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Your Source for Financial Well-Being

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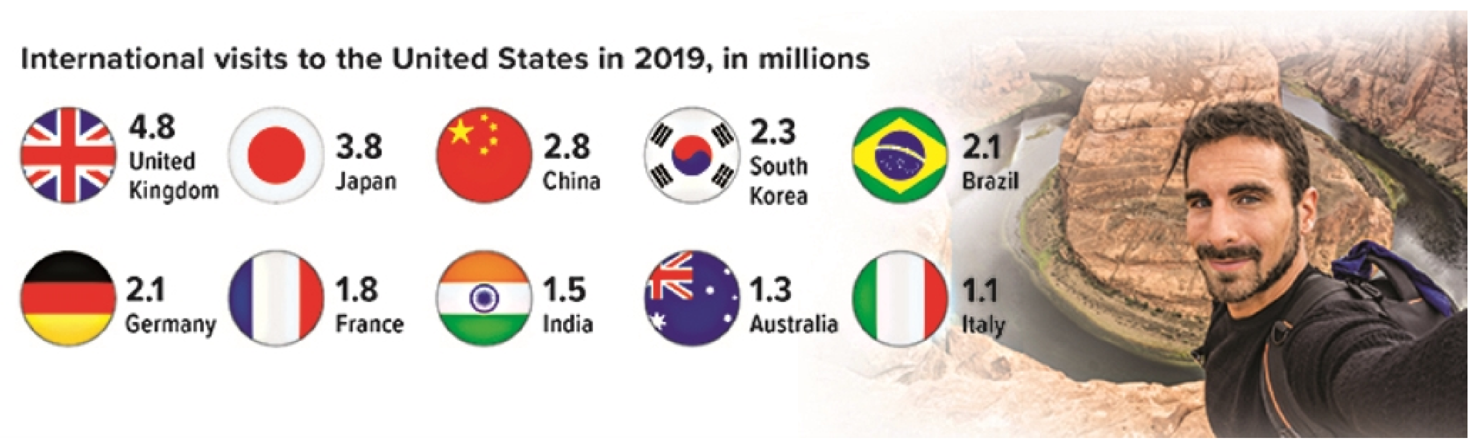
Foreign Tourists

More than 79 million foreign tourists visited the United States in 2019, adding $254 billion to the U.S. economy. Residents of Canada and Mexico accounted for almost half of the total, while the countries below were the top 10 sources of overseas visitors. Travel restrictions and lockdowns due to COVID-19 have severely disrupted the flow of foreign tourists in 2020. It's too early to know the full extent of the damage to the tourism sector, but the effects may continue for some time after the virus is controlled.



Source: National Travel and Tourism Office, 2020

Turbulent Times: Bear Markets Come and Go

The longest bull market in history lasted almost 11 years before coronavirus fears and the realities of a seriously disrupted U.S. economy brought it to an end.[1]

Bear markets are typically defined as declines of 20% or more from the most recent high, and bull markets are sustained increases of 20% or more from the bear market low. But there is no official declaration, so often there are different interpretations and a fair amount of debate regarding when these cycles begin and end.

Between February 19 and March 23, 2020, the S&P 500 fell 34% and then took just 15 days to bounce back above the 20% threshold that would technically mark the beginning of a new bull market.[2]

Still, most investors wait to see if volatility subsides and higher prices persist before they cheer the exit of a bear market. And in the midst of the pandemic, without a clear economic picture, it could be more difficult than usual to tell whether any market advance is a short-term rally or the start of a longer upward trend.

Historical Perspective

The CBOE Volatility Index (VIX), a closely watched measure of stock market volatility and investor anxiety, hit all-time highs in March 2020.[3]

If you are losing sleep over volatility driven by disheartening news, it may help to remember that the economy and the stock market are cyclical. There have been 10 bear markets since 1950 (not counting the one that began in 2020). Each of these declines was triggered by a different set of circumstances, but the market recovered eventually every time (see table).[4]

On average, bull markets lasted longer (1,955 days) than bear markets (431 days) over this period, and the average bull market advance (172.0%) was greater than the average bear market decline (-34.2%).

The bottom line is that neither the ups nor the downs last forever, even if they feel as though they will. There are buying opportunities in the midst of the worst downturns. And in some cases, people have profited over time by investing carefully just when things seemed bleakest.

Bear Markets Since 1950	Calendar Days to Bottom	U.S. Stock Market Decline (S&P 500 Index)
August 1956 to October 1957	446	–21.5%
December 1961 to June 1962	196	–28.0%
February 1966 to October 1966	240	–22.2%
November 1968 to May 1970	543	–36.1%
January 1973 to October 1974	630	–48.2%
November 1980 to August 1982	622	–27.1%
August 1987 to December 1987	101	–33.5%
July 1990 to October 1990	87	–19.9%*
March 2000 to October 2002	929	–49.1%
October 2007 to March 2009	517	–56.8%

*The intraday low marked a decline of –20.2%, so this cycle is often considered a bear market.

Making Changes

If you're reconsidering your current investment strategy, a volatile market is probably the worst time to turn your portfolio inside out. Dramatic price swings can magnify the impact of a wholesale restructuring if the timing of that move is a little off.

Changes in your portfolio don't necessarily need to happen all at once. Having appropriate asset allocation and diversification is still the fundamental basis of thoughtful investment planning, so try not to let fear derail your long-term goals.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Asset allocation and diversification are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

The S&P 500 is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. 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 not a guarantee of future results. Actual results will vary.

1-2,4) Yahoo! Finance, 2020 (data for the period 6/13/1949 to 4/7/2020)

3) MarketWatch, March 31, 2020

Could You Be Responsible for Your Parents' Nursing Home Bills?

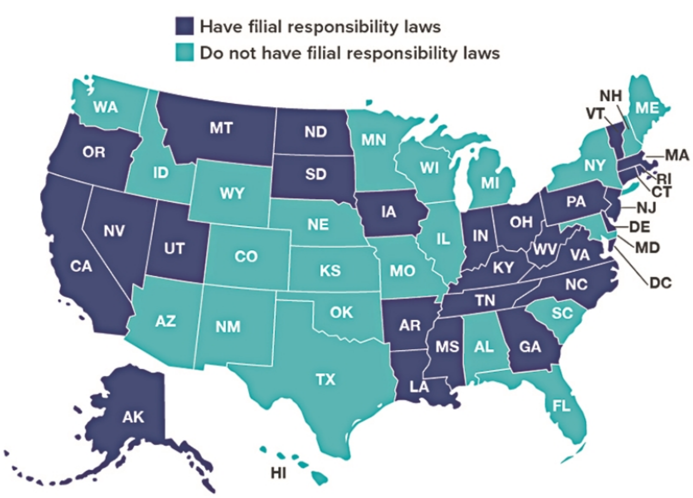
In 26 states (and Puerto Rico), laws generally hold children financially responsible for certain debts of their parents. These laws are referred to as filial responsibility laws (or filial support or filial piety laws).

The details of filial responsibility laws vary by state. Most require that a parent must be deemed unable to pay for the costs of basic care and support before a child may be held responsible. And most states consider the child's ability to pay before holding the child liable for the cost of a parent's health care.

Filial responsibility laws are generally not enforced. But one 2012 case out of Pennsylvania may provide an example of how these laws might be used. *Health Care & Retirement Corporation of America v. Pittas* addressed the question of whether a child can be held responsible for the health-related debts of a parent.

The court found an adult son responsible for $93,000 in nursing home costs incurred by his mother. The court also ruled that there was no duty to consider the parent's other possible financial resources for payment, which included her husband and two other adult children, or the fact that an application for Medicaid assistance was pending at the time of the claim against the child. The court found that the plaintiff had met its burden under the law by proving the child had the financial means to pay the outstanding bill.

States with Filial Responsibility Laws, 2019



As the Pennsylvania case illustrates, filial responsibility laws may come into play in situations when a parent incurs expenses for long-term care and lacks the financial means to pay them. This is not an issue when someone becomes eligible for Medicaid, because Medicaid pays for most long-term care services and does not require the recipient's children to contribute funds toward the parent's care; later, funds can be recovered through the Medicaid estate recovery process. In addition, federal law bars a nursing home from requiring a third-party guarantee of payment as a condition for either admission (or expedited admission) or continued stay of a patient.

What happens when a person admitted to a skilled nursing facility doesn't qualify for Medicaid but lacks the financial resources to pay the bill? For example, it's not uncommon for aging parents to gift assets to their children in order to qualify for Medicaid.

Under current rules, there is a five-year look-back period from the time the application for Medicaid is made. Gifts made during this look-back period may disqualify an applicant from receiving benefits for a certain period, which could be up to several months. In Connecticut, for example, nursing homes have the right to pursue claims against children of patients who made disqualifying transfers of assets (gifts) within two years of applying for Medicaid benefits.

Even though filial responsibility laws haven't been prevalent, soaring long-term care costs could continue to place a growing burden on Medicaid, pushing federal and/or state government budgets higher. More of the cost of health care could shift to patients and their families, giving nursing homes and other health-care providers more incentive to pursue claims against children for the unpaid costs of care provided to their parents.

In any case, filial responsibility laws provide yet another reason for families to plan for long-term care. Talk to a qualified attorney if you have concerns or need more information regarding your specific situation.

Telemedicine: The Virtual Doctor Will See You Now

Widespread smartphone use, loosening regulations, and employers seeking health cost savings are three trends that have been driving the rapid expansion of telemedicine. And that was before social distancing guidelines to help control the spread of COVID-19 made the availability of remote medical care more vital than anyone anticipated.

Easy Interaction with Health Professionals

Telemedicine offers a way for patients to interact with doctors or nurses through a website or mobile app using a secure audio or video connection.

Patients have immediate access to advice and treatment any time of the day or night, while avoiding unnecessary and costly emergency room visits. And health providers have the ability to bill for consultations and other services provided from a distance.

Telemedicine can be used to treat minor health problems such as allergies and rashes, or for an urgent condition such as a high fever. It also makes it easier to access therapy for mental health issues such as depression and anxiety.

In other cases, doctors can remotely monitor the vital signs of patients with chronic conditions, or follow up with patients after a hospital discharge. Telemedicine can also fill gaps in the availability of specialty care, especially in rural areas.

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Offered by Many Health Plans

In 2019, nearly nine out of 10 large employers (500 or more employees) offered telemedicine programs in their benefit packages, but many workers had not tried them out.

Only 9% of eligible employees utilized telemedicine services in 2018 (the most recent year for which data is available), even though virtual consultations often have lower copays and are generally less expensive than in-person office visits, especially for those with high deductibles.[1]

If your health plan includes telemedicine services, you might take a closer look at the details, download the app, and/or register for an online account. This way, you'll be ready to log in quickly the next time your family faces a medical problem.

1) Mercer National Survey of Employer-Sponsored Health Plans, 2019