Loose Change®

a penny saved is a penny earned

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I am committed to helping my clients pursue their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

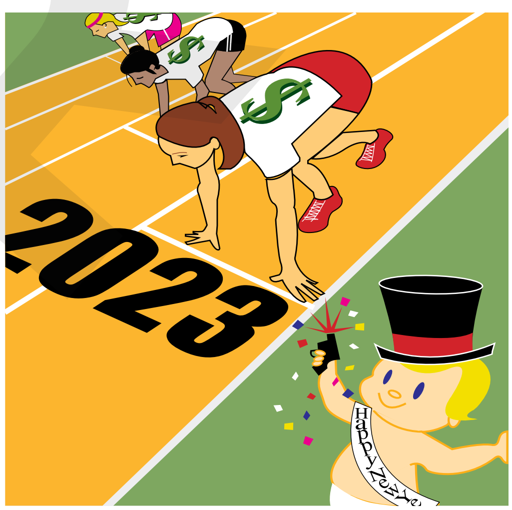
Securities and investment advisory services offered through ABC Company, member FINRA/SIPC.

LTM Client Marketing
helping financial professionals stay connected

Are Your Finances Ready for the New Year?

If you're not sure whether your financial strategy is as comprehensive as it could be, a checklist and your financial professional can help. Get a fresh start in the new year by reviewing the items on the list to see if you're on track.

- ✓ List your assets, including investments, savings, retirement accounts, real estate, college funds, and other valuables. Then list liabilities, such as your mortgage; student, personal and car loans; and credit card debt to see the big picture.
- ✓ Revisit your budget. If it's stretched thin every month, look for ways to reduce costs. Cable and streaming services, cell phone plans, dining and entertainment are good places to start.
- ✓ Save money in an emergency fund to cover living expenses for three months to a year.
- ✓ Come up with a plan to pay off debt, especially high-interest credit cards.



- ✓ Check your credit score and credit reports from the three major credit reporting bureaus: TransUnion, Equifax, and Experian.
- ✓ Review your investments and rebalance your portfolio if your asset allocation* or your risk tolerance has changed.
- ✓ Estimate retirement income needs. Contribute the maximum to an employer's retirement plan, or at least enough to receive any employer matching funds. No plan at work? Consider opening a traditional or Roth individual retirement account.
- ✓ Save for college with the help of your financial professional.
- ✓ Check your estate planning documents. At a minimum, you need a will; durable powers of attorney for health care and finances; and a health care proxy specifying your treatment preferences.
- ✓ Review your insurance coverage. Protection for yourself and your family might include life, disability, auto, homeowners/renters, long-term care, and umbrella policies.

**Asset allocation won't guarantee a profit or ensure against a loss but may help reduce volatility in your portfolio.*

Preventing and Surviving an Audit

The possibility of an IRS audit is typically unwelcome news for business owners. Recognizing the most common audit triggers may help you avoid them. But, if your business is selected for an audit, having all your information organized, with help from your tax advisor, can get you through it.

Red Flags

While the reasons for selecting a return for an audit can vary, the following are frequently triggers:

- Not reporting all your income, especially if you receive cash payments.
- Failing to comply with employment taxes. You're responsible for paying your share of FICA and Medicare taxes on your employees' wages, in addition to withholding the employee's portion of these taxes.
- Mixing business and personal expense deductions. Business expenses, such as meals, entertainment, travel, and car rental, require documentation in an audit, so be sure to keep good records.
- Claiming losses or not showing a profit year after year. Failing to ever report a profit means the IRS may question whether you really have a business. Without profit, your business may be classified as a hobby.

Survival Gear

Organization is the key to surviving an audit. It starts with keeping accurate and complete records.

- Business expenses must be "both ordinary and necessary." That means expenses must be common in your industry and necessary to run your business. Examples include office supplies, computer equipment, printer paper and similar items.
- Use a spreadsheet program to track cash flow, income and expenses. Consider using apps to upload receipts, keep track of mileage, and generate reports.
- Make sure you have supporting documentation, including cash register tapes, deposit information for cash and credit sales, invoices, receipts, canceled checks, proof of electronic fund transfers (EFTs), and account statements.
- Open a checking account and a credit card strictly for your business. Never mix your personal finances with your business accounts.

During an audit, the IRS will want to see bank statements, a balance sheet, income statement, tax returns, loan and lease agreements, and proofs of purchase for equipment and assets. Your tax advisor can help you assemble the necessary documentation.

Power Surges: Are You Protected?

The lights flicker off, and your computer screen goes blank. When the lights come back on, your computer doesn't. A power surge could be the reason.

Power surges are sudden spikes in electrical voltage. They're often caused by lightning strikes or bad weather that knocks out power. A surge can come through cable TV, a satellite dish, telephone lines, or electrical service lines. It can instantly overload and short out the circuitry of electronics, such as air conditioners, televisions, computers, cell phones, and appliances.

In-home Protection

You can install devices that may help protect against power surges. Special electrical outlets and point-of-use power strips that offer surge protection can prevent damage to electronics. Another option is a service entrance surge protector that mounts

on your home's main electrical panel or at the base of your electrical meter.

Insurance Can Help

Homeowners insurance typically covers the cost of replacing an electrical or electronic device that is damaged by a power surge. Check your policy for coverage details.

Investing for Income

Income investing involves building a portfolio that produces enough profit to pay out a regular income. The success of this strategy depends on selecting investments that are likely to provide a steady stream of cash. Now that interest rates have increased, the yields on fixed income investments are climbing, too.

What Types of Investments?

An income portfolio generally consists of investments having low volatility and a long track record of paying dividends or interest. It typically includes:

- Dividend-paying stocks (or mutual funds*), which are stocks of major companies with a history of maintaining or increasing dividends
- ETFs (exchange-traded funds)
- Bonds and other fixed income securities
- Cash equivalent investments, such as money market accounts and Treasury bills

Not Without Risk

All investing is subject to risk, including the possible loss of the money you invest. While a conservative portfolio designed to produce income is generally less volatile, it isn't risk free. Keep the following risks in mind.

- Inflation can reduce the purchasing power of returns generated by income-producing investments.
- Companies may cut, or even eliminate, dividend payments if their profits decline significantly. While it's important to invest in companies with a long history of solid performance, it may not be enough to keep dividends from being affected.
- Not reinvesting returns into the stock market means you're missing out on compounding, which allows your original investment to grow over time. The longer your investing time frame, the more your savings may benefit from compounding.

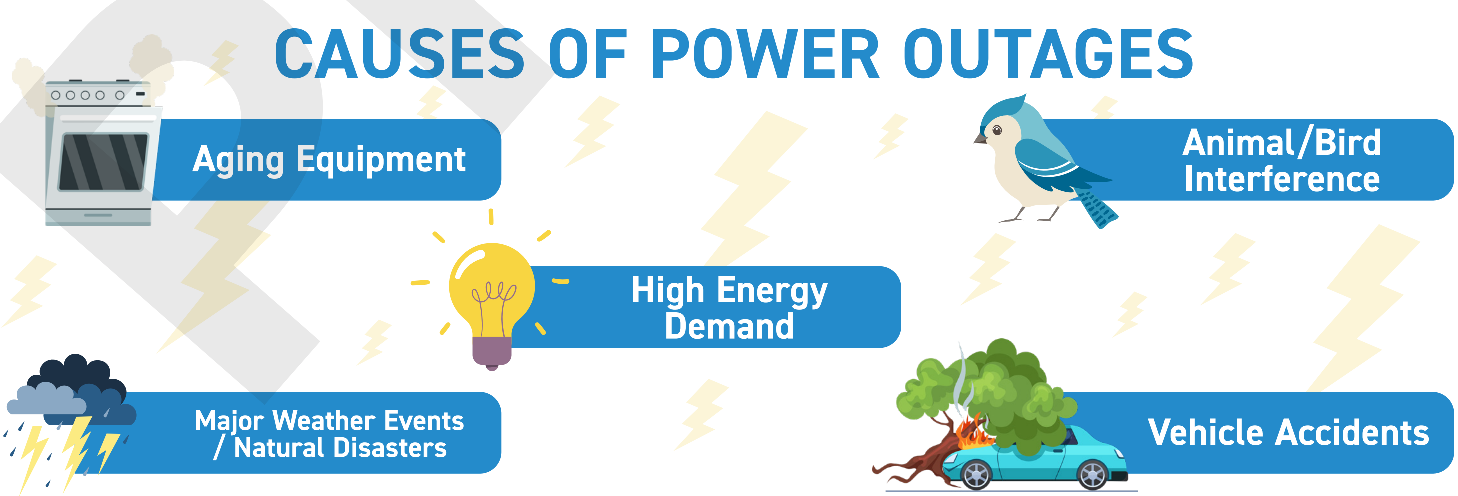
Work with a Professional

Beginning investors should keep in mind that it will take many years to build enough wealth to generate a consistent and sufficient income. For income investing to be successful, it should be part of a long-term strategy that takes your goals and risk tolerance into account. Your financial professional can help you design a portfolio that meets your goals.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the fund before investing. Read the prospectus 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.*

Top Reasons for Power Outage Increases

Power outages have been steadily increasing in the U.S., both in frequency and duration. According to the U.S. Energy Information Administration, electricity customers experienced slightly more than eight hours of power interruptions in 2020, up from 3.5 hours in 2013, the first year that data was collected.



Home Mortgages

Whether you're buying a house or you're already a homeowner, your largest monthly payment generally is your mortgage. The upside is you're building equity in your home. The downside is the substantial amount of interest you'll pay over the life of the loan. Finding a way to reduce that amount is a smart financial move.

If You're Just Getting Started

When you're purchasing a home understand that mortgage rates will vary depending on the loan term — the shorter the term, the lower the interest rate and the higher your monthly payments. Saving a substantial down payment before you go house shopping also means you'll have to borrow less.

Already a Homeowner?

If you already have a mortgage, you may be able to save on interest by making extra payments to shorten the length of the loan. You can do this by putting additional money toward the loan principal each month, allowing you to pay off your mortgage faster. Check with your lender first to make sure there are no prepayment penalties.

Before You Retire

If you're close to retirement, paying off your mortgage while you're still working makes good sense. Not having to make mortgage payments each month can substantially increase the money you have available when you retire.

Protect Assets with an Inheritance Trust

If one of your estate planning goals is to ensure assets remain in your family, an inheritance trust may be an option to consider. Leaving assets in a trust allows your children to keep inherited assets separate from marital assets and protects assets from creditors during financial hardship.

How It Works

The assets in the trust benefit you during your lifetime and then pass to separate trusts for each of your children upon your death or the deaths of you and your spouse. You remain the trustee until your death. Successor trustees can be your spouse, your children, or a trust company to ensure that no one outside the family has access to the trust assets.

> **Wisdom with an inheritance is good, but wisdom without an inheritance is better than an inheriance without wisdom.**
>
> **–Anne Bradstreet**

You can transfer assets to the trust throughout your lifetime, and you'll be able to name a beneficiary — often a grandchild — to receive any assets remaining in the trust when your child dies. You can also appoint a trustee, possibly from among your other children, to manage the assets for a minor grandchild at the death of a parent.

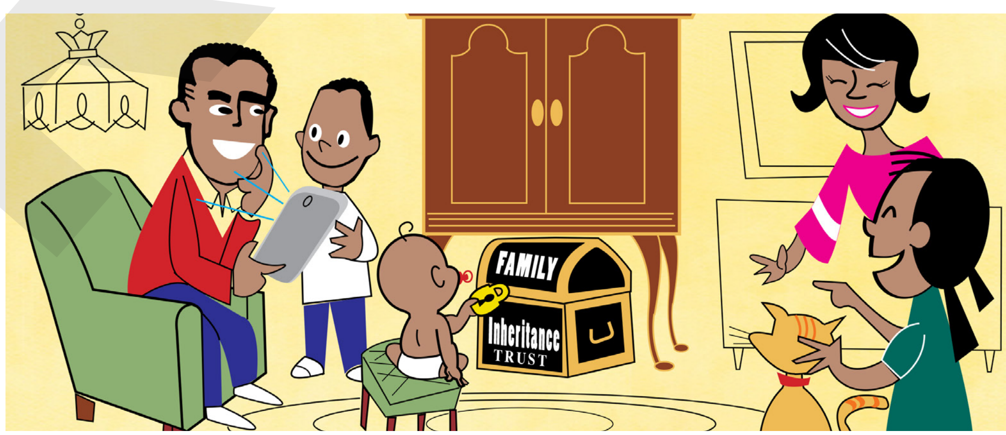
Limited Powers

As trustee, your child has limited power to change the trust's beneficiary. However, the new beneficiary must be another one of his or her children or another one of your children or grandchildren. If your child dies without children, the trust can direct unused assets to be divided among your remaining blood relatives, including the deceased child's siblings or your other grandchildren.

Keeping It in the Family

An inheritance trust can protect valuable assets from accidentally slipping away from your family. As an example, suppose you own a lake house that's been in your family for a couple of generations. Assets that pass through an inheritance trust are not considered joint marital assets and, therefore, are protected if your child and a spouse divorce. The lake house stays with your blood relatives, since any assets remaining in the trust are distributed to your grandchildren or your other children when your child dies.

Your financial and estate planning professionals can help you determine if an inheritance trust could complement your estate plan.



FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

November 09, 2022

Reference: **FR2022-1017-0127/E**
Link Reference : FR2022-0804-0062

Org Id: 23568

1. Loose Change Newsletter Jan Feb 2023
   Rule: FIN 2210

This review is based on your representation that this communication will include disclosure of the firm's FINRA member name, pursuant to FINRA Rule 2210(d)(3).

The communication generally appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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