



# FINANCIAL Insights

## February

### Advance directives in the real world

Many people wait too long to create advance health directives and designate a health care surrogate, and the results can be tragic. A recent article, by a physician who is also a financial planner, illustrates a not-uncommon situation that nobody wants to find themselves in.

The story begins with a woman suddenly becoming acutely ill and uncommunicative. She's rushed to the emergency room by ambulance, while her partner scrambles to get to the hospital. The patient's condition quickly worsens. By the time her partner arrives, it has been determined that the patient will need to be placed on a ventilator, or she'll die. But her death appears to be inevitable, so this will only prolong her time in a hospital bed.

Who is going to make that decision?

The partner had been designated as the patient's health care surrogate, but in this case, couldn't remember how to find the documentation. The woman, unconscious in the hospital, had been adamant in her conversations about advance directives—which serve as a record of someone's health preferences—that if she had a serious health event that was going to kill her, she wanted to be kept comfortable and have as peaceful a death as possible. Her partner had participated in these meetings, had been named the health care surrogate, and had been involved in drawing up the advance directive.

Unable to find the documentation, the hospital would have had little choice but to put the patient on a ventilator. In this story, over the next few hours the condition worsened, and the doctors determined that the patient had contracted pneumonia that had spread to her bloodstream—causing her kidney to fail. She could be kept alive, temporarily, with dialysis, but even then her prognosis was grim.

Fortunately, in this story, the financial planner was able to fax over a copy of the patient's advance directive and the documentation establishing the partner as the health care surrogate. Even then, it was a difficult choice for the partner to follow the directives and tell the hospital not to use the ventilator or dialysis treatment. A phone conversation with the financial planner helped give the partner the peace of mind to make the decision that the patient would have wanted, and the patient died peacefully with her family by her side.

Documenting a desired quality of life in the final days is not a medical conversation, so a doctor or health care professional is not required. People can have this conversation with their financial planner, who will contact an attorney to draw up the paperwork, and who can provide the final documents while allowing the financial planner to keep a copy on file. The challenge is for people to be willing to have this difficult discussion while they're well. The incentive is that a thoughtful, well-documented advance directive conversation can alleviate a lot of the stress of painful decisions during a serious illness.

-Bob Veres

Sources:

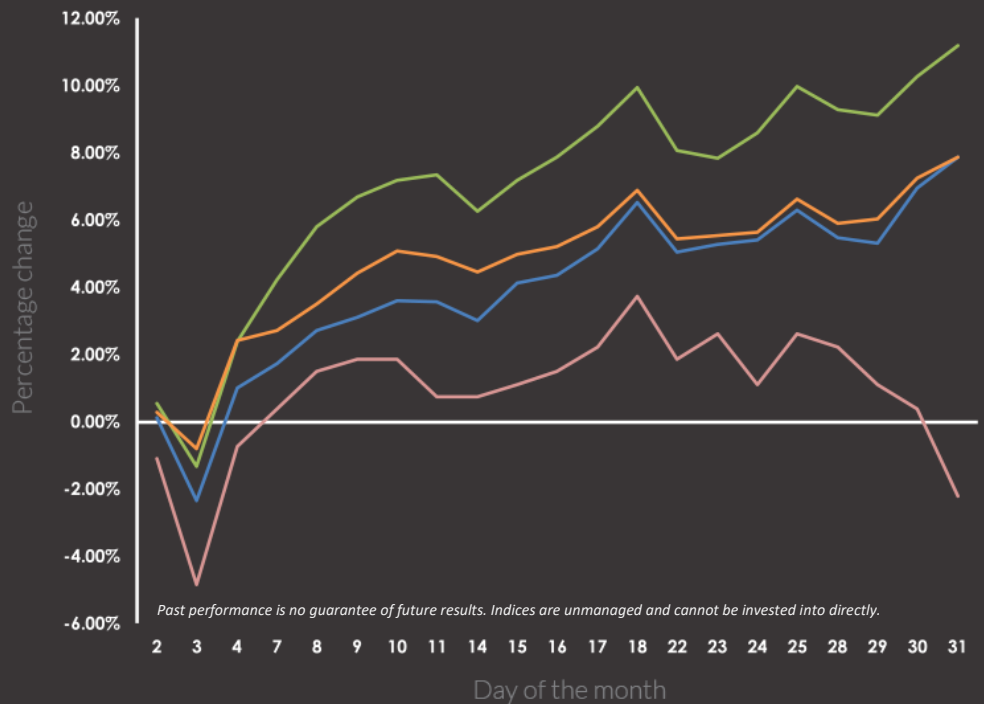
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# The market at a glance

## January

<span style="color: #00AEEF;">■</span> U.S. Large Cap (S&P 500)	<b>2,704.10</b> (7.87%) ▲
<span style="color: #92D050;">■</span> U.S. Mid/Small (Russell 2000)	<b>1,499.42</b> (11.19%) ▲
<span style="color: #FFC000;">■</span> International Large (NYSE International 100)	<b>5,275.79</b> (7.88%) ▲
<span style="color: #E91E63;">■</span> U.S. Treasuries (U.S. 10-year Treasury yield rate)	<b>2.63</b> (-2.23) ▼



## The market in action

- Hedge fund Elliott Management announced it has taken a \$1.4 billion stake in the e-commerce company eBay, which represents four percent of the company's total shares. Following the announcement, eBay shares surged as much as 10 percent before finishing with a 6.1 percent gain.
- Just hours before a possible liquidation deal, Sears chairman Edward Lampert added \$150 million to his offer that may keep the department store's remaining locations open and under his control. The deal, which still requires approval by a New York bankruptcy judge, would preserve about 400 stores and as many as 50,000 jobs.
- Federal prosecutors unveiled charges for seven individuals stemming from a 2016 international stock-trading scheme that involved hacking into the SEC's corporate filing database. First discovered in August 2017, the scheme netted \$4.1 million.
- The Congressional Budget Office released a report that found the recent government shutdown—the longest in government history—cost the U.S. economy \$11 billion. Federal services everywhere from the FBI to national parks had been on hold, leaving 800,000 federal workers without pay since December 22, 2018.

# The overlooked costs of owning an electric vehicle

The hype around electric vehicles continues to grow stronger by the day as more and more consumers are drawn by the allure of cutting-edge designs and dropping the traditional gas tank. According to Inside EVs, U.S. electric vehicle (EV) sales in 2018 grew 81 percent compared to 2017 as over 350,000 consumers became a new owner of a battery-powered automobile.

Still, EV sales remain small when compared to those of traditional gas-powered vehicles and represent under two percent of total automobile sales. If you are considering ditching your traditional car to become an EV owner, be sure to take these commonly overlooked costs into consideration.

## Cost per mile is not zero

Yes, owning an EV means you no longer have to worry about gasoline prices, but there is still a cost associated with each mile you travel.

Compare 2018's most popular EV, the Tesla Model 3, with the most popular gas-powered vehicle, the Toyota Camry.

According to the U.S. Department of Transportation, Americans drive an average of 13,476 miles per year and the U.S. Energy Information Administration (EIA) estimates the average cost of gasoline in 2019 to be \$2.47 per gallon. For the Camry, which averages 35 miles per gallon, this equates to an annual refueling cost of \$951.

As for EVs, cost per kilowatt hour (kWh) of electricity becomes the key factor instead of cost per gallon of gasoline. The EIA estimates the average cost of residential energy in 2019 will be about 13 cents per kWh. For the entry-level Model 3 that has a range of 220 miles on its standard 50 kWh battery, this equates to an annual refueling cost of \$398.

Although the fuel savings of owning an EV can be substantial, owners often overlook the true cost of recharging. Know that these savings can vary depending on a number of factors, primarily your location.

## Free public charging is becoming a thing of the past

Up until recently, public charging was less accessible, but also free for some drivers. Those who purchased a Tesla before 2017 were granted free unlimited access to its network of Supercharging stations, but new Tesla drivers receive a smaller amount before having to pay for the usage. The change comes as Tesla progresses its charging infrastructure to now include more than 10,000 stalls which are within 150 miles of 99 percent of the U.S. population.

Plugincars.com reports that there are nearly 47,000 free public charging stations and about 40,000 paid public stations nationwide as of March 2018. EV shoppers should research their location's public charging infrastructure and be aware that public charging can cost as much as two to three times compared to charging at home.

## Will a base model meet your needs?

As is common with all vehicle sales, electric or otherwise, the final price can increase substantially with additional features. Buyers need to consider whether a base model will meet their needs or if upgrades need to be added.

Again looking at the Tesla Model 3, the entry-level cash price is \$42,900 with a 220-mile range battery, but if you are looking to increase to a larger 310-mile range battery, you will need to opt for the \$49,900 all-wheel-drive model.

For prospective EV owners who live in remote areas with limited access to public charging, upgrades such as these may be essential.

## Government incentives vary widely

Often, the advertised price of an EV takes into consideration savings from government incentives, which can vary from state to state. Owners in all states will receive a federal tax credit of \$3,750 for EVs delivered from January 1 to June 30, 2019, but this will be cut down to \$1,875 for EVs delivered from July 1 to December 31, 2019.

State and local governments may offer additional incentives for EV owners, and some offer none at all. For example, Colorado provides new EV car buyers with a \$5,000 tax credit while Kansas currently has no incentives. These incentives can also vary on a number of factors such as the price of the EV and whether the vehicle is purchased or leased. Be to research and take into consideration your state and local government benefits for the true price.

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