Loose Change®

a penny saved is a penny earned

November/December 2019 Vol. 26 No. 6

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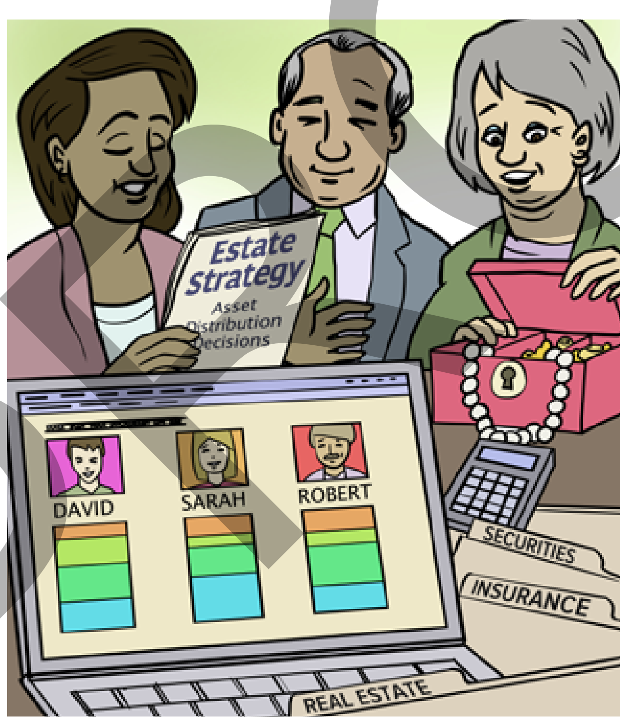
Decide Who Gets What

If you think of estate planning as something that is necessary for only the very wealthy, it might surprise you to learn otherwise. From keeping an updated will to having healthcare and legal powers of attorney, estate planning is so much more. And with all the paperwork involved to ensure your loved ones inherit what you intend, it's easy to overlook something that can create an estate planning nightmare.

Whether you're creating your first estate plan or updating an existing one—with the help of an estate planning attorney—there are some missteps you can avoid when you know what to look for. Here are a few tips:

Even-Steven

An estate plan may include tax-saving strategies, but its basic intent is to govern how your assets are distributed when you're gone. Many estate plans and wills go the even-Steven route, simply stating that heirs receive the exact same percentage of assets. That works when you're distributing cash. It doesn't if you have to split Grandma's brooch or Grandpa's handmade chess set three ways.



There are two ways you might distribute the assets that can't be split, and both begin with conversations with heirs to learn what is meaningful to whom. Once determined, you might distribute these assets while alive. Or you can add specific language to your will to ensure everyone gets their assets intact.

Match Assets

You don't need a will to distribute life insurance policy proceeds, IRAs and other retirement accounts because they already have—or should have—beneficiaries designated. Another reason to not include this information in a will is the public glare of probate. If you must include this information in your will or estate plan, take extra care to make sure beneficiaries and assets line up.

Review Regularly

Whether dealing with beneficiary-linked or will-directed inheritances, make it a practice to review your designations and will at least annually. Divorces, remarriages, blended families, new family members and family deaths can create the need to redo beneficiary designations and change the terms of a will or estate plan.

Talk to an attorney to learn more and to a financial professional to learn how life insurance can work in estate planning situations.

Online Shopping Safety

Consider the following steps to make your online shopping more secure.

1. **Trust Matters:** Shop only on retail sites you know and trust.
2. **Safeguard Your Vital Information:** Strong passwords are a must, especially if you store credit card information on an online retailer's website.
3. **Make Sure the Site is Secure:** Anytime a website accepts or stores your financial and other identifying information, it should be secure. A website won't be private if it doesn't have a lock icon or an "s" after the "http" that begins its address.
4. **Use a Credit Card:** Use a credit card from a company that will work for you to resolve disagreements with retailers and offers you money back if the card is misused. Debit cards typically don't offer the same security.
5. **Stay Private:** Don't use public Wi-Fi for purchases and don't offer information a retailer will not need, such as your social security number.

Protect Your Business

Do you know that an individual disability income (DI) insurance policy can help protect your business in two ways? You can use it as a way to buy out a disabled partner or to help your company financially if you lose a key employee and, consequently, productivity due to disability.

DI to Buy

Properly structured, a DI buyout agreement or DI buy-sell arrangement can provide the funds to buy out a partner or co-owner in the event of a permanent disability as defined by the policy and agreement. The insurance policy usually includes an elimination period—the period between when the disability is identified and payments begin—of between a few months and a couple of years, with the longer periods resulting in lower premiums.

DI to Protect

Another way to financially protect your business is through key person disability income insurance. As with a buy-sell agreement, a DI key person arrangement will define what constitutes permanent disability, include an elimination period and ultimately provide the company with the cash flow necessary to keep the business running smoothly while the key employee is replaced.

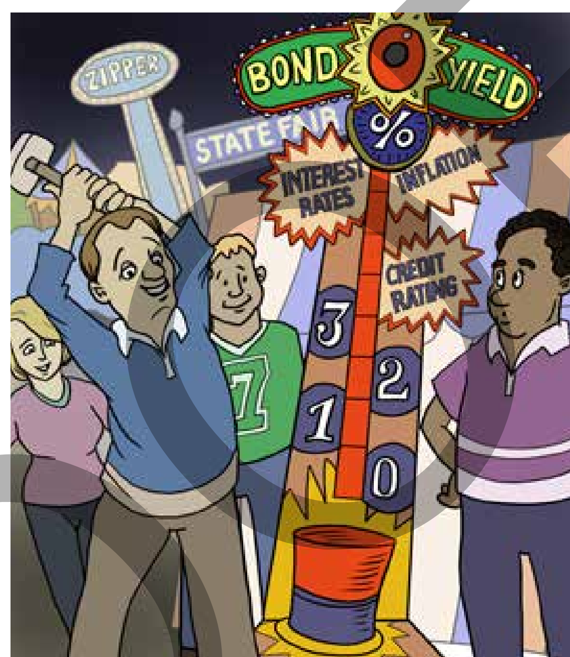
The company can use benefits to recruit potential successors, pay for training and compensate the company for related financial difficulties. Talk to your insurance professional to learn more.

Understanding Fixed Income Yield

Investors who own shares of fixed income or bond mutual funds* do so for their relative safety compared to equities and for an expected rate of return, or yield. Because economic conditions affect yield, it can vary from one market cycle to the next. Here's what you need to know if you are or will soon become an income investor.

The Certainties

When you buy U.S. Treasury securities directly, their rates are guaranteed by the full faith and financial strength of the United States government as long as you hold them until maturity. Other types of fixed income securities will also pay you a predetermined rate of return when you hold them until maturity, although lacking the ironclad guarantee of Treasury securities.



Just as with equities, the higher return promised by issuers of bonds, bills and notes, the more risk buyers will assume. In this case, it's interest rate risk. This holds true whether you buy bonds issued by county and state entities, or you buy those issued by corporations.

The Misconceptions

Securities with longer maturity dates typically offer higher rates of return, but not always. In times of short-term economic uncertainty, two things can happen. One, the demand for certainty—such as in 10-year U.S. Treasury bonds—becomes greater, pushing yields down. Meanwhile, economic uncertainty can push the yield on two-year bills up. When short-term yield surpasses long-term yield, you have an inverted yield curve. This curve will right itself as economic certainty returns.

Remember that while direct ownership of Treasury securities offers certain guarantees, the same doesn't hold true for mutual funds that include them.

**Investors should consider the investment objectives, risks and charges and expenses of the fund carefully before investing. Contact the issuing firm to obtain a prospectus which should be read carefully before investing or sending money. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in mutual funds may result in the loss of principal.*

The Ins and Outs of Travel Insurance

If you book a trip for the holidays, you may want to protect your financial investment with travel insurance. All travel insurance, however, is not the same, so you should look for certain features that you may want as part of any travel protection you buy.

What Qualifies

Examine the events a policy will cover, such as trip cancellation due to illness or a death in the family, a missed connecting flight or a natural disaster. Many policies will not, however, insure your trip's cost if you cancel because your boss needs you.

What's Covered

It pays to understand what's covered by your travel insurance. Will it reimburse you for lost luggage? How about medical costs incurred overseas (because your health insurance may not cover them) or even a medical evacuation? You may need to buy a separate health insurance policy to pay for medically-related costs incurred abroad, but talk with your existing health insurer first to see if you're already covered.

What's Not

When buying travel medical insurance, make sure every country you plan to visit is included. Also check to ensure any coverage includes preexisting conditions.

Some policies will reimburse you for other events, such as theft involving your belongings and your identity, and a few will reimburse you if you cancel a trip for any reason. Read your travel insurance policy's fine print to make sure you get the coverage you want.

Ways to Help Minimize Business Taxes

As we near the end of the year, now is a good time to examine ways your business can reduce its tax bill.

Move Things Around

Depending on whether you believe 2019 will have brought more or less taxable revenue than your 2020 estimates, consider pushing up or pushing back equipment and other capital purchases. In the same vein, send out invoices by December 31 if you expect a better next year or in January if you anticipate smaller profits next year.

Depreciate Now

Another way to lower your business income is to use Section 179 to accelerate depreciation of certain property into one year instead of over a number of years. The recent tax law changes, according to the IRS, raised the maximum Section 179 expense deduction from $500,000 to $1 million, indexed to 2018 for inflation. The phase-out limit also increased from $2 million to $2.5 million.

Carry Over Deductions

If you couldn't use all of your deductions, credits and losses in previous years, you may have some remaining that you can carry over to reduce this year's taxes.

Defer Taxes Smartly

One time-tested way of accomplishing the dual goals of saving for retirement and lowering taxes is to contribute to a tax-deferred retirement plan. Contributions you make in your name or for employees are usually tax-deductible, while you get to potentially defer taxes on earnings in your retirement account and those of your employees.

Start a Plan

If your business doesn't sponsor a qualified retirement plan, consider doing so before year-end, if possible. Work with your accounting and financial professionals to determine which plan is best for your company.

Home Sweet Home

If you work from home, you may be able to take a home office deduction. Just make sure that your place of business, whether it is a standalone office, your garage or a bedroom corner, is used exclusively for your business.

Explore Business Structure

How you legally structure your business can have an impact on your business taxes. Talk it over with an attorney experienced in this area to learn if an LLC, S corporation, C corporation or sole proprietorship is best for you.

New Tax Legislation and Charitable Giving

With the most recent federal tax changes including a much larger standard deduction, charity watchers wondered if the resulting smaller number of taxpayers itemizing deductions would hurt charitable giving. The jury is still out.

Mixed Results

In 2018, charitable giving rose modestly, but the number of donors actually decreased, according to the Fundraising Effectiveness Project. The increase was due to a greater number of donations of at least $1,000, according to the organization.

Give More

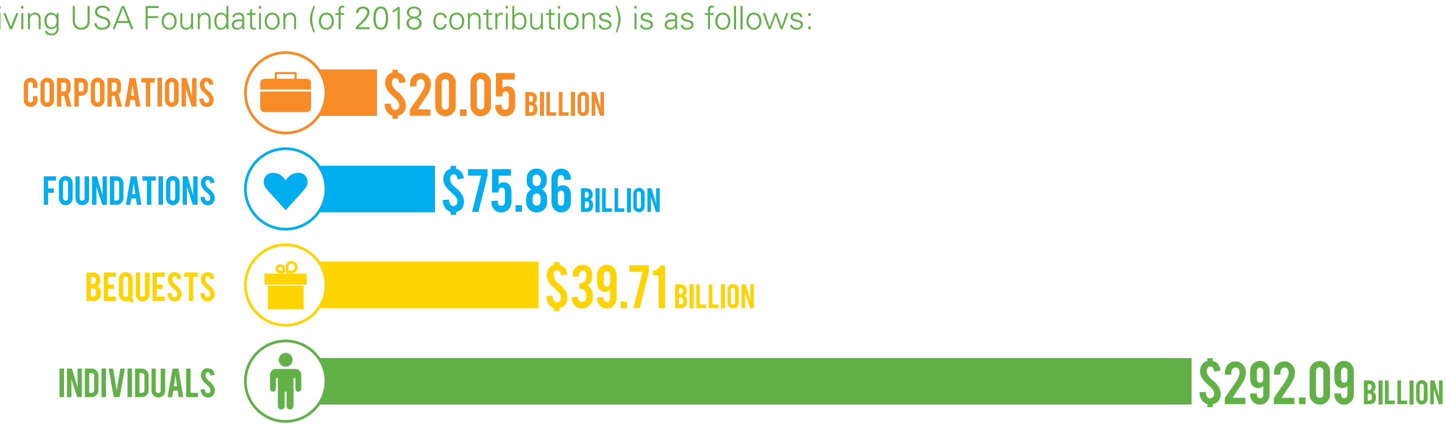
If you itemize deductions on your tax return, you can deduct more charitable cash donations. Deduct qualified gifts up to 60% of your adjusted gross income (AGI). That's up from 50%. Rules differ if you donate appreciated assets, but they can potentially lower your capital gains, too. Talk to your tax professional to learn how.

If you might otherwise take the standard deduction and you contribute to a donor-advised fund, consider bunching two or three years of donations into one, and then itemize all of them on your tax return and take the standard deduction in subsequent tax years.

Even without the tax deduction, the main reason most people give to charity still exists: to make a difference. Remember that charitable contribution tax changes will expire with many other individual provisions after 2025 unless made permanent before then.

How We Give

In 2018, Americans gave more than $400 billion to charities and favorite causes. The breakdown from Giving USA Foundation (of 2018 contributions) is as follows:



Avoid These Money Mistakes!

Millennials, who have record amounts of student debt, are sometimes hesitant to make financial decisions. However, they shouldn't let their hesitation lead to these money mistakes:

Being Too Extreme

With time on their side, Millennials can afford to be aggressive financially. This doesn't mean they should put all—or any of—their money into questionable investments. At the other extreme are Millennials who won't accept any risk, no matter how small. Explore your financial opportunities and make the appropriate choices.

Operating Without a Net

If you don't have an emergency fund, you are living without a financial safety net. Put a few dollars into a separate fund each paycheck to help cushion potential financial shocks, including unemployment and expensive home or auto repairs.

Not Saving Enough

Your savings will grow exponentially with the time you give them to grow, so save something—anything—starting today. Your older self will appreciate your early efforts.

Ignoring Your 401(k)

If you have a company-sponsored 401(k) plan you're really missing out if you don't contribute at least what your employer will match. Contributions are tax-deferred and potential earnings grow tax-free until withdrawal.

Prune and Harvest

With the New Year just around the corner, many people will look at their investment portfolios for capital losses to deduct from their 2019 tax bill. But even when you own securities and mutual fund shares* that have experienced rough sledding the past 12 months, selling may not be the right response, despite the tax advantages.

The Basics

There are two types of investment gains or losses when it comes to federal taxes. You pay ordinary income tax for gains on investments owned for a year or less, just like your work income. Investments held for more than one year incur capital gains taxes when you sell them. For most taxpayers, this capital gains tax rate is lower than rates for ordinary income.

A capital gain or loss is the difference between your basis—what an asset or investment cost—and what you get for selling it. If realized capital losses are greater than your capital gains, you can deduct up to $3,000 a year, or up to $1,500 if married and filing a separate return. You may carry forward any losses over this annual cap to the next tax year. Using these losses as a deduction is sometimes called "tax-harvesting."

Considerations

Because gains or losses affect taxes only when "realized" after investments are sold, you will need to look at your entire investment approach. If you have a long-term investment strategy, selling an asset that has lost value during the past tax year isn't necessarily a slam dunk, especially if it provides steady income, has strong long-term prospects and fits well into a diversified portfolio.

Likewise, you might sell an investment, even if it has gained in value, because it no longer fits into your long-term investing approach. Talk to a financial professional to learn more.

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FINRA
Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

August 8, 2019

Reference: **FR2019-0725-0076/E**

Org Id: 8408

1. 2019 Loose Change Nov-Dec

The communication submitted appears consistent with applicable standards.

We have reviewed this communication with the understanding that the member name/company name will be included when the communication is used.

Please note that our review does not cover the tax information discussed in the communication. It remains the member's responsibility to ensure that the tax information presented is accurate, timely, and can be substantiated.

Although this communication has been reviewed by the undersigned, Wayne Louviere remains your firm's assigned analyst.

Reviewed by,

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This year's Advertising Regulation Conference will be held on October 24-25 in Washington, D.C. For more information and to register, please access the conference webpage at www.finra.org/2019adreg.

NOTE: *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the communication was "reviewed by FINRA" or "FINRA reviewed," you may not say that we approved it.*

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