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.

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All About Inflation

All it takes is a weekly trip to the supermarket or your favorite department store to know that, after several years of low inflation, the purchasing power of your money has declined significantly.

The CPI

The Bureau of Labor Statistics (BLS) measures inflation by monitoring the Consumer Price Index (CPI). The CPI tracks the average price of a "basket" of goods and services in eight major categories: food, housing, apparel, transportation, health care, education, communication, recreation and other goods and services.

How It Happens

Inflation occurs when prices go up and the dollar's purchasing power goes down. An increase in demand or a decrease in supply fuels inflation. Manufacturing and supply chain issues over the past couple of years have contributed to shortages of certain materials, resulting in higher production costs. As production costs rise, so do prices.

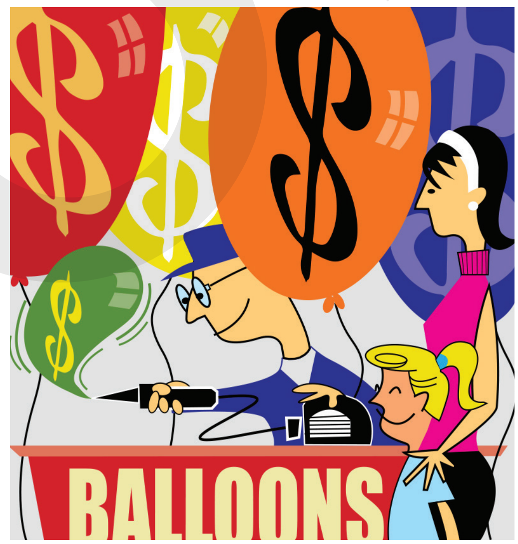
Inflation's Impact

Mild inflation can be good for the economy, since consumers tend to spend money, rather than put off purchases for later. But when inflation escalates and takes hold, prices rise and consumers stop spending.

The Federal Reserve raises interest rates to help tame inflation. As rates increase, people who have variable interest rate debt, such as credit card debt, adjustable-rate mortgages, and home equity loans or lines of credit, will pay more.

Inflation and Investments

Some assets, including Treasury Inflation Protected Securities (TIPS), floating-rate



bonds, real estate, and certain stocks and commodities, may provide a hedge against inflation. Stock prices often rise as companies adjust to meet higher supply chain and production costs. However, stocks may experience increased volatility and price fluctuation.

Inflation and Retirement Savings

Current retirees are likely to see the value of their pensions and savings decline as inflation increases. They'll spend more of their income to pay for the same lifestyle they're used to. People who are still working and saving for retirement will need to set aside more money in their retirement accounts, as the amount they'll need to save for a comfortable lifestyle keeps increasing. Consult your financial professional for help determining a new savings target.

Should You Buy a Disability Policy?

According to Social Security Administration statistics, one in four 20-year-olds will become disabled before reaching retirement age. A disability insurance policy is designed to replace a portion of your income if you become ill or injured and can't work.

Current Coverage

Your employer may offer group disability insurance coverage. However, if you leave your employer or your employer eliminates the benefit, you'll lose the coverage. Buying your own disability policy may provide better coverage, and rates may be lower if you purchase a policy when you're younger.

Why You Need Disability Coverage

Think about how long you could continue to meet your financial obligations without a steady paycheck. If your savings would be quickly depleted, purchasing disability insurance is something to consider, especially if you have a family that depends on your income or if you're self-employed.

The Cost of a Policy

Premiums are based on your age, health, gender, occupation, the length of the waiting period, the benefit length, and any extra features you choose, such as annual cost-of-living adjustments.

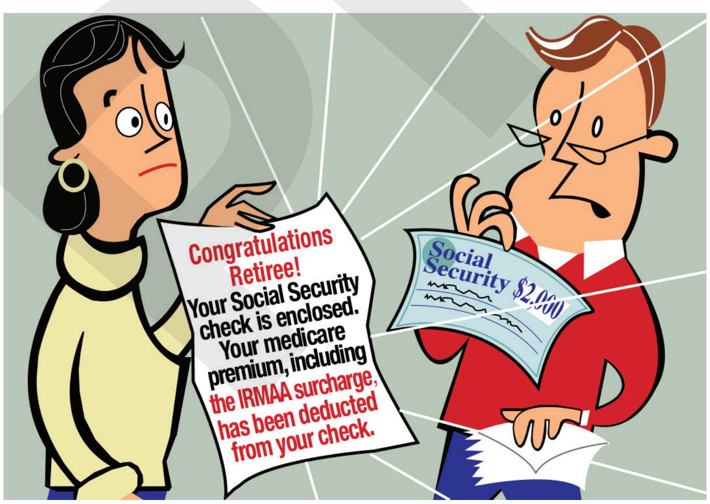
Before you purchase a disability policy, make sure you understand what the policy covers and the benefits. Your insurance professional can help tailor a policy to meet your needs.

Will Your RMDs Trigger Medicare Surcharges?

There are benefits of saving as much as possible in your employer's tax-qualified retirement plan. Your taxable income is reduced by the amount you contribute and your savings has the potential to accumulate tax-free until you're ready to withdraw it in retirement. But why didn't anyone tell you about IRMAA?

What Is IRMAA?

IRMAA is an acronym for *income-related monthly adjusted amount*, and it's the bane of Medicare recipients who've amassed substantial savings in pretax retirement accounts. Once you begin taking required minimum distributions (RMDs) from your 401(k) or other tax-deferred accounts, the amount you're required to withdraw could push your income above the Medicare base limit and trigger higher premiums, in the form of a surcharge, on Parts B and D.



How Much Higher?

The monthly Medicare Part B premium for individuals and married filing jointly recipients is $164.90. Surcharges on monthly premiums begin with a modified adjusted gross income over $97,000 for individuals and $194,000 for married couples. Monthly premiums, including surcharges, start at $230.80 and rise incrementally to $560.50 with income greater than $500,000 for individuals and $750,000 for couples. Medicare premiums are deducted from your Social Security benefit before you receive it.

One Solution: A Roth IRA

Consider shifting some of your money to a Roth individual retirement account. You'll contribute after-tax dollars, but withdrawals are tax-free once you reach age 59½, if you've owned the account for at least five years. However, there are no required withdrawals from a Roth IRA. The 2023 contribution limit is $6,500, or $7,500 if you're age 50 or older. Single and head-of-household filers with MAGI of $138,000 or less and married joint filers with MAGI of $218,000 or less can contribute up to the limit. The ability to contribute to a Roth IRA phases out for single and joint filers with incomes over $153,000 and $228,000, respectively.

Consider RMDs when planning for your retirement income.

Estate Planning for the Younger Crowd

If you are in your 20s or 30s you may not have given thought to estate planning. However, creating a basic estate plan may help protect you if the unforeseen happens.

A Will

A will specifies how you want your property distributed and names an executor or personal representative to carry out your wishes. Property can include digital assets, such as photos, important documents, passwords, etc., and you can specify who can access which accounts and what should be done with them. You can also name a guardian in your will for any minor children.

Living Will and Health Care Power of Attorney

A living will, or medical directive, specifies what lifesaving medical treatment you would or would not want in the event you're incapacitated and cannot speak for yourself. A health care power of attorney names someone you trust as your advocate to make medical decisions for you if you can't make them yourself.

Financial Durable Power of Attorney

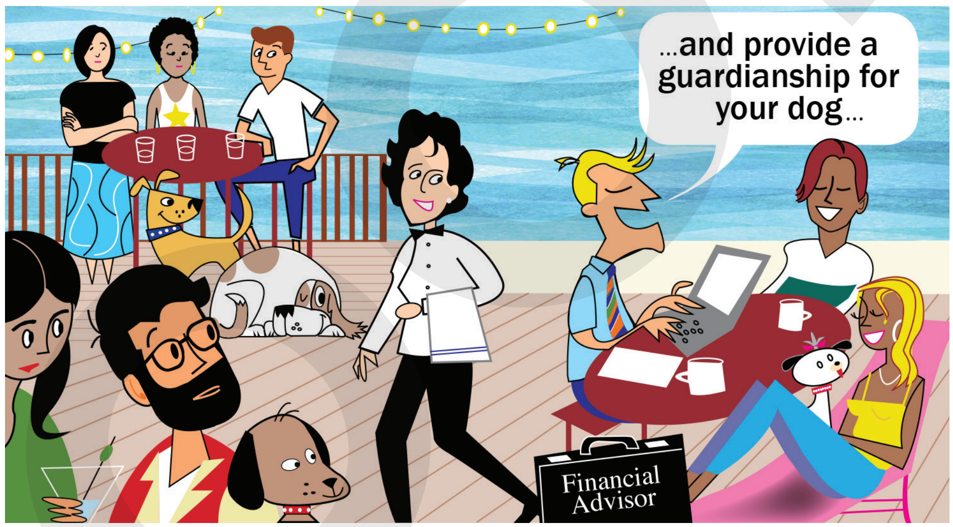
This document authorizes someone to act on your behalf in financial matters if you are unable to do so yourself.

Term Insurance for Student Loans

Federal student loans and Parent PLUS loans are automatically discharged if the borrower dies while the loans are outstanding. But, if someone cosigned for a loan from a private lender that lender may require repayment from the cosigner. A term life insurance policy with a benefit in the amount of the outstanding loan could protect cosigners by providing the cash needed for repayment.

Caring for Pets

For most pet owners, pets are members of the family. Adding a pet guardianship clause to your will can ensure that your pet(s) is cared for by a specified person. Funding a pet trust to pay for food, veterinary care and other expenses and selecting a trustee to manage the funds can ensure your pet receives lifelong care.



The Name Game

Here's a snapshot of the important documents and accounts you'll need to update if you have moved or changed your name.

- Employers (Benefits, Payroll, W-2)
- Professional Licenses/Associations
- Educational Institutions
- Financial/Retirement Accounts
- Online Accounts
- Passport
- Insurance Policies
- Social Security Card
- Property Titles/Mortgage
- Legal Documents
- DMV
- Email Addresses

FAFSA 101

If your child will start college in 2024, you'll want to submit a FAFSA when the form becomes available on October 1, 2023.

FAFSA stands for *Free Application for Federal Student Aid*. It's used to determine the amount of the loans, grants, and other federal financial aid a prospective student qualifies for. In addition, colleges use the FAFSA when deciding on a financial aid package to offer an applicant.

Create an Account

The first step in the process is for your child to set up an online account at FAFSA.gov. Both parents and students should create and retain a login and password to access the account.

Gather Required Documents and Information

You'll need the student's and parents' Social Security numbers, alien registration number if not a U.S. citizen, parents' federal tax return, any untaxed income such as child support, plus cash, checking/savings and investments balances and list of schools (up to 10) where information should be sent.

The Deadline

Students have until June 30, 2024 to apply for the 2023-2024 academic year; however, it's wise to apply early before the bulk of the funds have been awarded. More information is available at: *https://studentaid.gov.*

What You Need to Know About Bond Funds

During an unsettled economy, investors often turn to bonds as a hedge against fluctuating stock values. While bonds can offer a buffer, they may not provide returns that outpace inflation, bond funds still can play an important role in your portfolio.

Bond Fund Basics

For many investors, bond funds* provide an easier way to invest in bonds than buying individual securities. Like all mutual funds, bond funds offer many benefits including, professional management, diversification** and the ability to buy or sell shares at any time. Most funds pay income monthly and while municipal bonds funds generally provide lower returns, they are income tax-free.

Corporations, governments and municipalities issue bonds to provide operating cash flow, finance debt and fund capital investments in schools, highways, hospitals and other projects.

Types of Bond Funds

Corporate bonds are issued by public and private corporations and are generally divided into investment grade and non-investment grade (high-yield or "junk" bonds). High-yield bonds typically offer higher interest rates in exchange for their increased risk of default (i.e., not making payments). Municipal bonds are issued by states, cities, counties and other government entities to fund daily operations and finance capital projects. Municipal bond funds may include bonds that are exempt from federal, and sometimes state, taxation.

Bond Risks

As with any investment, bonds carry general types of risk.

1. **Interest Rate Risk.** Bond prices and yields move in opposite directions. When interest rates rise, the market value of bonds in a bond fund generally will go down. Bonds with longer maturities are more vulnerable to interest rate risk.
2. **Credit Risk.** Issuers of bonds owned by the fund may default and fail to pay the debt they owe on the bonds that were issued.
3. **Prepayment Risk.** An issuer may pay off a bond early and issue new bonds at a lower interest rate.

Talk with your financial professional before you decide about investing in bond funds.

**Investors should consider the investment objectives, risks, 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.*

***Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in mutual funds can result in a loss of principal.*

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 30, 2023

Reference: **FX2023-0125-0102/E**
Link Reference : FR2022-1017-0127

Org Id: 23568

1. Loose Change Newsletter MayJun 2023
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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