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Understanding Investments

All of us can benefit from a better understanding of our investment accounts. The first way in which we, as investors, can educate ourselves is by reading our investment account statements. Sad to say, many of us just toss them away every month. Your account statements are an important part of controlling your investments. Some of the important details on your statement will be the “account summary,” which outlines the net or total market value of priced securities; the “cash balance,” which is the opening and closing cash amount for the account; the “income summary,” which shows the dividend and interest income earned during the period following the last statement and over the course of the year; and “asset class summary,” which summarizes all the investments in the account and categorizes them by the type of asset they represent.

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Pets for Seniors— Enhance Quality of Life

What could be more relaxing than watching an aquarium of tropical fish? Or petting a dog or cat? Studies indicate that seniors who regularly interact with or own pets live longer and experience better health than seniors who have no pet companionship. Results have shown that pet owners often experience a decrease in temperature, stress level, and even blood pressure! Pets can provide exercise, entertainment and security. They are forgiving, loyal and love unconditionally.



An increasing number of hospitals, clinics and nursing homes are now using pet therapy with seniors and patients who are afflicted with cancer, AIDS and mental illness, and the results are encouraging. Studies have proven that interacting with pets, not only dogs and cats but even birds, fish and small reptiles, improves overall well-being. A pet can provide an emotional outlet and recre-

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Medicaid Flip-Flops

In both of the two most recent issues of **A Step Ahead**, we addressed the proposed changes in Medicaid estate recovery procedures and their significant impact upon seniors, the disabled and their families. On December 6, 2011, Medicaid allowed the emergency regulation, which would have enabled expanded estate recovery, to *expire*.

Medicaid has advised its districts that, effective immediately,

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After you familiarize yourself with your statement, its format, and the terms and codes used by your financial professional, look at how much you have invested in each asset class. Try to determine how much each investment is currently worth as compared with the sum you have invested in it over time. As an investor, you need to know whether your investments have grown, decreased in value or held steady. Look at the section of your statement that shows the charges or fees debited from the account. If there is any information or irregularity that you do not understand on your account statement, contact your investment professional immediately.

Each investor should be aware of the recommended asset allocation for their profile. A proper

asset allocation will take into effect your risk tolerance and investment objective. Your financial professional should help in determining what your asset allocation should be. Your portfolio should be adjusted periodically to stay within your recommended asset allocation.

In order for you and your financial professional to design a portfolio which takes into consideration your individual risk tolerance and investment objectives, you need to be honest. The professional should have a clear understanding of your financial picture, including assets and liabilities, the level of risk that you are willing to accept, the timing of anticipated expenditures, your retirement goals and other factors that might have an affect on your need to liquidate the investments. When you fill out your new account form, it should be accurate. It is a good practice not to sign

anything until it is completed, accurate and understood! The new account form will provide a guide to your financial professional in recommending investments which may be suitable or appropriate for you. It is a good idea to keep a copy.

Keep accurate and complete records, including your new account form, all correspondence and statements, and any other pertinent materials. Also keep a diary of all conversations with your investment professional. Note the date, place and subject matter of every meeting and conversation. This way, if there is ever a dispute with your professional, you will have records documenting your version of events.

Our next article about investments will go in to more depth about types of accounts, rules brokers must follow and discretionary accounts.

Medicaid Flip-Flops

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they may not include assets that pass outside of the probate estate as part of the decedent's estate for recovery purposes. It has promised that a "revised regulation" will be promulgated. Sounds like we are back to Square 1? Not really, Medicaid has also advised its districts that the "new" method for evaluating life estate interests that was set forth in the emergency regulation, and addressed in our

earlier articles, will continue to apply despite its expiration!

The draft of the *proposed* revised regulation differs from the earlier emergency regulation in several significant ways. Presently in the "comments period," it is unclear whether this proposal will sustain further modifications. There are some positive aspects to the proposed regulation, particularly that it will apply only to estates of decedents' dying after July 1, 2012. This may provide some clarity lacking in the former

regulation. However, there remain troubling concerns, such as its impact upon life estate and remainder interests that have already vested. The proposed regulation also has a detrimental impact upon spousal claims, retirement plans and annuities.

We anticipate that, in the months to come, there will be more news on the proposed regulations. It does not appear that this is a matter that will reach finality in the near future. We will continue to keep you apprised.

How Can Someone Manage For Me When I Can No Longer Manage My Affairs?

A Step Ahead has provided many articles concerning the importance of creating, implementing and updating an estate plan. We also encourage our clients to discuss their estate plans with their loved ones, particularly those designated as executors, trustees and other agents. It is essential to let our health care proxy know our wishes concerning end-of-life choices. It is also very important to advise our successors of the assets we own, where they are located and how to access them.

Imagine that you were suddenly responsible to handle the finances of a close friend. Would you know how to access their bank accounts? Investments? Insurance policies? Annuities? Retirement assets? Would you

know what bills are coming due, and when? Without a road map, detailing the whereabouts of assets and how they are titled, your job would be difficult and stressful.

Thorough estate *planning* is more than just completing and signing documents. It is helpful to gather and organize certain key information and to make it available to those whom we have charged with the responsibility of caring for us or for our estates when we can no longer manage that responsibility. It is helpful to list the institutions where accounts are located and provide account numbers, accumulate insurance policies and information regarding retirement benefits, list liabilities, including mortgages and credit card debt,

provide outstanding loan information, both those for which you are liable and those which others owe to you, and include payment terms.

You may also want to create a list of personal information that you keep with your important papers. It may include the names and contact information of your attorney, accountant, financial advisor and business associates.

The organization of this information, and the accumulation of the appropriate copies in a place that is accessible (not a safe deposit box) is invaluable to those who will handle your affairs. For other ideas and information about making lifetime transitions easier, call us at Berwitz & DiTata LLP.

Pets for Seniors— Enhance Quality of Life

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ational activity. Animal companionship lessens loneliness, the feeling of isolation and boredom, and has even been known to eliminate depression in some seniors.

Researchers speculate that the care-taking role involved in pet ownership, the responsibility to feed, exercise, clean and provide for a pet, increases self worth,

provides seniors with a sense of purpose and responsibility, encourages them to be more active in day-to-day activities and may even enhance their ability to connect with and relate to others. Seniors who have suffered the loss of a spouse or other loved one describe experiencing an increase in appetite and activity and a general restoration of an interest in the outside world after becoming new pet owners. They report a renewed sense of purpose which gave them a reason to take better

care of themselves. Seniors who live alone even indicate that their fear of being victimized or abused has diminished when they became pet owners.

Do not underestimate the important role pets can play in health. Pets make us laugh, help us relax and divert us from daily burdens. The psychological benefits of pet ownership can be amazing!

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Turning 65?

If you already receive, or will receive, Social Security benefits upon turning 65 years of age, you are automatically enrolled in Medicare. If you will not be receiving Social Security, you must separately apply for Medicare during the seven (7) month period that starts three (3) months before the month you turn 65, includes the month you turn 65, and ends three (3) months after the month you turn 65. A delay in signing up for Medicare can delay your benefits!



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We at Berwitz & DiTata LLP are proud of our newsletter and hope that each issue brings our clients and friends insightful and timely information. We endeavor to write articles geared to your interests and concerns. We would be happy to receive your feedback. More importantly, if you have a question or would like us to address a particular topic, please call and let us know. We will try to include it in one of our next issues. Just call or drop us a line.

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