



GREAT PLAINS

Trust

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The Great Debate on Social Security (Part One)

The Trustees of the Old-Age and Survivors Insurance (OASI) trust fund provide an annual report on the current and projected financial status of the Social Security program. Based on prior reports, the Social Security program faces a significant financing issue. Reports indicate that trust fund reserves will be depleted between 2033 and 2035. At that time, continuing income for the fund will only pay around 75-80% of scheduled benefits. This expected shortfall has drawn attention heading into the 2024 election year.

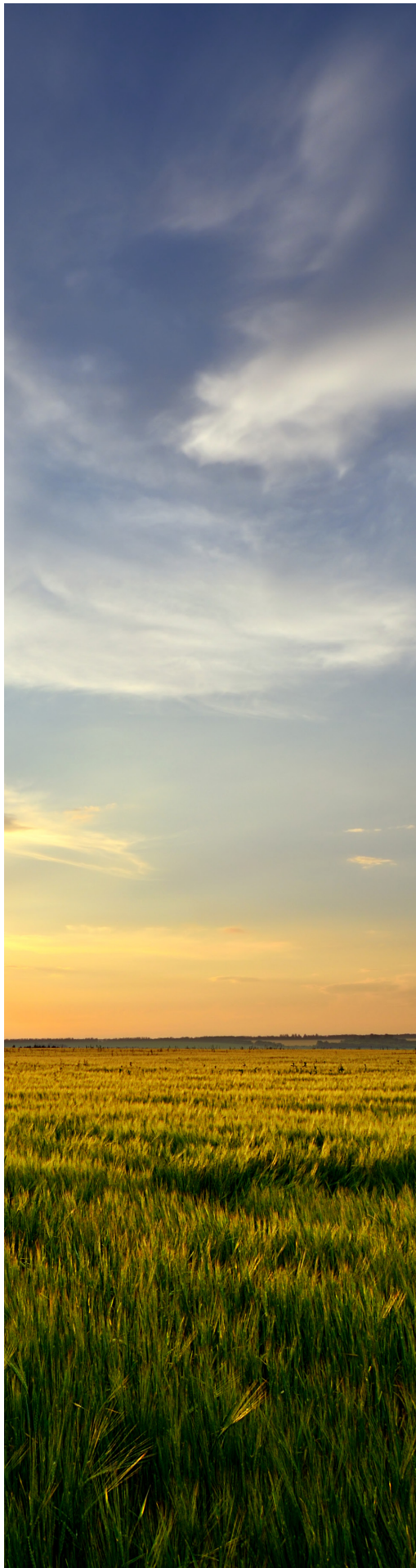
OASI is financed almost exclusively by payroll taxes, income tax on Social Security benefits, and interest on trust fund reserves. Payroll contributions consist of taxes paid by employees, employers, and the self-employed. For 2024, the employee pays 6.2% and the employer pays 6.2% on earnings up to a wage base of \$168,600, with no tax imposed on income above that level.

According to the American Academy of Actuaries, reform is necessary for Social Security to remain sustainable for future generations. Here are some of the proposed solutions to the Social Security financing issue:

1. Reduce benefits for high-income individuals who have not yet claimed Social Security benefits.
2. Gradually raise the Full Retirement Age from 67 to 69. This change would be implemented for workers currently in their 30s and 40s.



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The Great Debate continued...

3. Reduce annual Cost of Living Adjustments (COLA). COLA reductions would be cumulative over time, meaning beneficiaries who tend to receive benefits longer than average would experience larger benefit reductions.
4. Maintain the wage base but increase the Payroll Tax by 25%- from 6.2% for both worker and employer to 7.75%.
5. Tax earnings above the \$168,600 wage base. Proposals have included taxing up to \$400,000 of earnings or taxing all earnings.
6. Set Social Security benefits to a flat amount. High-income individuals would see reductions in benefits, while low-income individuals may see larger benefits than compared with the benefits under current law.

Lawmakers have several options for improving the outlook of the Social Security program. The key to addressing the financial shortfall is a timely, proactive response. Gradual change(s) will allow workers time to adjust their expectations and behaviors and allow a larger demographic to share in revenue increases or scheduled benefit reductions. For example, future beneficiaries of the program may increase savings to offset the reduction in Social Security benefits and older workers may work more hours or delay retirement longer than they would have if benefits remained unchanged.

Keep an eye out for Part Two of this series in our upcoming newsletter where we will discuss retirement and survivor benefits under Social Security. Taking what you will learn from both articles, you will have a better understanding of how proposed changes may impact you as a current or future beneficiary of this program.

The Great Plains Trust GWA Mobile App is now Available in the Apple App Store!

Great Plains released its mobile app which allows for iPhone/iPad users to access their client account information. The app is built on the same design platform as our desktop version, formerly known as TrustReporter, and offers biometric authentication for security and ease of use. After downloading the Great Plains Trust GWA app, clients will be able to access:

- Account Values & Holdings
- Transaction Data
- Statements
- Trade Activity

Great Plains will also be introducing an app for Android users, scheduled to be released in Q2 2024.

Get Online Statements & Advice of Trades

If you currently do not have access to GWAccess and would like to view your accounts online, switch to online statements, and/or see trade advices, we can help!

Send a request to: trustops@greatplainstrust.com

Questions about online access?

E-mail or call: trustops@greatplainstrust.com
913-831-7999

Spring Cleaning 2024

With the holidays behind us and the busy days of summer shortly ahead, now is the perfect time to do some “spring cleaning” to get your financial records and estate planning documents in order. These are some things you can do to get ready for the year ahead:

- Check the contact information on file with each of your financial institutions and make sure your address, e-mail address and preferred phone numbers are up to date.
- Update your passwords – changing these from time to time helps to keep your private information protected. Also important is having an organized method of keeping track of your passwords to avoid locking yourself out when you need password-protected information.
- Check your TOD and beneficiary designation forms. Consult with your attorney if you think changes may be necessary to adjust to your current situation or ensure that each one coincides with your estate plan.
- Review your asset titles. Be sure to consider any new property you may have acquired and whether it needs to be titled to your trust, for example. If you are married, titling can also be used to strategically divide your assets for estate tax portability purposes, discussed below.
- Make sure your “trusted contacts” are current. These are people your financial institutions can reach out to for your protection should capacity become an issue. If you have not designated a trusted contact for your Great Plains accounts, please give us a call.
- Check to make sure your estate-planning documents are in order. You should generally review your Plan with your attorney every 5-10 years. However, your attorney may recommend a different time frame for your unique situation, and you may need to call your attorney sooner if certain changes, to your family or tax laws, for instance, have occurred.

In getting organized for 2024, you may also want to keep in mind some key changes to the tax code this year:

- The lifetime exemption increased to \$13,610,000 per individual, or 27,220,000 for married couples.
- The lifetime exemption amounts are scheduled to decrease to \$5,000,000 (plus an adjustment for inflation) on January 1, 2026 unless Congress takes action prior to then.
- Portability, the ability to transfer a deceased spouse’s unused exemption amount to the surviving spouse, remains in effect for 2024. This is a use it or lose it scenario. If you are married and your assets are sufficient, you should begin planning for the proposed drop now.
- The annual federal gift tax exclusion amount has increased by \$1,000 to \$18,000, or a combined \$36,000 for a married couple, for 2024.
- The age for beginning required minimum distributions (RMDs) from qualified retirement plan accounts is now age 73 (for those turning 72 after December 31, 2022). It will be 75 for 2033 (for those turning 74 after December 31, 2032). You should speak with your plan administrator or financial advisor about how these and other changes to the RMD rules may affect you.

IRA Announcements

IRA and Roth IRA contributions for 2023 need to be postmarked by 4/15/24. The year for the IRA contribution should always be noted on the check.

IRS Form 5498 reporting 2023 contributions will be mailed out in May of 2024.

2024 IRA and Roth IRA contribution limits have been increased from \$6,500 to \$7,000 (\$7,500 to \$8,000 if over age 50 by 12/31/2024.)



Diminished Capacity – How to Best Protect Your Finances in Case of Cognitive Decline (Part Two)

In our first quarter newsletter we explained how Great Plains Trust Company has implemented some new procedures to prevent financial exploitation of our customers, particularly in the case of diminished capacity. While safeguards put into place by Great Plains and other financial institutions can be helpful to prevent fraud, there are important steps that you can take yourself to help minimize future problems for you and your family.

- Organize and store important documents in one safe location. Be sure to give copies to trusted loved ones or make sure that they can access the documents. Important documents that are most relevant to finances are: bank and brokerage statements and account information, mortgage and credit information, insurance policies, pension and other retirement benefit summaries, social security payment information, contact information for financial and medical professionals. Be sure to keep this information updated.

- Use a Social Security Advance Designation to select up to three people as your “representative payee” if you need help with social security benefits in the future. You manage your own benefits as long as you are able.

- Create a durable financial power of attorney that appoints someone you trust to make financial decisions for you if you cannot. Ideally, everyone who is over the age of 18 should create a financial power of attorney so that your spouse/children/parents or whomever you appoint can assist you with financial matters if needed. Creating a power of attorney does not take away any of your own authority to act but rather appoints someone that you trust to assist you when needed, whether that is in the case of permanent

incapacity or whether you need someone to speak with your bank while you are in the hospital recovering from an accident or illness. In the case of incapacity/diminished capacity when there is not a power of attorney in place, a court proceeding will need to take place where the court will appoint someone to handle your financial affairs for you.

- Consider involving a trusted relative, friend or professional by giving them an overview of your finances while you still have capacity. You can share as much or as little detail as you wish, but sharing at least the basic information will be helpful if and when you are unable to manage your finances.

- If you think you have been the victim of fraud or financial exploitation, speak up. Many of these criminals are very savvy, and there is no shame in admitting that you may have fallen prey to their tactics. If you want to learn more about common scams and warning signs, or if you have been the victim of elder fraud, you can call the National Elder Law Fraud Hotline (833-FRAUD-11 or 833-372-8311). This hotline is staffed with trained volunteers who can help victims age 60 and older file reports with agencies such as the Internet Crime Complaint Center and the Federal Trade Commission.

Because we cannot anticipate whether our financial capacity will decline over time—or even suddenly, such as with a severe stroke—planning ahead for possible incapacity is critical.



Our Mission

To be a premier provider of wealth management and trust services to families across generations. We shall deliver responsive, reliable, and informed service combined with a commitment to achieving the stated goals of our clients and their families. We shall, at all times, deal honestly and respectfully with all clients and associates.

GREAT PLAINS *Trust*

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