for providing good service. But the norms around tipping are changing, and if you've recently felt more pressure to tip, you're not alone. A survey by the Pew Research Center found that 72% of adults said that tipping was expected in more places today than it was five years ago, a phenomenon known as "tip creep" or "tipflation."¹

Why tipping culture is changing

Tipping affects everyone (even tipped workers have to tip others!) and confusion and complaints about tipping abound. If you're among those feeling uneasy about tipping, blame the pandemic. That's when tipping culture started to change. Consumers, anxious to reward front-line workers and support struggling businesses, left more and bigger tips. Businesses adopted digital ordering and payment solutions that made tipping more convenient and could be programmed with preset tip suggestions that were often higher than customers were used to.

And then inflation took its toll. Businesses that lost employees during the pandemic increasingly realized that tips could help fill wage gaps and attract employees reluctant to return to service positions. But consumers, already having to make their money go further, began to grow weary of seemingly constant tip requests, especially in situations or places where they had not previously been asked to tip.

Ultimately, tipping is always voluntary and it's up to you to decide who, where, and how much to tip. While there are no set rules, here are some guidelines you can use to inform your decisions.²

- Full-service restaurant or food delivery: 20% of total bill
- Quick service restaurant: 10%
- Online food orders/takeout: \$1 to \$5 per order
- Bar or coffee shop: \$1 to \$2
- Hotel bellstaff: \$1 to \$5 per bag
- Hotel housekeeping: \$1 to \$5 per night
- Valet/parking attendant: \$1 to \$5 when car is delivered
- Rideshare/taxi driver: 15% to 20% of the fare

Finding a balance

Planning ahead can help you avoid some of the frustration around tipping and still tip fairly and appropriately.

Do an informal audit. How much have you spent on tips during the last month or two? Does that align with your budget?

Set tipping limits you're comfortable with. You can always make adjustments at the register.

Reserve higher tips for special situations. This might be rewarding a worker at your favorite coffee shop, or showing your appreciation when someone provides extra-special service.

Don't feel bound by on-screen tip recommendations. Use the "custom" tip option when available to leave the amount you want.

Carry small bills. These can be used in traditional tip jars, or when traveling, to reward workers who don't have access to digital tips.

Talk to the manager or business owner if you have questions or complaints. It's not always clear where your tips are going (for example at fast-casual restaurants or when ordering online), so feel free to ask. And reserve your complaints about tipping expectations for management, rather than workers.

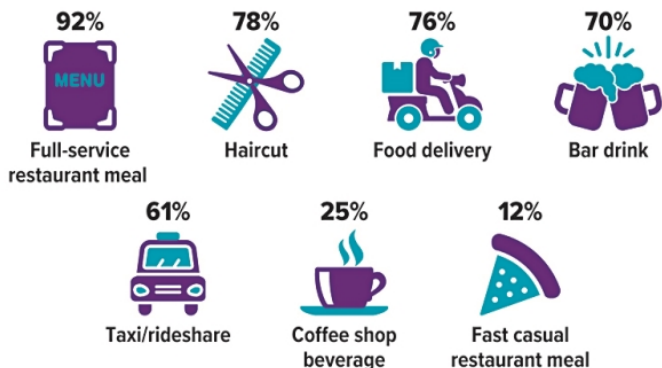
Respect policies. While many businesses encourage tipping, some do not allow their employees to accept tips for legal reasons. Instead, consider leaving positive feedback.

1) Pew Research Center, 2023

2) Toast, 2023; American Hotel & Lodging Association, 2023; *U.S. News & World Report*, 2023

To Tip or Not to Tip?

Percentage of U.S. adults who say they always or often tip for:



Source: Pew Research Center, 2023

Tipping guidelines

Tipping often feels good, but the pressure to tip can be guilt-provoking and confusing. When a worker turns a screen around and you're prompted to choose a preset tip, it can feel wrong to choose the lowest option.

While you might always tip your server at a sit-down restaurant, in situations where you've had little to no direct interaction with any employee, should you even tip at all?

Birthday Benefits Quiz

Remember when you turned 16 and rushed to get your driver's license? Or earned the right to vote at 18 and enjoyed the privileges and responsibilities of adulthood at 21? There aren't many legal changes associated with birthdays after that until you turn 50, and then there are plenty.

Can you match these ages to the related federal benefits and tax responsibilities? One age will be used twice.

50 55 59½ 62 65 67 70 73 75

___ 1. Eligible for full Social Security benefits for those born in 1960 or later

___ 2. Earliest age to make catch-up contributions to a traditional IRA or an employer-sponsored retirement plan

___ 3. Eligible for maximum Social Security benefit

___ 4. Must begin taking required minimum distributions from most tax-deferred retirement plans, for those born from 1951 to 1959

___ 5. Eligible to enroll in Medicare

___ 6. Earliest age to make catch-up contributions to a health savings account

___ 7. Earliest eligibility age to begin taking reduced Social Security worker benefits

___ 8. Must begin taking required minimum distributions from most tax-deferred retirement plans, for those born in 1960 or later

___ 9. Eligible to withdraw money from a tax-deferred IRA or employer-sponsored retirement plan (for most employees) without incurring a 10% federal tax penalty

___ 10. Eligible to withdraw money from a tax-deferred employer-sponsored retirement plan without incurring a 10% federal tax penalty, for an employee who separates from service with the employer

For further information, visit [irs.gov](https://www.irs.gov), [socialsecurity.gov](https://www.socialsecurity.gov), and [medicare.gov](https://www.medicare.gov).

Answers

1. 67; 2. 50; 3. 70; 4. 73; 5. 65; 6. 55; 7. 62; 8. 75; 9. 59½; 10. 55 (50 or after 25 years of service for qualified public safety employees)

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