

LET'S TALK MONEY[®]

Article Summaries

November/December
2024

See the articles
that will be featured
in the **new High Net
Worth Version!**

Important Date

If you wish to order copies of the
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September 13, 2024
for new subscriptions

September 20, 2024
for existing subscriptions

Standard Financial Topics

[COVER PAGE]

Investing Missteps to Avoid

A disciplined investing strategy, whether for a child's college costs or your retirement, can help you potentially grow your savings over time. However, success depends partly on avoiding obstacles that can trip you up.

[PAGE 4]

Tools to Help Automate Retirement Investing

Company-sponsored 401(k) plans have undergone significant changes over the years, including matching contributions from your employer and automatic enrollment, rebalancing, and contribution escalators.

Retirement Planning

[COVER PAGE]

When Should You Start Social Security Retirement Benefits?

Financial professionals generally recommend delaying taking Social Security benefits until age 70. The reason: Every year you delay starting benefits increases your eventual monthly check by 8%, in most cases.

[PAGE 4]

With Time on Your Side

Millennials face challenging financial obstacles, but they have one advantage that older generations never have: Time is on their side. If you're a Millennial, consider how you can find the money needed for long-term financial goals even with other financial obligations.

Small Business Needs

[COVER PAGE]

Your Business Needs a Succession Plan

Running a small business is not for everyone, but younger family members often want the challenge of taking over when founding generations retire. If you're part of a family business, you can work toward continuing the business from one generation to the next.

[PAGE 4]

Act Now! Yearend Tax-Saving Opportunities

As the year draws to a close, it's time to maximize your current year's tax deductions and other tax planning opportunities. Start with this brief checklist of moves you can make to help reduce current or future tax exposure.

Legacy/Insurance Planning

[COVER PAGE]

Expect the Unexpected

Recent years have been exceptionally challenging! With inflation, civil discord, flooding, and market volatility, business owners and individuals alike have a renewed appreciation for the value of risk management. Of course, insurance plays an important role in managing risks.

[PAGE 4]

Choose a Trustee you Trust

Choosing a trustee can be relatively simple compared to setting up a trust. But not always. Money can drive a wedge between even the closest families, so choosing between a loved one, a professional advisor or a financial institution as trustee isn't always easy.

Inside Articles

Post-Holiday Shopping Deals

If you want to score big on bargain-priced goodies, one of the best times to buy is right after the holidays. Consider giving gift cards this year so everyone can take advantage of the sales.

Budget-Saving Holiday Travel

Americans usually travel during the holidays; even with thoughtful planning, it can cost a lot. Whether traveling by ground or air, there are ways to save.

U.S. Citizens Give Generously

Americans gave an estimated \$557.16 billion to U.S. charities in 2023, according to Giving USA 2023. If you want to give to an organization that makes the most of your charitable giving, learn how much of each dollar goes toward the charity and how much is spent elsewhere.

The Gift of Life Insurance

In this season of giving, some people want to give more to a favorite charity or organization but don't have the funds to do so. Giving the gift of life insurance is a cost-efficient way to increase your charitable giving.

Christmas Gifts Most Desired by U.S. Consumers

Looking at last year's survey may provide ideas for gift-giving this year.

THERE'S MORE!



THE FOLLOWING ARTICLES WILL BE FEATURED IN THE NEWEST VERSION OF THE NEWSLETTER THAT TARGETS HIGH NET WORTH INDIVIDUALS. ADD IT TO YOUR MIX!

High Net Worth Topics

[COVER PAGE]

Real Estate: Consider A 1031 Exchange

Mention a Section 1031 exchange, and many investors in real estate immediately think, "minimize capital gains taxes." But a 1031 exchange may provide other advantages.

[PAGE 4]

What Homeowners Insurance May Not Cover

Your home is your castle, and you don't want to risk anything that might diminish its value or comfort. However, many people are at risk because they do not know that their homeowners' insurance policy may not cover everything, so they inadvertently underinsure their property.

Inside Articles

Revocable Vs Irrevocable Trusts

With this issue, we continue our trust segment with revocable and irrevocable trusts. Each serves a different purpose in estate planning.

Year-End Tax Planning

Ideally, you have strived to minimize your taxes all year. Don't stop now, because there may be some year-end strategies that may help cut your tax bill.

Don't Be Your Own Worst Investing Enemy

Many investors aim to have their gains match or beat a standard investment benchmark. According to *Dalbar's annual Quantitative Analysis of Investor Behavior, 2024*, the average investor falls short, earning 5.5% less than their targeted stock benchmark and 2.63% less than their chosen fixed income benchmark.

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December 2024

INVESTING MOVES TO CONSIDER THIS FALL

In your portfolio in line with your ability to tolerate risk? Are you being hit, there are some ends-of-year investing moves that can help balance your holdings.

Harvest Losses
Consider selling gains on investments you have owned for less than 12 months and sell at your highest income tax rate, which may be as high as 37%. Loss harvesting opportunities on net capital gains. This strategy results in selling an investment at a loss to offset taxes on gains generated by more profitable investments.

Have a hypothetical scenario: "If you have \$10,000 to give on a short-term investment and \$50,000 in losses in a taxable investment you own, you may not be able to offset the \$50,000 loss on the profitable investment that's not offset, which means if you have losses on your gains, you can offset up to \$50,000 in net losses from your total 2024 income."

Rebalance Your Portfolio
The bull market headed in 2024 may have grown investors' equity weightings in our best fits. It's time to look at rebalancing equities and adding some of our underperforming fixed-income investments to potentially rebalance your portfolio."

Top Up Tax-Deferred Accounts
For instance, if you expect a slow or no growth in your tax-deferred retirement accounts, consider using some of your 401(k) plan or IRA funds to contribute to those from 2024 and take the \$20,000/\$10,000 limit.

72% OF NEW INVESTORS PLAN TO INVEST IN STOCKS. HOWEVER, MANY FIRST-TIME INVESTORS FALSELY ASSOCIATE THE STOCK MARKET WITH SHORT-TERM INVESTING.
SOURCE: BARR RAY, 2023

The founder and LTM Marketing Specialist LLC. An investor. This publication was prepared for the production provided by LTM Marketing Specialist LLC, a licensed fiduciary. Articles are not written or produced by the author.

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SHOULD YOU CONSIDER A BACKDOOR ROTH IRA?

A Backdoor Roth IRA offers a way for high earners to generally circumvent income limits on Roth IRA contributions. But before you take on the backdoor, weigh your options carefully.

A Key to The Door
Single investors with income of more than \$147,000 and married filing jointly with income of more than \$243,000 are not allowed to make 2024 contributions to a Roth IRA. However, you can convert other types of IRAs to a Roth IRA as a current income tax on the converted amount. The benefit is that, assuming this can be done with a Roth IRA, you can give tax-free, after you've paid the tax on the conversion during retirement.

The Catch
But the new accumulation comes with an administrative burden. Each year you do this, the converted contributor must be placed in a new separate Roth IRA account. Depending on how many years you have and retirement, you could end up with a multitude of accounts that IRAs.

Follow the Rules
With each variation, there is to follow regulations carefully to avoid triggering additional tax liability. These regulations are subject to change at the discretion of Congress, so it's important to work with your trusted tax advisor to avoid surprises.

On the Other Side
For someone with a modestly sized trust and retirement, a backdoor Roth IRA could make sense. The backdoor Roth IRA strategy could also be beneficial if you anticipate having funds left in your traditional IRA because you could use the money on to your new Roth IRA.

For Business Owners
You have other options that may be more attractive. As your financial and tax professional should be creating a tailored compensation plan that allows for business. Properly structured, the plan could reduce your owner's taxable income and grow tax deferred.

Another possibility is a profit-sharing plan based on age demographics that could account assets in a way favorable to you.

SUBORDINATING TRADITIONAL IRA OR IRON DISTRIBUTIONS WITH TAX-FREE ROTH FUNDS COULD LOWER YOUR TAX BURDEN, POTENTIALLY REDUCING YOUR SOCIAL SECURITY AND MEDICARE TAXES, WHICH INCREASE AT HIGHER INCOME LEVELS.

"To qualify for tax and penalty-free withdrawals of earnings, a Roth IRA or Roth 401(k) must be at least five years old, and the distribution must take place after age 59 1/2, with a few exceptions."

INVESTING MOVES TO CONSIDER THIS FALL

Healthcare and college savings accounts may offer tax advantages options for parents to plan for. If your financials include a flexible spending account, you may be able to increase your contribution. Or you have a high-deductible medical plan? Fund a health savings account. The maximum contribution for an HSA in 2024 is \$4,100 for an individual and \$8,100 for a family. Both have with your trust tax and financial professionals about tax advantages strategies.

MINIMIZE THE ESTATE TAX BITE WITH AN IDGT

The current favorable estate tax exemption amount is scheduled to expire on December 31, 2025, unless Congress acts to extend it or makes it permanent. Without action, the exemption amount will revert from \$13.61 to \$5 million per individual, adjusted for inflation. If this could impact you, consider transferring assets out of your estate starting now. With this in mind, this issue highlights a series of trust strategies that may help minimize estate tax.

Smart Definition
Intentionally defective grantor trusts (IDGTs) can transfer assets to beneficiaries while retaining estate tax, however the grantor continues to pay income taxes on transferred assets.

Setting It Up
Using your existing lifetime estate and gift tax exclusion, you, the grantor, intentionally transfer assets you expect to appreciate to the IDGT with no federal gift tax consequences. Be aware that after the transfer, you can no longer typically benefit from these assets, if the value of the gift exceeds your available tax exclusion, you may still be taxed to the extent of an exemption use-based for a long-term rate (up to 20 years) and incur no capital gains due to the trust's exempt status. As the assets held in the trust value grows, estate tax on the growth may be avoided for multiple generations.

Intentionally defective grantor trusts (IDGTs) aren't for every high-net-worth individual. Your trustee tax and legal professionals can determine if one might be appropriate for you.