Loose Change®
A PENNY SAVED IS A PENNY EARNED
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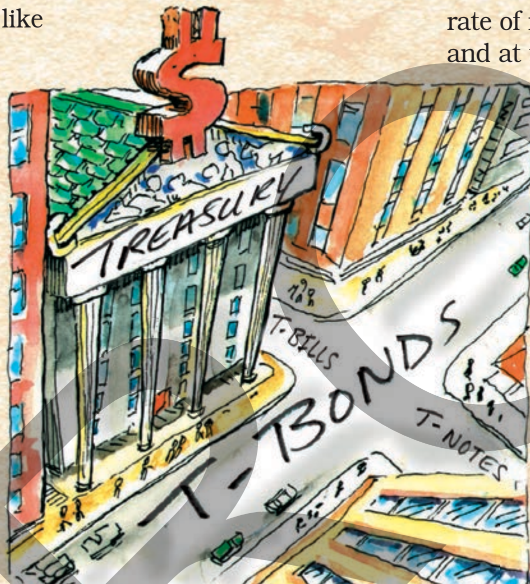
Talking Treasuries

How would you like the federal government to pay *you* for a change? When you buy Treasury bills, notes, or bonds, you're lending money to the U.S. government; in return, the government pays you interest on the loan.



The interest on Treasuries is exempt from state and local, but not federal, income tax. Treasury securities have varying maturities, from short to very long. Here's an overview.

T-bills for the Short Term

Investors can buy T-bills with 4-week, 13-week, 26-week, and 52-week maturities at a discount—that is, for less than their face value. At the end of the term, the investor receives the T-bill's full face value. T-bills are generally considered low-risk investments and may be appropriate for an emergency fund or short-term goals.

T-notes in the Middle

Frequently used as a benchmark for other debt securities, T-notes are available in two-, three-, five-, seven-, and 10-year terms. They pay a fixed rate of interest twice a year, and at the end of the term, the full face value is returned to the investor. T-notes may be a suitable investment for investors who are seeking income or saving for mid-term financial goals, such as buying a home.

T-bonds for the Long Haul

Treasury bonds have a 30-year term, pay a fixed rate of interest semi-annually, and return the bond's full face value at maturity. Investors looking for a source of income over the long term may want to consider T-bonds since they tend to pay higher interest rates than shorter term bonds. However, the possibility of rising interest rates in the future can make investors wary.

FR2017-0629-0022/E

After the Bell

It used to be that once the bell rang on the trading floor, stock trading was over for the day. But that changed once "after-hours" trading allowed investors to buy and sell outside of regular hours. If you are thinking about getting involved in after-hours trading, be aware of these risks.

◆ You may not be able to access—or act on—quotes outside of the trading system your broker uses.

◆ Fewer buyers and sellers may make trading more difficult. And some stocks don't trade after hours.

◆ Stock prices may fluctuate more than they do during the regular trading day. To avoid buying too high or selling too low, consider using a "limit" order, which will specify the price at which you want your trade executed.

◆ You'll be competing with large institutional investors who may have access to more investment information.

◆ Computer delays could prevent your orders from being executed, including orders to change or cancel trades.

Holiday Harmony

How do you achieve it? Planning ahead and setting spending limits can keep your stress level in check. Channel your inner holiday spirit with these time- and money-saving ideas.

Budget for gifts. Nothing will ruin the holidays like a pile of bills. Choose the amount you feel comfortable spending—either per person or in total—and stick with it. Consider setting a budget for food and entertaining as well.

Check sale flyers. Save shipping costs by buying items on sale, locally.

Shop online. Buying items online can save time and the frustration of checking several stores to find a specific item. And grouping several items in one order may save on shipping costs.

Refrain from using credit cards. Unless you'll be able to pay off the balance when the bill comes, stick with using cash or a debit card to avoid interest charges.

Shop and wrap early. Then relax and enjoy the season.

Trusts — A Helpful Planning Tool

You may think you have to be very wealthy to include a trust in your estate plan. But even individuals with modest assets may find trusts to be useful for providing more control over how and when assets are distributed to beneficiaries. Here is a brief overview of some of the estate planning objectives you can accomplish using a trust.

Distribute assets over a period of time. You can control how assets are passed to loved ones who may lack financial experience by setting up a trust designed to distribute assets in stages instead of in a lump sum. Alternatively, a trustee may be instructed to ensure that distributions are used only for essential needs.

Ensure the privacy of your financial affairs. Placing assets in a living trust allows you to avoid the probate process and transfer assets to beneficiaries privately.

Prevent unintentional disinheritance. In blended families, a trust can be used to distribute assets to a decedent's biological children following the death of the second spouse.

Provide for disabled children or relatives. A special needs trust can ensure that assets benefit a disabled beneficiary without causing a loss of government benefits, such as health care and housing.

Appoint a financial fiduciary. Couples or individuals without children or other family may want to set up a trust and appoint a trust company to manage their financial affairs should they become unable to do so.

Give to charity. You can use a trust to make charitable donations while still providing for loved ones.

There are many ways to structure a trust. Be sure to consult an attorney who specializes in estate planning for guidance.

What's Your Plan?

It's no secret. You can find a lot of helpful information about your employer's retirement plan by reviewing a few documents.

The **summary plan description (SPD)** tells you what the plan provides and how it operates, including when employees are eligible to participate, how service and benefits are calculated, when benefits become vested and how they're paid, and how to file a claim for benefits.

Your **individual benefit statement** includes information about your account balance and vested benefits. Make sure your personal information is accurate, such as salary level, your and your employer's contribution amounts, years of service, address, Social Security number, beneficiary designation, and marital status.

Plan and investment information for participant-directed plans includes information regarding fees, expenses, and investment options to help you make decisions about managing your account.

An **automatic enrollment notice** provides a description of the automatic enrollment process, the salary deferral percentage, the default investment for automatic contributions, and your right to change the deferral percentage and investments or opt out of the plan.

A **blackout notice** is a notice of a temporary suspension, limitation, or restriction of account activity.

A **summary of material modifications** outlines significant plan changes or modifications to the information required in the SPD.

The **summary annual report** contains a summary of financial information filed by the plan on Form 5500 Annual Return/Report.

Read all the information you receive to stay current on any plan changes.

Take a Stroll Through Your Finances

Oh, the memories! Some may be good, while others may be cringe-worthy. Conducting a year-end financial review can tell you whether you're making progress toward your goals or whether you need to make adjustments to your spending and investment strategies.

Begin with a Budget Check

Is your spending plan working? Tracking your expenses over the past year should be part of your review. To find out exactly where your money is going, check your bank and credit card statements against the estimates in your budget. If they don't match up, you may have to revise your plan or cut back on your spending.

Changes in your personal situation, such as marriage, divorce, the birth of a child, retirement, or relocation, may also require revisions to your spending plan, so consider these events in your review.

Out with the Old

Did you reach some of your short-term goals during the past year? Maybe you finally saved enough to buy a new car or put a down payment on a home. Because goals aren't static, they may change several times during your lifetime. You'll probably want to revise your financial plan to reflect the changes in your objectives.

No matter what other goals you have along the way, you'll want to make sure you're saving enough to fund the retirement you want. Create a strategy that will help you live comfortably for as many years as you're retired.

Investment Check

Are your investments living up to your expectations? Selecting the right investment mix can help you reach your goals and improve your chances for having a comfortable nest egg. You'll also want to make sure the investments you chose are performing the way you expected by comparing your investments' returns to an appropriate benchmark index.

Your exposure to investment risk is another thing to consider. A shift in your asset mix or your risk tolerance may leave you with more or less risk than you intended. Rebalancing your investments can bring your asset allocation back in line with your risk tolerance.

Around Your Estate

Are your estate planning documents up to date? A year-end review can be helpful, especially if your personal situation has changed. Events such as births, deaths, divorce, or remarriage may require updates to your plan. You (and your spouse, if married) should both have wills stating how you want your assets distributed and appointing a guardian for any minor children and an executor (or personal representative) to settle your estate. You may also want to include tools in your plan, such as trusts and life insurance, to help protect loved ones.

During your review, make sure the beneficiary designations are up to date on assets that don't pass through your will, such as retirement accounts and life insurance policies.

A Layer of Protection

You don't know what the future holds, so it's in your best interest to prepare for the unexpected. Disability and life insurance can help your family maintain its standard of living by replacing your income should you become disabled or die. A *power of attorney* appoints someone to manage your affairs if you become incapacitated. A *living will* or *durable power of attorney for health care* expresses your wishes regarding health care decisions.

A year-end review can help get your finances off to a good start in the new year.

Rebalancing a portfolio may create a taxable event if done outside of a retirement account.

Manager Moving On?

What should you do if the manager of your mutual fund leaves? Maybe nothing. Staying the course until you know more about the new manager's style and experience gives you time to assess the impact of the change.

What's the Manager's Role?

If you bought an actively managed fund because of the manager's expertise, reputation, and investing style, your reason for staying in the fund may be gone. You may not have the same concerns with a passively managed index fund, where the manager is less important to the fund's success.

Has the Strategy Changed?

If the new manager's investing approach is substantially different, the fund may no longer fit your investment objectives and risk tolerance.

What Are the New Manager's Credentials?

If the new manager comes with an impressive track record, the change could be positive. You might want to adopt a wait-and-see attitude.

Your New Traveling Companion

Want to experience the world from your backyard? Consider adding foreign investments to your portfolio.[1]

U.S. and foreign financial markets may respond differently to economic conditions. Having international exposure may help cushion your portfolio when U.S.-based investments are underperforming.

Your Strategy

Your tolerance for risk can help you decide how much of your asset mix to devote to overseas investments. Investing in areas of the world with developing economies may offer the potential for rapid growth, but they may be more volatile than areas with more established economies.

Your Current Portfolio

Before you allocate money to foreign securities, check your exposure to foreign investments in the U.S. funds you currently own. Domestic funds often include overseas holdings, especially if companies have an overseas presence.

A World of Options

Mutual funds[2] offer a simple way to invest internationally. You can buy funds in a variety of categories.

Global/World funds hold both U.S. securities and securities from foreign countries in their portfolios.

International/overseas funds generally invest exclusively in foreign securities markets in both mature, stable economies and in the more volatile economies of emerging countries.

Regional funds invest in securities from countries in a specific geographical area, such as Latin America or the Pacific Rim.

Country funds limit investments to a single country.

International index funds track the performance of a particular index, such as the MSCI EAFE index, which includes stocks from 21 developed markets, excluding the U.S. and Canada.

Your financial professional can help you choose investments that are suitable for pursuing your goals.

[1]*The risks of investing internationally include changes in currency rates, foreign taxation, differences in auditing and financial standards, and other risks.*

[2]*You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

Score the Right College

Looking for an effective way to choose a college? Consider visiting the U.S. Department of Education's College Affordability and Transparency Center. There you'll find tools that can help your child make an informed decision.

College Scorecard

College Scorecard allows you and your child to search for a college based on a number of criteria. You can find colleges based on the degrees offered, available programs, location, number of students, religious affiliation, school type (public, private, or for-profit), mission, or school name.

College Navigator

You and your child can compare colleges using a variety of criteria, including cost, majors offered, school size, campus setting, campus safety, and graduation rates, among other things.

The website also helps you find information on tuition and fees and provides links to net price calculators that can help you estimate how much a college costs after scholarships and grants are subtracted.

Get more information at *https://collegescorecard.ed.gov.*

An Option for Stay-at-Home Spouses

Couples may find it hard enough to save for retirement even when both spouses are employed full-time. But when one spouse leaves the work force or switches to part-time hours, family income isn't the only thing that's affected. Retirement savings may take a hit as well.

But leaving a job doesn't have to mean giving up on saving. Couples who want to set aside money for a stay-at-home spouse's retirement may want to consider setting up a spousal individual retirement account (IRA).

How Much Can You Save?

Generally, as much as $5,500 may be contributed to an IRA for 2017 for a spouse who doesn't have work earnings, as long as the earned income on the couple's joint income tax return is at least the amount of their combined IRA contributions for the year. For individuals age 50 or older, the contribution limit rises to $6,500. Amounts are periodically adjusted for inflation.

Are Contributions Deductible?

A spousal IRA contribution is potentially tax deductible if you aren't covered by a retirement plan at work or if your income is under a certain limit. If you're unable to make deductible contributions to a traditional IRA, you may want to consider a Roth spousal IRA instead. Roth IRA contributions are not tax deductible, but withdrawals will be tax free if certain requirements are met. (Withdrawals from traditional IRAs are taxable except to the extent of any nondeductible contributions.) Income limits also apply to Roth contributions.

I Need *How* Much?

You've saved enough for the down payment on a home you like that's in your price range. But the down payment is only the beginning. Obtaining a mortgage has costs that you may not have thought about or factored into your planning. How will you know what they are?

When you apply for a mortgage loan, the lender is required to give you a Loan Estimate form within three business days of receiving your application. The Loan Estimate breaks down all of the costs associated with your loan, such as:

- Loan terms, including the interest rate, whether the rate is fixed or adjustable, and any prepayment penalty for repaying the loan within a certain time after it was issued
- An estimate of property taxes and homeowners insurance costs
- An estimate of closing costs, including the property appraisal, credit report, survey, title search and insurance, pest inspection, and other costs such as transfer taxes and recording fees

The Loan Estimate details the terms you can expect the lender to offer if you decide to pursue the loan. If you submit applications to more than one lender, the Loan Estimate allows you to easily compare loan terms. Once you have decided on a lender and are ready to move ahead, the lender you've chosen will need additional financial information from you to make a decision on your application.

You can find more detailed information on the Consumer Financial Protection Bureau's website at *https://www.consumerfinance.gov/owning-a-home/loan-estimate/*.

Marrying Your Taxes

You talked about the caterer and the guest list. But did you ever discuss your income taxes? If you were married in 2017, filing your income taxes may require some changes.

Your Withholding

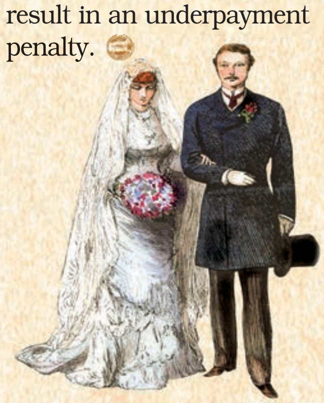
You have the option of having taxes withheld from your pay at the married or higher single rate. Your decision should take into account your family income and any dependents you have. The IRS website contains a withholding calculator that can help.

Your Tax-filing Status

Generally, married filing jointly provides the greatest benefit to both partners. But there may be circumstances when "married filing separately" is the better option. For example, a spouse with significant medical expenses may more easily meet the deductibility threshold by filing separately.

Refund — or Not

You and your spouse may have different views on whether getting a refund, breaking even, or owing money is preferable. Whatever your approach, you'll want to be sure it won't result in an underpayment penalty.



Keeping It Equal

One of your estate planning goals may be to leave an equal inheritance to each of your children. But what if you have a large asset that can't be divided or that you intend to leave to only one child? If you don't have other assets that are equal in value, providing for your other children may present a challenge. However, using life insurance to equalize the inheritances might be the right solution.

Balance It Out

Consider buying a life insurance policy with a large enough death benefit to make up for the likely market value of the property you intend to leave to one child. This approach would allow you to compensate for the value of assets left to one child by ensuring that your other children will benefit from the policy proceeds upon your death.

How It Works

For example, assume you have a family-owned business. Only one of your three children is involved with the business and plans to eventually assume ownership. If the business has a projected value of $1 million and you want to leave it to the child who's involved in it, you could purchase a $2 million life insurance policy and name your other two children as beneficiaries. When you die, one child will inherit the business and the other two children will share equally in the life insurance proceeds.

Not Just for Business

Life insurance proceeds can help equalize the value of any large asset left to a specific family member. You can use this strategy to pass along a home, vacation property, artwork, heirlooms, antiques, and more. Your financial professional can help you determine if using life insurance as an asset equalizer is appropriate for your situation.

Wash-sale Rules Can Scrub Your Plan

The share price of a stock that you own has dropped below your purchase price. You'd like to sell your shares and claim a capital loss on your tax return to offset your gains from another stock sale.

However, since you believe the stock will eventually rebound, you want to immediately repurchase your shares at the lower price and wait for the price to rise.

But there's just one problem. The tax law's wash-sale rules state that you can't claim a capital loss on a securities sale if you buy "substantially identical" securities within 30 days before or after the sale.

If you want to claim the loss on your sale, you'll have to wait at least 31 days to repurchase the stock.

Credit Inquiries: What Counts?

Who checks your credit score? Sometimes it's a bank or other lender. Sometimes it's you. But did you know there are two types of credit inquiries?

Soft inquiries occur when you check your own credit score or when an employer or other organization initiates a background check. A bank or other lender also may use a soft inquiry to screen potential recipients for mail offers. Soft inquiries have no effect on your credit score.

Hard inquiries are the result of a loan or credit application that you've initiated. Lenders use them to approve or deny credit. Hard inquiries won't necessarily have a negative effect on your credit score—unless you apply for credit too often. The exception: Multiple inquiries occurring within a short window of time—for example, when you're shopping for a mortgage or car loan—will generally count as a single inquiry.

Exchange-traded Funds: Are They on Your Radar?

ETFs typically consist of a "basket" of securities that mirrors a particular market index. Like stocks, ETFs trade on an exchange and can be bought or sold whenever the markets are open.

ETF investors have access to many of the same strategies that are available for individual stocks, such as placing market, limit or stop-loss orders or short selling.

A Wide Selection

You can choose ETFs that hold essentially the same investments as a broad market index. Or you can invest in ETFs based on market sector, investing style, market capitalization, or asset type. ETFs also offer investment opportunities in market sectors that individual investors often can't access easily, such as currencies and commodities.

Invest for Less

You don't need a lot of money to invest in ETFs. ETFs generally have no minimum investment amount, so investors who are just starting out can begin with a small investment and increase the amount in the future.

ETFs that track broad stock market benchmarks usually are relatively tax efficient. Keep in mind, however, that if you hold ETF shares in a taxable account, distributions of interest and/or dividends will be taxable to you. And, if the ETF sells securities to mirror the index it's tracking, any resulting capital gains distributions will also be taxable.

Beyond Index Funds

In addition to ETFs that track an index, you can invest in ETFs that are actively managed. While actively managed ETFs seek to outperform an index, they may have higher management fees that can affect their returns.

Diversification does not ensure a profit or protect against loss in a declining market.

You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.

Covering the Gap

If your car is stolen or totaled in an accident, your insurance company generally will cover your car's market value. But what happens if you owe more on your car loan than your car is worth? You'll still have to pay off the loan balance.

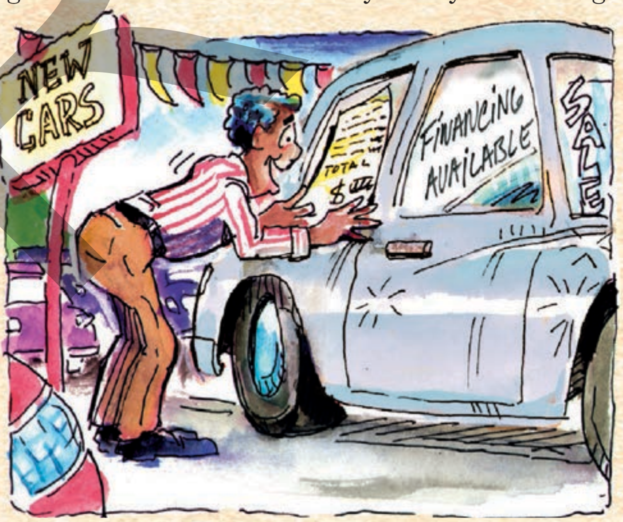
GAP—Guaranteed Auto Protection—insurance can help. A GAP policy covers the "gap" between what your vehicle is worth and what you owe on it. Most insurance companies offer GAP coverage, and it's relatively inexpensive.

Consider purchasing GAP insurance if you:

- Put less than 20% down on the vehicle
- Financed it for 60 months or longer
- Rolled over the balance from an old car loan into the new loan
- Purchased a vehicle that depreciates faster than average
- Leased a vehicle that doesn't include GAP insurance in the lease agreement

Financing Your New Wheels

There's no lemon law for auto loans. So shopping around for financing before you shop for a vehicle can prevent you from getting a sour deal. Here are a few things to consider.



Compare Rates

It goes without saying that a lower annual percentage rate will save you money, so do some comparison shopping. Look up the rates offered by local or national banks and credit unions, and check out online lenders.

The dealership where you buy your vehicle may offer financing. Dealers often have relationships with several lenders. But you won't know if the dealer's terms are competitive unless you do your research first to see what other lenders are willing to offer.

You may also be able to take advantage of low or zero-percent financing from the automobile manufacturer, although you may have to forgo a manufacturer's rebate to get it.

Total Cost

The loan's term—the number of months until the loan is paid off—is another consideration. The longer the term, the higher the loan's total cost. A shorter term means higher monthly payments, but the loan will cost less overall. So consider obtaining the shortest loan term that you can comfortably afford.

Remember, too, that a longer loan term means it takes longer to build equity. This can be important if you decide to trade or sell the car—or if the car is stolen or destroyed—before the loan is fully paid. Putting a substantial down payment on the vehicle can help.

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Financial Industry Regulatory Authority

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REVIEW LETTER

1. Loose Change Newsletter NovDec 2017
   Rules: FIN 2210, SEC 482
   8 pages

A revision is necessary for this material to be consistent with applicable standards.

The statement "ETFs are a lot like index mutual funds" on page 7 constitutes an incomplete comparison. Therefore, the material must be revised to disclose all material differences between the products, pursuant to FINRA Rule 2210(d)(2).

Reviewed by,

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This year's Advertising Regulation Conference will be held on October 5-6 in Washington, D.C. For more information and to register, please access the conference webpage at www.finra.org/2017adreg.

NOTE: This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as "Reviewed by FINRA" or "FINRA Reviewed"; however, there must be no statement or implication that this communication has been approved by FINRA.
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