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We hope you find the information in this newsletter valuable. Please feel free to call us if you have any questions or concerns. We look forward to speaking to you soon.

Jim, Brad, Carolyn, Ashley and Jessica.

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A View of Health Care from Around the World

Retirement Myths and Realities

Tips for Traveling Abroad

Why are you paying more at the pump?

A View of Health Care from Around the World



The United States health-care system has been impacted by the Affordable Care Act (ACA). But how does delivery of health care in the United States compare to that of other nations? And where does

the United States rank with respect to the cost of health care per capita and as a percentage of gross domestic product?

Types of health-care systems

While each country has its own system of health care, most health-care systems generally fall within the parameters of one of four models, with the health-care system of the United States consisting of aspects of each of these models.

The Beveridge Model. Countries such as the United Kingdom, Finland, Denmark, Spain, and Sweden generally follow this model, named after social reformer William Beveridge. Health care is deemed to be a right for each citizen and is provided by the government and financed primarily through taxes. Hospitals and clinics may be government owned, and medical staff, including doctors, may be government employees. Medical providers are paid by the government, which generally dictates treatments provided and the cost for services.

The Bismarck Model. The Bismarck Model requires that all citizens have health insurance. Health care is provided by private doctors and hospitals whose fees and charges are paid for by insurance. The insurance programs are nonprofit entities and must accept all applicants, including those with pre-existing medical conditions. Insurance is funded through employer and employee payroll taxes. Countries that use a form of the Bismarck Model include Germany, France, Belgium, the Netherlands, Japan, and Switzerland.

The National Health Insurance (NHI). Combining aspects of both the Beveridge and Bismarck Models, the NHI Model is used in several countries, with the most prominent being Canada. Health care is provided through

private providers who are paid by government-run insurance. Citizens pay into the government insurance program primarily through taxes. As the sole payor, the government directly influences the cost of medical care and the services covered.

The Out-of-Pocket Model. Used by the majority of countries, including China, this model provides little or no government health care. Instead, those who can afford care get it and those who cannot pay for care generally do not receive care.

The United States Model. The United States incorporates all of these systems to varying degrees. Medicare is akin to the NHI Model; servicemembers and veterans receive health care similar to the Beveridge Model; and the ACA can be described as a type of Bismarck plan, although health insurers are typically for-profit entities.

Comparing the cost of health care*

The following information compares health-care expenditures of several countries as a percentage of gross domestic product as well as per capita.

	2012 total expenditure on health as % of GDP	2012 total expenditure on health per capita
United States	17.9	\$8,895.10
Canada	10.9	\$5,740.70
United Kingdom	9.4	\$3,647.50
Switzerland	11.3	\$8,980.00
France	11.7	\$4,690.00
Germany	12.4	\$4,683.20
Japan	10.1	\$4,751.70
China	5.4	\$321.70

*Information derived from The World Bank Health, Nutrition, and Population Data and Statistics (www.datatopics.worldbank.org)



Retirement Myths and Realities



According to the Bureau of Labor Statistics 2012 American Time Use Survey, retirees in 2012 spent 4.5 of their total 8 leisure hours per day watching television.

We all have some preconceived notions about what retirement will be like. But how do those notions compare with the reality of retirement? Here are four common retirement myths to consider.

1. My retirement won't last that long

The good news is that we're living longer lives. The bad news is that this generally translates into a longer period of time that you'll need your retirement income to last. Life expectancy for individuals who reach age 65 has been steadily increasing. According to the National Center for Health Statistics, life expectancy for older individuals improved mainly in the latter half of the 20th century, due largely to advances in medicine, better access to health care, and healthier lifestyles. Someone reaching age 65 in 1950 could expect to live approximately 14 years longer (until about age 79), while the average 65-year-old American today can expect to live about another 19 years (to age 84) (Source: National Vital Statistics Report, Volume 61, Number 4, May 2013). So when considering how much retirement income you'll need, it's not unreasonable to plan for a retirement that will last for 25 years or more.

2. I'll spend less money after I retire

Consider this--Do you spend more money on days you're working or on days you're not working? One of the biggest retirement planning mistakes you can make is to underestimate the amount you'll spend in retirement. One often hears that you'll need 70% to 80% of your preretirement income after you retire. However, depending on your lifestyle and individual circumstances, it's not inconceivable that you may need to replace 100% or more of your preretirement income.

In order to estimate how much you'll need to accumulate, you need to estimate the expenses you're likely to incur in retirement. Do you intend to travel? Will your mortgage be paid off? Might you have significant health-care expenses not covered by insurance or Medicare? Try thinking about your current expenses and how they might change between now and the time you retire.

3. Medicare will pay all my medical bills

You may presume that when you reach age 65, Medicare will cover most health-care costs.

But Medicare doesn't cover everything. Examples of services generally not covered by traditional Medicare include most chiropractic, dental, and vision care. And don't forget the cost of long-term care--Medicare doesn't pay for custodial (nonskilled) long-term care services, and Medicaid pays only if you and your spouse meet certain income and asset criteria. Without proper planning, health-care costs can sap retirement income in a hurry, leaving you financially strapped.

Plus there's the cost of the Medicare coverage itself. While Medicare Part A (hospital insurance) is free for most Americans, you'll pay at least \$104.90 each month in 2014 if you choose Medicare Part B (medical insurance), plus an average of \$31 per month if you also want Medicare Part D (prescription coverage). In addition, there are co-pays and deductibles to consider--unless you pay an additional premium for a Medigap policy that covers all or some of those out-of-pocket expenses. (As an alternative to traditional Medicare, you can enroll in a Medicare Advantage (Part C) managed care plan; costs and coverages vary.)

4. I'll use my newfound leisure hours to _____ (fill in the blank)

According to the Bureau of Labor Statistics 2012 American Time Use Survey, retirees age 65 and older spent an average of 8 hours per day in leisure activities. (Leisure activities include sports, reading, watching television, socializing, relaxing and thinking, playing cards, using the computer, and attending arts, entertainment, and cultural events.) This compares to an average of 5.4 hours per day for those age 65 and older who were still working.

So how did retirees use their additional 2.6 hours of leisure time? Well, they spent most of it (1.6 hours) watching television. In fact, according to the survey, retirees actually spent 4.5 of their total 8 leisure hours per day watching TV.

And despite the fact that many workers cite a desire to travel when they retire, retirees actually spent only 18 more minutes, on average, per day than their working counterparts engaged in "other leisure activities," which includes travel.

Tips for Traveling Abroad



Check with the U.S. State Department for travel alerts and warnings. You might also consider registering with the U.S. government's Smart Traveler Enrollment Program (STEP), at <https://step.state.gov/step/>. STEP assists U.S. citizens traveling and living abroad.

For many people, there's perhaps nothing more exciting than traveling to a new country, experiencing different cultures, tasting exotic foods, and exploring unfamiliar landscapes. But before you take off on an international adventure, consider that a little preparation and a few precautions can help prevent a lot of unexpected headaches.

Obtain and copy necessary documentation

Most U.S. citizens need a valid U.S. passport for international travel. Although some countries allow you to enter with just a birth certificate and driver's license, all people traveling abroad by air must have a valid passport to reenter the United States. Those traveling by land or sea must have proof of both their U.S. citizenship and identity; in many of these cases, the new U.S. passport card will suffice. You do not need a passport to travel to or from a U.S. territory (e.g., U.S. Virgin Islands or Puerto Rico).

It can take up to six weeks to receive a passport, so plan accordingly. Expedited options are available for additional fees. Also note that some countries will not accept a passport that expires within six months of your trip. Contact the embassy of your destination country for more information.

Finally, be sure to make copies of your passport, itinerary, airline tickets, and other important documents. Leave one set with a friend or relative at home and carry the other set with you, separately from the originals.

Plan ahead to stay healthy

Some countries require inoculations and other medical preparations before entering. You can research your destination at www.travel.state.gov. In addition, U.S. Centers for Disease Control offers information about your destination's medical requirements at www.cdc.gov/travel/.

Many health insurance companies do not cover policyholders while they are in a foreign country. Even if you and your family are covered, you may not receive the same benefits overseas. Contact your insurer's customer service department to find out if you have coverage while traveling abroad, and if any restrictions apply. If needed, you can typically purchase short-term supplemental health coverage from an insurance company, travel agent, tour operator, or cruise line. These policies are often combined with medical evacuation coverage, which helps defray the costs of an emergency medical trip back home.

If you take prescription medication, bring at least enough to last your entire trip. Carry

medications in their original, labeled containers and pack them in your carry-on luggage. Ask your pharmacist for the generic name of your medications in case you need more while abroad, and ask your doctor to write a letter explaining your need for the medications. Some countries restrict the types of medications allowed into the country without medical documentation.

Finally, review the options for health care at your destination before you arrive. It's best to prepare for an unpleasant surprise rather than have to search for a doctor at the moment you need one.

Avoid costly mistakes

Planning to use your mobile phone? Contact your carrier and review your plan for international roaming. Calling, texting, and posting updates to your social media sites can be extremely expensive if you don't plan ahead.

Similarly, ask your credit or debit card bank about foreign transaction fees. Since many do not charge these fees, it may pay to shop around. Also, inform your card companies that you will be traveling so that they won't suspend your card for suspicious activity while you're away, and can provide a toll-free number should you need to contact them.

If you plan to use cash or traveler's checks, keep some on your person and some in a separate safe location. Also, before deciding to use traveler's checks, be sure to confirm they are readily accepted. And remember to check exchange rates so you can accurately calculate your vacation budget.

Consider travel/baggage insurance

In addition to supplemental health insurance coverage, you may want to consider purchasing travel insurance, particularly if the peace of mind outweighs the premium cost. Some types of policies protect you in case the trip is cancelled or interrupted due to certain events, such as weather, illness, or death of a loved one. Investigate whether your credit card or travel club offers this type of coverage as well.

Although most airlines will reimburse passengers for luggage lost during transit (up to certain limits), you might also want to consider baggage insurance for protection when your bags are not in possession of the airline.

These are just a few tips to consider before traveling overseas. For more comprehensive information, visit the U.S. State Department website at www.travel.state.gov.

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Why are you paying more at the pump?

Have you ever stood at the pump wondering why you're paying so much to fill up your vehicle? The answer is ... complicated. According to the U.S. Energy Information Administration (EIA), many factors contribute to the cost of a gallon of gasoline, including the price of crude oil (which accounts for the majority of the cost), refining costs and profits, taxes, and distribution and marketing expenses.

The price of crude oil is dependent on global supply levels relative to demand, and can be influenced by political events in major oil-producing countries, supply disruptions (which often result from hurricanes and storms in supply zones), and market speculation. Supply and demand is also one of the reasons that U.S. gas prices tend to fluctuate seasonally, with prices generally rising in the spring and remaining higher in early summer. But refining costs also play a role. Prices tend to rise as refineries shift from winter to summer gasoline blends in order to meet federal and state environmental guidelines. Gasoline must be blended with other ingredients to reduce emissions, and costlier ingredients are used in

the summer blend.

How much you pay for gasoline also depends on where the pump is located and who owns it. For example, prices are generally highest on the West Coast due to higher state taxes and transportation costs from distant refineries. But no matter where you live, you know that prices also vary locally from one station to the next. Why? Generally it's because the cost of doing business for an individual station owner varies. The price the station pays for gasoline, the station's location and volume of business, and whether it must match or beat prices from local competitors all contribute to how much you pay for a gallon of gas.

What's the outlook for the future? The EIA expects the average price of gasoline to fall in 2015 to \$3.39 per gallon. Despite the increasing demand from emerging economies, U.S. crude oil reserves and production are expected to increase, and U.S. demand is expected to decrease as vehicles become more fuel efficient.

Sources: "Factors Affecting Gasoline Prices" and "Short-Term Energy Outlook", May 6, 2014, www.eia.gov

