

SPRING 2021

PALMETTO CONNECTION

Talking to Aging Parents About Their Finances



Do you know if your parents have a will? If anyone is trying to sell them an annuity? If they are paying all of their bills? If you answered no to these questions, it may be time to have a conversation with them. You may be groaning right now—who enjoys talking about money?—but doing this can help ensure your parents' well-being.

Bill-Paying

Many of us struggle to meet our monthly obligations, especially seniors, who often face diminished retirement savings and high medical costs. Ask your parents if they have been unable to pay any bills or purchase essential expenses, like medicine or food. If so, help them explore ways they can revise their spending plan. Are there any expenses that can be cut or reduced, like cable or dining out? Is there any way to increase their income, such as through a part-time job or reverse mortgage?

Encourage your parents to contact the creditors/service providers for any bill they are struggling to pay. (If preferred, you may be able to talk to them yourself with your parents' permission.) Many creditors offer hardship programs, short-term arrangements that allow you to make smaller payments. Utility companies frequently have payment assistance programs for limited-income customers.

For aging parents suffering from memory problems, bills may go unpaid simply because they forget. Handling the bill payments yourself is one possibility, but if you do not have the time, you may find it helpful to use the services of a Daily Money Manager (DMM). DMMs assist with financial tasks, such as opening and paying bills, balancing checkbooks, and organizing and filling out paperwork. Professional DMMs charge a fee for their services, but low-income seniors may be eligible for free assistance through a volunteer program. (You can contact your local Area Agency on Aging for more information.) Of course, since there is the potential for abuse, you should choose a DMM carefully and periodically check up on his or her work.

Long-Term Care Costs

Some time in the future, your parents will likely reach the point where they are no longer able to live on their own without help. Unless you or a relative plans to care for them, they will have to pay for nursing home, assisted-living, or in-home care. It is not unusual for long-term care costs to exceed \$50,000 a year, and Medicare and Medicaid only cover them in limited circumstances.

If your parents do not already have a plan for financing their long-term care, help them create one. Putting aside a set sum each month can help your parents amass a good chunk of change, but if they do not already have a significant amount of savings, it may be difficult to save enough now to completely cover their costs. Besides saving, another option is to purchase long-term care insurance. Many policies cover both nursing home and in-home care costs. The best time to purchase this insurance is when you are in your 50s or 60s. Since there are many different provisions to consider, you and your parents may want to talk with a qualified insurance advisor about what would best meet their needs. Long-term care insurance is expensive, so it can be tempting to go with whoever offers the cheapest policy, but avoid purchasing one from a company with questionable financial health.

Salespeople/Scammers

Unfortunately, there are many people out there looking to take advantage of others, and seniors are popular targets. If someone is trying to sell your parents an annuity, timeshare, or other investment opportunity, review it in detail to see if it would make sense financially (it probably won't). Explain to your parents why you think it is not a good investment. If they are getting calls from telemarketers, sign them up on the National Do Not Call Registry (donotcall.gov or **888-382-1222**). Discuss common scams, such as the promise of lottery winnings if you send a check for taxes, and encourage them to talk to you before sending money to someone.

Estate Planning

The majority of Americans don't have a will. No one wants to think about death, but having a will ensures your property goes to who you want it to go to and reduces the likelihood of conflict breaking out between surviving relatives. If you are not sure if your parents have one, ask. Those with more complicated financial situations may want to have their will drafted by a lawyer, but others may be able to create one with the aid of a book or computer software.

Even if you know your parents have a will, you can talk to them about whether they feel it is up to date or if they want to make any changes. For example, if they left part of their estate to a sibling and he or she died, they may prefer now to leave their whole estate to their children. Also discuss if they have other estate planning documents, such as durable power of attorney for healthcare and finances.

Expensive Car Repairs: Fix it or Trade it?

Every time your dashboard lights up with a mechanical failure, your mind instantly wonders, "what's wrong this time?" Sometimes the repair is worth more than your car. But how do you know when it's best to just cut your losses and sell?

Here are some of the most common major repairs, and questions to ask yourself to help decide if the repair is worth it:

Major Engine Repair

"Engine problems" are two words that you never want to hear. If you're still protected by your warranty, often an engine replacement is covered. If not, that means your car is most likely more than five years old and/or has more than 60,000 miles on it. In some cases, some manufacturer powertrain warranties last up to 10 years or 100,000 miles. If your warranty will cover these repairs, you should take advantage of that. If your car is out of warranty it makes repairs that cost as much as a down payment hard to justify. On average, engine replacements cost \$3,000 to \$4,000 in a shop and near \$7,500 at a dealership.

Blown Head Gasket

Your first question might be: "What the heck is a head gasket?" A head gasket is a component that creates a seal between the engine block and cylinder head that keeps combustion gases, oil, and coolant from leaving the engine. Still confused? Here's what you need to know: it's usually an expensive repair that can range from \$1,200 to \$1,500. Before you opt to repair a blown head gasket, think about this: it's work that usually takes place as part of an even bigger, more comprehensive, and more expensive repair. If that \$1,500 is going to turn into more expensive repairs, you may want to evaluate if it's worth it.

Heater Core

This isn't the time of year you want your defroster to give up on you. If you're noticing moisture buildup and your coolant is constantly disappearing, you likely need to replace your heater core. According to Consumer Reports, this repair can cost around \$1,000, depending on the make, model, and year of your vehicle. Seems like a simple fix, but if your heater core has failed, more than likely other related systems were damaged as a result, which will send you back to the mechanic soon after the core is fixed.

Air Conditioner Compressor Replacement

When summer temps heat up and your air conditioner compressor goes, not only will you be mighty uncomfortable, but you can expect to shell out upwards of \$1,000 to repair or replace it. Much like the heater core replacement, that repair usually comes as part of a larger, more expensive list of repairs. It's also one repair you can simply put off if money is tight. It's not unsafe to drive, just uncomfortable without one.

There's no easy answer to the question "repair or trade it in" but it's always worth getting prices on the repair and consider how much you've already spent on repairs, and how much more you're willing to spend on your vehicle versus what it's worth.

Whether it's covering a repair or financing a replacement, Palmetto First can help.

We have plenty of options to help cover unexpected car repairs that go beyond your savings and offer affordable payments to fit almost any budget. Need to talk it out? [CONTACT US](#) and we can help review your options before you make an expensive mistake.

I have been with the credit union for 25 years. I recommend Palmetto First to my friends and family because their interest rates are **unbeatable** and I love the customer service I receive when I visit the credit union. I opened an account for my daughter, Kyndall, when she was 2 years old. I've always talked to her about **preparing for the future** and keeping her finances in order. Now, as an adult, the credit union is helping her build credit with a credit builder loan. Our loan officer, Viola, helps to make the process quick and easy. **This is why we love Palmetto First!**

*Teresa and
Kyndall Townsend*

14147



The Board and Staff of Palmetto First Federal Credit Union, along with our members, would like to extend heartfelt sympathy to the friends and families of...

**Nathaniel Frierson, Mamie Lyde, Ramus Muldrow,
Patricia Nettles, Susan Schmidt, James Woods, Jack Young**

...all valued members of your family and ours.

*We regret that our updated system no longer notifies us of a member's passing.
We appreciate your assistance in bringing the names of those who have passed to our attention.*

*In
Sympathy*

50255

Holiday Closings

Memorial Day

Monday, May 31

Independence Day

Sunday, July 4–Monday, July 5

Secret Numbers

There are several account numbers hidden within this newsletter. If you find yours, call the credit union and claim your **\$25 prize!**

Branch Locations

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PALMETTO FIRST
FEDERAL CREDIT UNION



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PALMETTOFIRST.COM

This credit union is federally insured by the National Credit Union Administration and is an Equal Housing Lender.