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# February 2026 Newsletter



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# AI Expectations Underpin the Economic Outlook for 2026

At their December meeting, Federal Reserve officials estimated that the U.S. economy grew 1.7% in 2025, a year plagued by uncertainty around costly new tariffs. The forecast for 2026 growth was raised to 2.3% — a significant jump from the 1.8% rate previously forecasted in September. In a post-meeting press conference, Chairman Powell acknowledged that the increase was partly due to surging private investment in data centers and other business spending related to artificial intelligence (AI).<sup>1</sup>

The official U.S. gross domestic product (GDP) report covering all of 2025 may not be available until late February, as the Q4 advance estimate was postponed due to the shutdown. Inflation-adjusted (real) GDP grew at an annual rate of 4.3% in Q3, the fastest pace in two years.<sup>2</sup>

Nevertheless, if you are an investor, a business owner, or perhaps an employee wondering about your career prospects, you might be more concerned about what lies ahead for the economy in 2026.

Economic projections, whether they are published by the Fed or any other organization, are essentially educated guesses. Economists in the public and private sectors are tasked with trying to predict the future based on a wide range of indicators, potential risks, and their overall impressions of market conditions. So far, forecasts for 2026 suggest the new year is being met with a mix of optimism and wariness about how investments in AI could reshape the U.S. and global economies.

## Fed policies and projections

The Federal Open Market Committee (FOMC), which is the arm of the Federal Reserve responsible for setting U.S. monetary policy, meets eight times per year to review economic data pertaining to inflation, employment, and credit conditions before voting on whether to adjust the benchmark federal funds rate. The FOMC typically raises rates to combat inflation and lowers rates to stimulate employment. But how should the Fed act when both measures are moving in the wrong direction? This was the situation in the latter months of 2025, when job growth was slowing and inflation was rising, partly due to tariffs on imported goods.

The federal funds rate was reduced by a quarter point after meetings in September, October, and December of 2025, ending the year in the range of 3.50% to 3.75%. These actions suggest that labor market risks appeared to outweigh the threat of inflation.<sup>3</sup>

The Personal Consumption Expenditures (PCE) price index for September 2025, released in December after a delay, indicated that inflation ticked up to 2.8%.<sup>4</sup> Based on the median projection, the FOMC expects PCE inflation to slow over the coming months and end 2026 at 2.4%. This would still be higher than the Fed's established 2.0% long-run target.<sup>5</sup>

The U.S. unemployment rate increased from 4.0% in January 2025 to 4.6% in November 2025.<sup>6</sup> The Fed's median projection for the unemployment rate at the end of 2026 is 4.4%, indicating that Fed members do not expect large-scale layoffs.<sup>7</sup>

Even so, many job seekers are being shut out of a "low-hire, low-fire" labor market, which the Fed has factored into growth forecasts. In a press conference following the December meeting, Chairman Powell said, "It's a complicated, unusual, and difficult situation, where the labor market is also under pressure, where job creation may actually be negative."<sup>8</sup>

**Forecasters have highlighted AI investments as a growth driver and noted the potential for economy-wide gains if AI speeds up productivity growth as much as expected.**

## AI investment

It's been reported that just four tech giants — Alphabet (Google), Amazon, Meta, and Microsoft — had capital expenditures of \$337.8 billion in 2025, primarily to build out AI infrastructure.<sup>9</sup> By one estimate, business investment in data centers and related AI infrastructure could contribute as much as 0.5% to U.S. economic growth in 2025 and 2026.<sup>10</sup>

Data centers are home to millions of servers running 24/7 to process AI applications. In a race for competitive advantage, the "hyperscalers" that provide cloud services, along with other companies aiming to profit from the AI boom, are investing in AI infrastructure at a furious pace. As of now, there isn't enough computing power in the world — the hardware, processors, memory, storage, and energy needed to operate data centers — to fulfill AI demand.

If current demand trends continue, \$5.2 trillion in global AI-driven capital expenditures would be required by 2030, according to calculations by McKinsey & Company. But future demand is highly uncertain, as is the prospective return on investment, or ROI, for big spenders.<sup>11</sup>

## Global implications

According to the International Monetary Fund's World Economic Outlook, global economic growth is projected to slow from 3.3% in 2024 and 3.2% in 2025 to 3.1% in 2026. The expected slowdown reflects headwinds from uncertainty and trade protectionism, but is an improvement from the WEO's previous forecasts, as the tariff shock so far has been smaller than originally anticipated. U.S. growth of 2.0% is expected in 2026.<sup>12</sup>

Recent forecasts from S&P Global are similar, predicting global economic growth of 3.2% and U.S. growth of 2.0%. However, economists surmise that an AI-related investment boom is boosting U.S. GDP growth and "masking general economic softness."<sup>13</sup>

Both forecasts highlighted AI investments as a growth driver and noted the potential for economy-wide gains if AI speeds up productivity growth as much as expected. On the other hand, both also considered the possibility of an abrupt repricing of AI stocks, which could cause a pullback in AI investments, to be a downside risk to their growth forecasts. Other downside risks are related to trade policy unpredictability, labor demand, and higher bond yields.<sup>14–15</sup>

At a December press conference, Fed Chair Powell was asked whether AI is a factor in recent job market weakness. His response speaks to the uncertainty that many Americans feel as they enter this pivotal new year: "It's probably part of the story. It's not a big part of the story yet. We don't know whether it will be."<sup>16</sup>

*Forecasts are based on current conditions, are subject to change, and may not come to pass. All investments are subject to market fluctuation, risk, and loss of principal. When sold, investments may be worth more or less than their original cost.*

1, 3, 5, 7, 8, 16) The Federal Reserve, 2025

2, 4) U.S. Bureau of Economic Analysis, 2025

6) U.S. Bureau of Labor Statistics, 2025

9) Bloomberg, November 5, 2025

10) *The Wall Street Journal*, July 31, 2025

11) McKinsey & Company, 2025

12, 14) International Monetary Fund World Economic Outlook, October 2025

13, 15) S&P Global, November 26, 2025





# Geopolitics and the U.S. Financial Markets

International conflicts and other global events dominated the news in early 2026, most notably the U.S. action in Venezuela and pressure to obtain control of Greenland, as well as anti-government protests in Iran and a snap election in Japan.

These are all serious issues that can have far-reaching consequences on many levels, ranging from individual lives to the world political order. However, based on past experience, their effects on the U.S. financial markets are likely to be temporary.

## Learning from the past

A study of market reaction to 28 negative geopolitical events over the last quarter of a century found that 16 of the 28 resulted in a decline of the S&P 500 Index on the day of the event (or the first market day after the event), with an average loss of 1.5%. Many events saw a bounceback the following day and/or a full market recovery within a week. In only five cases was the market lower after a month, and these low points were not necessarily related to the original event.<sup>1</sup>

The most dramatic of these events from the U.S. perspective was the September 11 attacks, which led to a four-day closure of the stock market. When the market reopened, stocks declined by almost 5% and by 11.6% over the week. Even so, the S&P 500 Index surpassed its previous level exactly one month after the attacks.<sup>2</sup>

## The U.S. business engine

Although global events can create uncertainty and short-term volatility, the U.S. stock market is driven primarily by the corporate earnings of American businesses, which are typically affected more directly by domestic economic trends such as interest rates, consumer spending, and the employment situation. The relevant question for any geopolitical event is how it will affect these economic parameters, and more often than not, global events have little direct impact on the American economy. The stock market is agnostic about whether an event is good or bad in a political or moral sense.

## Sell America?

Because bonds are generally more stable than stocks, the traditional view is that when geopolitical events cause nervousness in the stock market, investors turn to bonds as a "flight to safety." When this happens, bond prices typically rise due to greater demand, and yields — which move inversely to prices — decrease. However, this is not always the case. Sometimes a geopolitical situation can cause a rush to sell bonds.

This is what happened on January 20, 2026, after President Trump's threat of additional tariffs on European nations who opposed his efforts to obtain Greenland. Concerned by the potential for disruption of the NATO alliance and higher inflation due to the tariffs, investors sold U.S. stocks, U.S. bonds, and U.S. dollars at the same time, a trifecta that some analysts have called the "sell America" trade. The S&P 500 and NASDAQ Composite indexes fell by more than 2%, the yield on the 10-year Treasury bond spiked to its highest level in five months, and the dollar saw its biggest decline since April.<sup>3-4</sup> All of these assets bounced back after Trump moderated his position the following day.<sup>5</sup>

Although the Greenland conflict was a key cause of market unrest, the U.S. Treasury sell-off began after investors sold Japanese bonds in response to concerns that planned tax cuts might further damage Japan's fiscal health. This sparked fears that Japanese investors would dump their U.S. Treasuries to reinvest at higher yields in Japan, while the Japanese government might sell its U.S. holdings to finance the tax cuts. Put simply, investors sold Treasuries until yields were roughly equivalent to yields on Japanese bonds.<sup>6</sup>

This illustrates the interconnectedness of global markets as well as the importance of international sentiment about U.S. fiscal strength and political stability. Foreign entities own one-third of U.S. Treasury securities and 18% of U.S. stocks. High U.S. debt and a changing foreign policy have eroded confidence to some degree, but U.S. Treasuries and the U.S. dollar remain the benchmarks of the global financial system, and there is no evidence of a widespread movement to divest of U.S. assets.<sup>7</sup>

## Economic resilience and long-term investing

Although geopolitical events don't generally have a long-term influence on U.S. financial markets, global trade does impact U.S. companies, which is why the on-again, off-again tariff program has caused market volatility over the last year. Even so, the economy has been remarkably resilient. The most recent report on

*Although global events can create uncertainty and short-term volatility, the U.S. stock market is driven primarily by the corporate earnings of American businesses.*

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gross domestic product (GDP) showed robust annual inflation-adjusted growth of 4.4% in the third quarter, and consumer spending — which accounts for about two-thirds of GDP — increased at a solid 0.5% monthly rate in October and November.<sup>8</sup>

The world will likely continue to be turbulent, and there are genuine concerns about the changing role of the United States in the global economy. But it's generally not a good idea to overreact to short-term market movements. A wiser strategy may be to construct a well-diversified portfolio appropriate for your risk tolerance, time horizon, and personal goals, and potentially let your portfolio ride out the storms of market volatility.

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Diversification does not guarantee a profit or protect against investment loss. Investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, and economic and political risk unique to the specific country, which may result in greater share price volatility.*

*The S&P 500 Index is generally considered representative of the U.S. stock market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Actual results will vary. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest.*

*The principal value of Treasury securities and other bonds fluctuates with market conditions. If not held to maturity, they could be worth more or less than the original amount paid.*

- 1) MarketWatch, January 21, 2026
- 2, 4) Yahoo Finance, 2026
- 3) CNBC, January 20, 2026
- 5) *The Wall Street Journal*, January 21, 2026
- 6) *Barron's*, January 20, 2026
- 7) MarketWatch, January 20, 2026
- 8) U.S. Bureau of Economic Analysis, 2026





# Paper Tax Refund Checks Being Phased Out by the IRS

As part of a broader U.S. Department of the Treasury initiative to transition to fully electronic federal payments, the Internal Revenue Service (IRS) is phasing out paper tax refund checks for individual taxpayers for the 2026 federal tax filing season.<sup>1</sup>

## Why is the IRS making this change?

The move towards electronic payments is designed to protect taxpayers from the possibility of a paper refund check being lost, stolen, altered, delayed, or returned to the IRS as undeliverable. Electronic refunds are also more cost efficient and faster than nonelectronic payments, which can take six weeks or longer to process.<sup>2</sup>

## What does this mean for taxpayers?

No changes are being made to the process of filing a tax return. Taxpayers should continue to file their tax returns as they normally would, using one of the existing filing options. However, refund delivery will be shifting towards electronic payment methods. As a result, taxpayers should have all of their banking information (e.g., account and routing numbers) readily available when filing their returns.

While most tax refunds will be delivered by direct deposit or other secure electronic methods, there will still be alternative options available, such as prepaid debit cards or digital wallets, for those taxpayers who do not have access to a bank account.<sup>3</sup>

## What if I owe the IRS money?

The IRS has stated that taxpayers should continue to use existing payment options until further notice but is strongly encouraging individuals and businesses to use electronic payment options, since they are easier, faster, and more secure. Further IRS guidance is expected soon.<sup>4</sup>

The IRS offers the following electronic payment options:

- IRS Direct Pay, which pays the IRS directly from your bank account without fees
- Electronic Federal Tax Payment System (EFTPS), a free system offered by the U.S. Department of the Treasury to pay your federal taxes
- IRS2Go, an IRS mobile app for easy and secure mobile payments
- Debit card, credit card, or digital wallet

For more information on the IRS transition towards electronic payments, visit [irs.gov](https://www.irs.gov).

1-4) Internal Revenue Service, 2025

*During the 2025 tax filing season, the IRS issued more than 93.5 million tax refunds to individual tax filers, and 93% of those, almost 87 million refunds, were issued through direct deposit.*

*Source: Internal Revenue Service, 2025*



# IRS Issues Guidance on 530A (Trump) Accounts

In December 2025, the U.S. Treasury Department and the IRS released guidance (Notice 2025-68) on 530A accounts (also known as "Trump Accounts"), a type of tax-advantaged savings account for children created by the One Big Beautiful Bill Act. This guidance provides more details on how the accounts will work.

## Growth period

A 530A account is a traditional individual retirement account (IRA) established for the exclusive benefit of an eligible individual (a child who is a U.S. citizen, has a valid Social Security number, and is under 18) and designated as a "Trump Account" when created. Money may be contributed to a 530A account during the "growth period" and withdrawn after this period ends to use for education, a home purchase, or other purposes. This growth period begins when an account is opened and ends on December 31 of the year before the account beneficiary turns 18. For example, if a child is born in 2025 and turns 18 in 2043, the growth period for the child ends December 31, 2042. During this period, 530A accounts differ from traditional IRAs in several ways, including: (1) there's no earned income requirement to contribute; (2) specific contribution limits and requirements apply; (3) investment options are significantly limited; and (4) distributions are prohibited except in limited cases.

## Establishing a 530A account

Parents, guardians, or other authorized representatives may create a 530A account for a child by making an election using IRS Form 4547 or through an online portal ([trumpaccounts.gov](https://trumpaccounts.gov)) expected to launch in mid-2026. Once the election is processed, the Treasury Department or its agent will send instructions to complete an authentication process and activate the account.

## Pilot program contribution

A key feature of these accounts is a pilot program contribution by the federal government. For children who are U.S. citizens born between January 1, 2025, and December 31, 2028, with a valid Social Security number, and no prior pilot election, the Treasury Department will deposit a one-time \$1,000 contribution for each eligible child. Pilot contributions will not begin before July 4, 2026, and only after the Treasury Department confirms the account has been opened. The \$1,000 seed grant is not subject to reduction or offset and is excluded from income.

## Other contributions

In addition to the federal seed money, 530A accounts allow for other types of contributions during the growth period, including qualified general contributions from government entities or charitable organizations, employer contributions, qualified rollover contributions from another 530A account, and contributions from parents or relatives. Unlike traditional IRAs, the child does not need earned income to receive contributions. Contributions to these accounts cannot come from SEP IRAs or SIMPLE IRAs.

Account contributions are capped at \$5,000 per year and will be indexed for inflation beginning after 2027. An employer may contribute to the 530A account of an employee or the employee's dependent up to \$2,500 per year, which counts against the \$5,000 limit. Government-funded contributions and pilot program payments are excluded from this annual cap. Contributions must be made within the calendar year to count for that tax year, and no contributions may be made before July 4, 2026.

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## Account investments

During the growth period, 530A account funds may only be invested in eligible investments, which are domestic mutual funds or exchange-traded funds (ETFs) that track a qualified index (such as the S&P 500), do not use leverage, have annual fees not exceeding 0.1% of the fund's balance, and meet other criteria determined by the Treasury Secretary. Money market funds and cash holdings are not eligible investments, except temporarily while reinvesting contributions or proceeds from sales.

## Distributions

Distributions are not permitted until the child turns 18; however, distributions during the growth period may be made for qualified rollovers, qualified ABLE account rollovers (only during the calendar year the child turns 17 and not earlier), refunds of excess contributions, or upon the beneficiary's death. Hardship withdrawals are not allowed.

In the post-growth period, distributions generally follow traditional IRA rules, including a potential 10% early withdrawal penalty if a distribution is made before age 59½ and no exception applies. (Exceptions include a first-time home purchase and qualified education expenses.) However, these accounts remain separately tracked for basis and reporting purposes and cannot be aggregated with other IRAs for certain calculations.

During the growth phase, 530A accounts are subject to special reporting rules, including additional disclosures not required by IRAs (such as reporting the source and type of contributions, basis information, and timely reporting of rollovers). Once the child turns 18, standard IRA reporting rules apply.

Individuals interested in establishing a 530A account for their eligible child(ren) may want to consult a tax or financial professional to determine eligibility, contribution limits, and compliance requirements. For more information, visit [IRS.gov](https://www.irs.gov).

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.*

*Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in such a fund.*

*Funds are sold by prospectus. Consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional.*

*The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in any index. Past performance is no guarantee of future results. Actual results will vary.*

*There is no guarantee that working with a financial professional will improve investment results.*





# ABLE Accounts Are Now Available to Millions More with Disabilities

ABLE (Achieving a Better Life Experience) accounts are tax-advantaged accounts that enable Americans with significant disabilities to save or invest for the future without jeopardizing eligibility for public benefits. As of January 1, 2026, eligibility has expanded to include individuals whose disability began before age 46 (previously, the disability must have begun before age 26). This means that an estimated six million more Americans whose disabilities began later in life, including over one million veterans, may be eligible to open ABLE accounts.<sup>1</sup>

If you or someone you know might benefit from an ABLE account, check out this summary of how they work.

## ABLE account eligibility

If you meet the age criteria and have a significant disability, you may be eligible to open an account. If you are already receiving SSI or Social Security Disability Insurance (SSDI), you automatically qualify. You may also qualify if you're not receiving those benefits but meet Social Security's definition of disability and are able to obtain certification from a physician. If you have a family member who qualifies, you may be able to open and oversee an ABLE account on that person's behalf if you are legally authorized to do so (for example, you're the parent or legal guardian of a minor or someone who is legally unable to manage his or her account, or you have power of attorney). The individual with the disability remains both the account owner and the beneficiary. No matter who opens the account, each eligible beneficiary can have only one ABLE account.

## Key features

**Programs are run by states.** You can open an ABLE account in your own state if it has an ABLE program or in any state that allows nonresidents to join (many do).

**Accounts offer several tax benefits.** Any earnings on contributions accumulate tax deferred at the federal level (and in some cases at the state level). When money is withdrawn, the earnings on these distributions will be tax-free if used to pay qualified expenses. Though no federal income tax deduction is available, some states offer tax incentives to residents, such as a deduction for contributions.

Before investing in an ABLE plan, consider whether your state offers an ABLE plan that provides residents with favorable state tax benefits. Consult a tax professional for more information. ABLE accounts may be protected from creditors if you invest in your own state's program, depending on the state.

**Having an account generally does not affect eligibility for public benefits.** People with disabilities often rely on Supplemental Security Income (SSI), Medicaid, Medicare, and other public benefits. However, eligibility for these benefits depends on meeting a means or resource test. To qualify, individuals can have only \$2,000 in countable assets, such as savings and retirement funds. Because funds in an ABLE account generally do not count toward this asset limit, people may put money aside for their future needs without jeopardizing their eligibility for public benefits. (SSI benefits may be temporarily affected once an account reaches \$100,000.)

**Contributions can be made by the account owner or others.** Multiple people may contribute, including the individual with the disability, family members, friends, and employers. Contributions may also come from sources such as special needs trusts, estates, or eligible 529 plan or 530A account (Trump Account) rollovers. Annual and lifetime contribution limits apply. Contributions from all donors combined during the year can't exceed an annual limit, which is \$20,000 in 2026. ABLE account owners who work and who don't have an employer-sponsored retirement account, may save an additional \$15,650 from their earnings in 2026 (\$17,990 in Hawaii and \$19,550 in Alaska). Each state sets its own lifetime limit. ABLE account beneficiaries who make contributions to their accounts may also be eligible to claim a federal tax credit for qualified retirement savings contributions known as the Saver's Credit (maximum contribution limit is \$2,100 in 2026).

**Funds can be spent on a wide range of things.** The definition of qualified disability expenses is broad and generally includes housing costs, home improvement and modification, transportation, health care, education, employment training, assistive technology, and personal assistance, among others.

**Other planning tools may also be used.** An ABLE account is meant to be an additional tool — not the only tool — that can be used to save for future expenses. Other tools, which include third-party and special needs trusts, have unique benefits and drawbacks and may also be suitable. (The use of trusts involves a

*An individual of any age may be eligible to open an ABLE account as long as the onset of disability was before age 46.*

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complex web of tax rules and regulations and incurs up-front costs and often has ongoing administration fees.)

### **Opening an account**

You can open an ABLE account through each state's ABLE plan website by filling out an online application or using another option provided by the state's plan. First, you'll need to gather some personal information and follow other steps, including obtaining a signed Disability Certification. The ABLE National Resource Center's website provides a number of resources to help you learn more about ABLE accounts, including a state plan comparison tool and step-by-step guidelines for opening and contributing to an account. Visit their website at [ablenrc.org](http://ablenrc.org).

*Participating in an ABLE account may involve investment risk, including the possible loss of principal, and there can be no assurance that any investing strategy will be successful. Carefully consider a portfolio's level of risk, charges, and expenses before investing. The program's official disclosure statement and applicable prospectuses contain this and other information about the investment options, underlying investments, and the investment company.*

1) ABLE National Resource Center, 2026



# Housing Options for Older Individuals



As you grow older, your housing needs may change. Maybe you'll get tired of doing yardwork. You might want to retire in sunny Florida or live close to your grandchildren in Illinois. Perhaps you'll need to live in a nursing home or an assisted-living facility. Or, after considering your options, you may even decide to stay where you are. When the time comes to evaluate your housing situation, you'll have numerous options available to you.

## There's no place like home

Are you able to take care of your home by yourself? If your answer is no, that doesn't necessarily mean it's time to move. Maybe a family member can help you with chores and shopping. Or perhaps you can hire someone to clean your house, mow your lawn, and help you with personal care. You may want to stay in your home because you have memories of raising your family there. On the other hand, change may be just what you need to get a new perspective on life. To evaluate whether you can continue living in your home or if it's time for you to move, consider the following questions:

- How willing are you to let someone else help you?
- Can you afford to hire help, or will you need to rely on friends, relatives, or volunteers?
- How far do you live from family and/or friends?
- How close do you live to public transportation?
- How easily can you renovate your home to address your physical needs?
- How easily do you adjust to change?
- How easily do you make friends?
- How does your family feel about you moving or about you staying in your own home?
- How does your spouse feel about moving?

## Hey kids, Mom and Dad are moving in!

If you are moving in with your child, will you have adequate privacy? Will you be able to move around in your child's home easily? If not, you might ask him or her to install devices that will make your life easier, such as tub or shower grab bars and easy-to-open handles on doors.

You'll also want to consider the emotional consequences of moving in with your child. If you move closer to your child, will you expect him or her to take you shopping or to include you in every social event? Will you feel in the way? Will your child expect you to help with cooking, cleaning, and baby-sitting? Or, will he or she expect you to do little or nothing? How will other members of the family feel? Get these questions out in the open before you consider moving in.



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Talk about important financial issues with your child before you agree to move in. This may help avoid conflicts or hurt feelings later. Here are some suggestions to get the conversation flowing:

- Will he or she expect you to contribute money toward household expenses?
- Will you feel guilty if you don't contribute money toward household expenses?
- Will you feel the need to critique his or her spending habits, or are you afraid that he or she will critique yours?
- Can your child afford to remodel his or her home to fit your needs?
- Do you have enough money to support yourself during retirement?
- How do you feel about your child supporting you financially?

## Assisted-living options

Assisted-living facilities typically offer rental rooms or apartments, housekeeping services, meals, social activities, and transportation. The primary focus of an assisted-living facility is social, not medical, but some facilities do provide limited medical care. Assisted-living facilities can be state-licensed or unlicensed, and they primarily serve senior citizens who need more help than those who live in independent living communities.

Before entering an assisted-living facility, you should carefully read the contract and tour the facility. Some facilities are large, caring for over a thousand people. Others are small, caring for fewer than five people. Consider whether the facility meets your needs:

- Do you have enough privacy?
- How much personal care is provided?
- What happens if you get sick?
- Can you be asked to leave the facility if your physical or mental health deteriorates?
- Is the facility licensed or unlicensed?
- Who is in charge of health and safety?

Reading the fine print on the contract may save you a lot of time and money later if any conflict over services or care arises. If you find the terms of the contract confusing, ask a family member for help or consult an attorney. Check the financial strength of the company, especially if you're making a long-term commitment.

As for the cost, a wide range of care is available at a wide range of prices. For example, continuing care retirement communities are significantly more expensive than other assisted-living options and usually require an entrance fee above \$50,000, in addition to a monthly rental fee. Keep in mind that Medicare probably will not cover your expenses at these facilities, unless those expenses are health-care related and the facility is licensed to provide medical care.

## Nursing homes

Nursing homes are licensed facilities that offer 24-hour access to medical care. They provide care at three levels: skilled nursing care, intermediate care, and custodial care. Individuals in nursing homes generally cannot live by themselves or without a great deal of assistance.

It is important to note that privacy in a nursing home may be very limited. Although private rooms may be available, rooms more commonly are shared. Depending on the facility selected, a nursing home may be similar to a hospital environment or may have a more residential feel. Some on-site services may include:

- Physical therapy
- Occupational therapy
- Orthopedic rehabilitation
- Speech therapy
- Dialysis treatment
- Respiratory therapy

When you choose a nursing home, pay close attention to the quality of the facility. Visit several facilities in your area, and talk to your family about your needs and wishes regarding nursing home care. In addition, remember that most people don't remain in a nursing home indefinitely. If your physical or mental condition improves, you may be able to return home or move to a different type of facility. Contact your state department of elder services for guidelines on how to evaluate nursing homes.

Nursing homes are expensive. If you need nursing home care in the future, do you know how you will pay for it? Will you use private savings, or will you rely on Medicaid to pay for your care? If you have time to plan, consider purchasing long-term care



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insurance to pay for your nursing home care.



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