Loose Change®

a penny saved is a penny earned

January/February 2024 • Volume 31 No. 1

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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
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High Earners: Pay Attention to Your Financial Well-being

Everyone should closely monitor their finances, but higher-income individuals may need to take extra measures to keep more of their money. While goals should be the driving force behind financial decisions, your tax and financial professional can provide options for preserving income.

Tax-advantaged Accounts

Maximizing contributions to tax-advantaged accounts lowers your tax bill by reducing your annual taxable income. Additionally, you can make catch-up contributions to retirement accounts starting at age 50 and to health savings accounts beginning at age 55.

Roth Conversions

High earners may not be eligible to contribute to a Roth Individual Retirement Account (ROTH IRA). However, they can convert a traditional IRA to a Roth IRA and pay taxes on the gains. Your savings will have the potential to accumulate tax-free. Qualified withdrawals from your Roth IRA will also be tax-free, and you'll avoid having to take required distributions.

Asset Allocation Adjustments

Where you hold investments can have a significant impact on earnings. Consider keeping tax-efficient investments in taxable accounts. Funds that generate higher taxes should be reserved for your 401(k) or IRA, where they'll remain tax deferred until withdrawal.

Charitable Contributions

You can donate appreciated assets, such as stocks, to a charity and avoid paying capital gains tax; establish a charitable trust and take a tax deduction when the trust is created; or set up a donor-advised fund to manage your charitable donations and deduct your contribution on your income taxes.

Deferred Annuities

A deferred annuity is a contract with a life insurance company that is set to pay you a regular income or a lump sum of money at a future date. You won't pay taxes on the money used to purchase the annuity until you begin making withdrawals, thereby reducing your current taxable income. Annuities are complex products, so consult your financial professional before investing.*

** Annuity products are not FDIC-insured, and their guarantees are backed solely by the claims-paying ability of their issuing life insurance company. Distributions from annuities are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax.*

Weigh in on the Barbell Strategy

You don't have to be a fitness buff to know that a barbell is a long bar with weights at either end that's used for strength training. But what do barbells have to do with investing?

A Different Approach

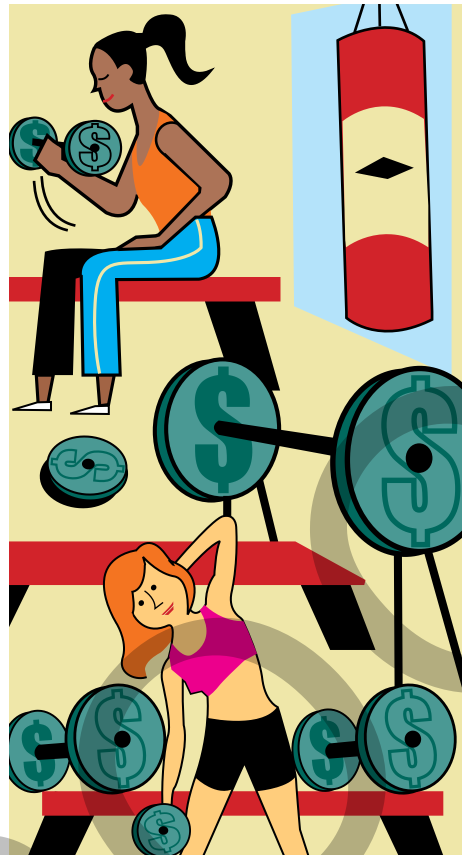
Investors who employ a barbell strategy choose investments that represent opposite ends of the risk spectrum while ignoring anything in the middle. Although this approach more commonly appeals to fixed-income investors, it may also be attractive to certain equity investors.

How It Works

Fixed-income investors create a portfolio consisting of half short-term bonds and half long-term holdings. With this strategy, investors can take advantage of current interest rates by investing in short-term bonds while benefitting from the higher yields offered by long-term bonds. When interest rates are rising, investors can reinvest in bonds paying higher rates as their short-term bonds come due.

Not Without Risk

Certain risks are inherent to bond investments. *Interest rate risk* is the potential for a change in interest rates to reduce the value of fixed-rate investments. As interest rates rise, bond prices typically fall, and vice versa. *Inflation risk* is the risk that rising inflation will lower the purchasing power of your bonds. *Reinvestment risk* is the possibility of reinvesting money from an investment at a lower interest rate.



A Barbell Strategy with Equities

Equities investors might use a barbell strategy to create a portfolio comprised of half stocks and half fixed-income investments. Another option is to pair the stocks of large, stable companies with riskier stock investments, such as emerging markets.

Look for Opportunity

Since this approach is closely tied to interest rates, the best time for bond investors to implement a barbell strategy is when there are significant gaps between short-term and long-term bond yields. Keep in mind that a barbell strategy requires frequent monitoring.

Replacing Income if You Can't Work

Short-term disability insurance replaces a portion of your income if you have a temporary disability, such as an illness, injury, or pregnancy, that prevents you from working.

The Basics

Short-term disability generally replaces 40 to 70 percent of your monthly income until you can return to work or your benefit period ends, typically three to six months. Coverage applies only to injuries or illnesses that are not work-related.

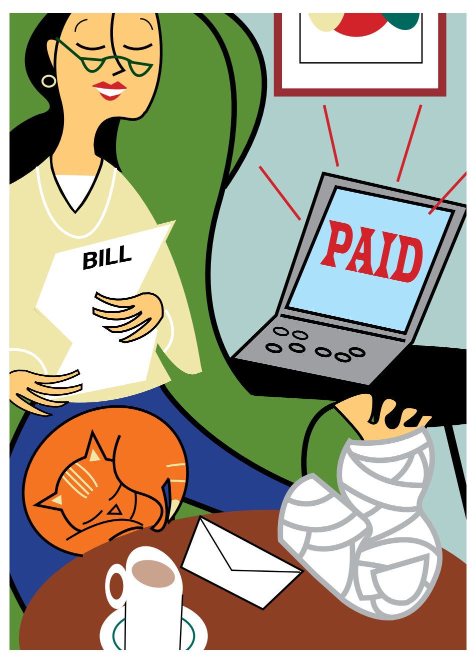
There are two types of short-term disability policies. One pays if you're unable to perform the duties of your own occupation, while the other covers you if you cannot work at any job.

Pregnancy Coverage

Sometimes, disability coverage starts two weeks before a woman's due date and continues for six weeks after the birth. The beginning date of coverage can be amended with updated medical information. The Family and Medical Leave Act (FMLA) provides 12 weeks of unpaid leave after short-term disability ends.

Buying a Policy

The cost of a short-term disability policy depends on your age, gender, occupation, and overall health. Before purchasing a policy, look for the insurer's definition of disability, the length of the waiting and benefit periods, and the coverage amount. Your insurance professional can help.



Retirement Plan Options for Small Businesses

As a small business owner, you recognize the need to recruit and retain talent. While competitive wages and health insurance typically are the most important benefits for workers, more business owners are recognizing the importance of offering a retirement plan in their benefits package.

Benefits for Both

Offering a retirement plan as an employee benefit can give you an edge in hiring and retaining talented workers. And you can save for your own retirement at the same time. Your tax and financial professional can help you choose which plan works for your business. Here are three to consider:

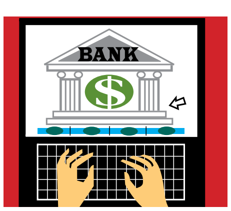
1. **SIMPLE (Savings Incentive Match Plans for Employees) IRA or 401(k)** are limited to businesses with 100 or fewer employees. Employers make non-elective contributions of 2% of compensation to each eligible employee or match individual contributions up to 3% of compensation. The plan is easy and inexpensive to set up and operate and has no filing requirement.
2. **SEP (Simplified Employee Pension) Plans** are available to any size business to set aside money in retirement accounts for the owner and employees. The business owner contributes up to 25% of compensation to a SEP IRA. Employee contributions are not allowed. The plan is easy to set up and operate, and administrative costs are low. There are no filing requirements, and annual contribution amounts are flexible.
3. **401(k) Plans** enable employees to contribute a portion of their wages to individual accounts. Salary deferrals are excluded from taxable income (with the exception of designated Roth deferrals, which are made after tax). Employers can contribute to employees' accounts. The employer must file paperwork yearly to show the plan complies with IRS regulations.

Tax Savings

Employer contributions to a retirement plan are deductible from business income. You also may be able to claim a tax credit for some of the necessary costs of starting a SEP, SIMPLE IRA, or qualified plan.

Digital-only Banks: Yay or Nay?

Digital-only banks — banks that have no physical locations but exist only online — are making some inroads into the banking industry. A recent Harris Poll found that 39% of respondents had opened a bank account with an online-only institution.



Consumers said they'd consider these major factors when deciding whether to open an online-only bank account.

Convenience	54%
Data Security	49%
No Maintenance Fees	49%
Interest Rates	46%
Membership Services/Support	44%
Membership Perks	40%

Source: The Harris Financial Services Poll, December 2022

Cashless Payments on the Rise

Cash is out. Peer-to-peer (P2P) payments are in. P2P services allow an individual to send money to another person's bank account through a third-party website or mobile app after linking a bank account or credit/debit card. Since contactless transactions became popular during the pandemic, consumers have begun using P2P systems instead of cash or cards, and many small businesses, nonprofit organizations, and vendors offer that option.

Popular Apps

There are several peer-to-peer payment services, and each one may work a little differently. Zelle is provided by a bank and accessed directly from the bank's website. Other P2P services, such as Venmo, PayPal, and CashApp, can be accessed through a mobile app when both users have linked their bank account information. Google Pay and Apple Pay Cash are other popular options.

Cost

P2P services are generally free for transfers between bank accounts. However, fees may be charged for linking a debit or credit card.

Tax-favored Savings for a Disabled Family Member

Achieving a Better Life (ABLE) accounts are tax-advantaged savings accounts for individuals with disabilities and their families. Funds in the account can be used to pay for various qualified expenses without losing eligibility for government benefits, such as Supplemental Security Income (SSI) and Medicaid.

Who Is Eligible?

To be eligible for an ABLE account, individuals must have been diagnosed with a significant disability before age 26.

Who can Contribute?

The beneficiary, the beneficiary's family, and friends can contribute to the account. Contribution limits are tied to the annual gift tax exemption amount (currently $17,000). Disabled individuals who earn income can contribute that income to their ABLE accounts above the gift tax exemption limit.

What Are Qualified Expenses?

Funds in an ABLE account are invested and potentially grow tax-free. Money can be used to pay for expenses such as basic living costs, education, housing, transportation, employment training, health care, assistive technology/services, financial management and administrative services, and legal fees.

Consult your legal and financial professionals to learn more about ABLE accounts.

Irrevocable Trust: You Can't Take It Back

By transferring assets into an irrevocable trust, you permanently give up control and ownership of those assets. The trust owns the assets for the benefit of the beneficiaries you have named. There are two main types of irrevocable trusts. A *living trust* is established and funded during your lifetime. A testamentary trust is created after your death and funded from your estate according to the terms of your will.

Why Create an Irrevocable Trust?

Typical reasons for setting up an irrevocable trust are for wealthy individuals to minimize estate taxes, to "spend down" assets to become eligible for government programs, such as Medicaid; or to protect assets from creditors. An irrevocable trust can also help avoid probate and allow you to make arrangements in advance if you become incapacitated.

How the Trust Is Created

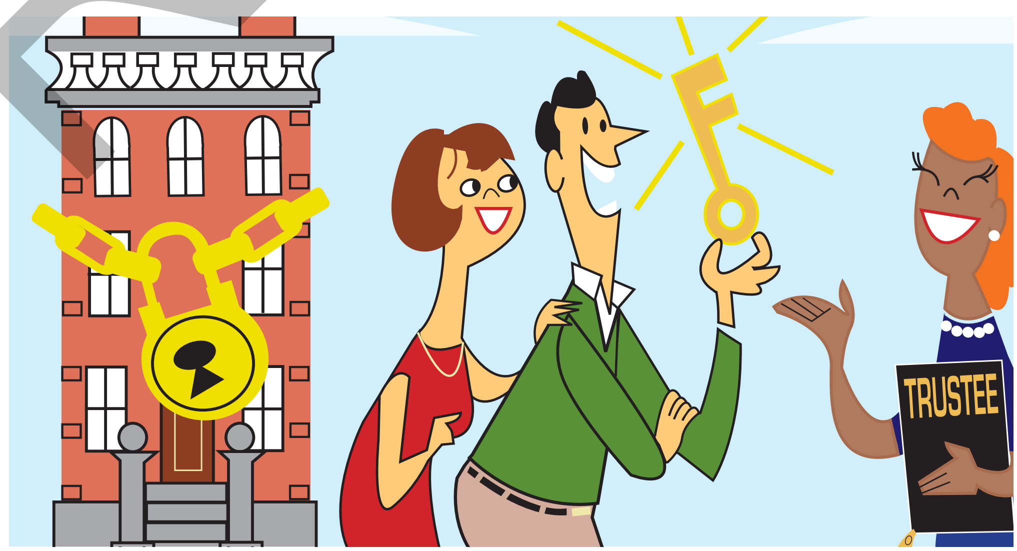
As the grantor, you establish the trust, designate someone to act as trustee, and name the beneficiary (or beneficiaries) who will eventually receive the trust assets. Once you have transferred assets into the trust, you surrender your ownership rights and hand over control to the trustee, who will oversee the trust and the distribution of its assets. Assets held in the trust can include cash, stocks, bonds, real estate, a closely held business, life insurance policies, and other property and investments.

The Downside of Irrevocable Trusts

Once the assets are transferred, the trust generally cannot be changed or terminated. This means you cannot remove or change the beneficiaries named in the trust, even if you no longer want a beneficiary to receive the assets. You also cannot regain control of any trust assets should you need those assets in the future.

A New Ruling

Previously, assets in an irrevocable trust received a step up in basis to their value on the date of the decedent's death, eliminating capital gains tax. However, IRS Revenue Ruling 2023-2 states that completed gifts to grantor trusts are not eligible for a step-up in basis. Consult your legal and financial professionals to learn how this ruling affects your estate plan.



ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 24, 2023

Reference: **FR2023-1010-0131/E**
Link Reference : FR2023-0714-0059

Org Id: 23568

1. Loose Change Newsletter Jan-Feb 2024
   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

Please send any communications related to filing reviews to this Department through the Advertising Regulation Electronic Filing (AREF) system or by facsimile or hard copy mail service. We request that you do not send documents or other communications via email.

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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