

Thinking about College?



It's summer and the invites for high school graduation parties have been flowing in. For many of these high school graduates, the next step is college. A college degree, despite the rising cost of tuition, remains a major achievement in the modern economy. You are more likely to have a job and earn a decent salary the more education you receive.

Here are some great ways to start preparing for these costs:

- Open a savings account
- Open a Roth IRA
- Look into 529 college plans
- Opt for a Coverdell education savings account
- Consider prepaid tuition plans
- Open an UGMA or UTMA account
- Set up an educational trust
- Invest in treasury bonds

Even if you have not started saving and your child or loved one is nearing high school or later, there's still value in opening an account. Vanguard reports that by choosing an account with tax benefits, you'll still have time to take advantage of them.

If you are interested in developing a financial plan for education, Webb Financial Group is here to help!

<https://www.bankrate.com/banking/savings/how-to-save-for-childs-future/>

Five Housing and Mortgage Trends for the Rest of 2019

Mortgage rates fell in the first half of 2019, the opposite of what experts had predicted. This is welcome news for home buyers, sellers, and homeowners. There are five housing and mortgage trends that NerdWallet has identified to watch in the second half of 2019:



Michael Bischoff, CFP®

1. **More homes for sale:** Freddie Mac estimated that in 2017, 370,000 fewer homes were built than needed to satisfy demand. More would-be buyers existed than homes for sale, giving sellers a stronger negotiating position. But the balance of power is finally moving in the buyer's direction and a higher number of homes are now available for sale.
2. **Home prices will keep going up:** In the first four months of 2019, the year-over-year price increases for resold homes were less than 4%. A year ago, prices were more than 4.5% higher. "Home price appreciation will slow down – the days of easy price gains are coming to an end – but the prices will continue to rise," says Lawrence Yun, chief economist for the National Association of Realtors.
3. **Mortgage rates will remain low:** Mortgage rates have tumbled this year. The average APR for a 30-year fixed-rate mortgage fell to 4.09% by June 2019, according to NerdWallet. The forecasters now predict that the 30-year fixed will remain steady through year's end, not changing by more than a couple of tenths of a percentage point.
4. **Affordability continues to be a concern:** Mark Boud, chief economist of Metrostudy, calls the national housing market "top-heavy." Plenty of homes, nationally, are available for buyers who can afford to pay \$800,000 or more. Buyers outnumber sellers of homes priced \$400,000 or less. "We're still very short of supply in this lower price range," Mark says.
5. **More people could save by refinancing:** Every time rates fall, there's an increase in the number of homeowners who could save money by refinancing. Black Knight, a technology provider for the mortgage industry, estimates that 5.9 million homeowners could cut 0.75% or more from their mortgage interest rate by refinancing. Even if you bought your home recently, it's worth checking whether you should refinance.



Your home is an important asset that has value, provides a solid foundation and security in your life.

Based on the Star Tribune Business Section from June 26, 2019



The Top Things to See and Do in Minneapolis-Saint Paul

10. Lake Nokomis
9. Weisman Art Museum
8. Minneapolis Skyway System
7. Target Field
6. Orpheum Theatre
5. Minneapolis Sculpture Garden
4. Foshay Tower
3. Xcel Energy Center/Mariucci
2. Minneapolis Institute of Art
1. TCF Stadium



We hope you are enjoying your summer!



Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over thirty-five years, we have helped our clients achieve financial security.

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A Case for Roth IRA Contributions and Conversions

Today's historically low individual tax rates, that are pending a reversion to higher rates in 2026, makes a strong case for funding a Roth today. So what can individuals do that have a MAGI above \$137,000 and can't contribute to a Roth in 2019? For those individuals, there are a few things you can consider:



Tim Greife
Financial Advisor

- Does my company 401k plan offer a Roth option? If so, this is a route you can use to make sure your setting aside future tax free dollars.
- Can you contribute to a Non-Deductible IRA?
You should make sure you are not subject to the IRA Aggregation Rule to fund a non-deductible IRA
- Does your 401k plan allow for after-tax contributions?
A caveat to this opportunity would be if you're a business owner and your contribution would fail the nondiscrimination testing
- Doing a direct IRA Conversion to a Roth.
You will want to consider conversion-cost averaging and be aware of potential changes to your tax bracket

As you start to think about whether or not now is the right time to make Roth contributions and conversions, be sure to leverage your resources. Contact your tax professional and/or your financial professional to help you make the best decision possible for your personal situation.

Long Term Care - I'm Not Going to Need It

"I am not going to need it." "It costs too much." "My kids will take care of me." "I don't want to buy something I may not need." These are many of the reasons that I commonly hear when it comes to long term care (LTC) planning. Here's an important fact - 69% of people turning 65 will need some type of long term care in their lifetime. With those odds, it makes sense to have some type of plan to deal with the issue before it becomes a crisis. Failing to plan is a plan to fail - just ask anyone who has lived through this with a loved one.



Dave Verbeke
Financial Advisor

The average annual cost for a 60-year-old for a traditional LTC policy is about \$3,500. This type of coverage will give you an estimated cash pool of \$500,000 to \$600,000 to pay for your care costs. Coverage can include home based care assistance, home modifications or assisted living. With a traditional policy you will pay premiums until you qualify for care and submit a claim. Not a bad investment when the average assisted living cost is \$45,000 a year!

Another type of coverage is a hybrid life insurance/long term care policy. For that same \$500,000 of long term care coverage you might have a \$100,000 of life insurance. This type of policy can be paid for over a 10 year time frame. Another option is to exchange an existing life insurance contract with cash value to the new policy with LTC coverage. Using an exchange can be particularly attractive if your need for life insurance has been reduced because your kids are now adults or you've paid off your mortgage.

There are a number of incentives to help you pay for your premium costs. The State of Minnesota offers tax credits for premium payments. Alternatively, money in a health savings account can also be used to pay premiums. Both options have a yearly maximum limit.

Contact your advisor for help in creating your long term health care plan.