LET'S TALK MONEY®

January/February 2018

Build a Bigger Retirement Fund

Are you lagging behind where you'd like to be in saving for retirement? It may be hard to focus on saving for a future event when you have many priorities that you need money for right now. After all, what good is saving for retirement if you can't pay your bills today?

Still, taking steps to be financially prepared for retirement isn't something you can put off. One way to save enough money to enjoy a comfortable retirement is to begin setting aside as much as you can, as soon as you can. Here are a few simple strategies that may help.

Invest automatically

An automatic investing plan ensures that a portion of your pay will be deposited in a retirement account before you get your paycheck. Having funds automatically deducted from your paycheck can help you save, since you won't have that money in your possession to spend on something else.

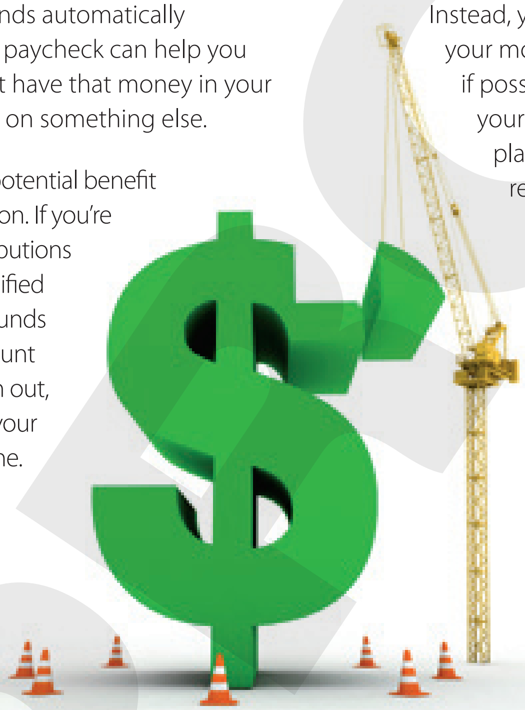
And there's another potential benefit to automatic deduction. If you're making pretax contributions to an employer's qualified retirement plan, the funds will go into your account before taxes are taken out, potentially lowering your current taxable income.

Beef up your account

A tax refund or year-end bonus can do double duty when you set aside a portion to spend on something fun and add the rest to a retirement account. The extra money you invest in your account has the potential to bring you even greater benefits in the future.

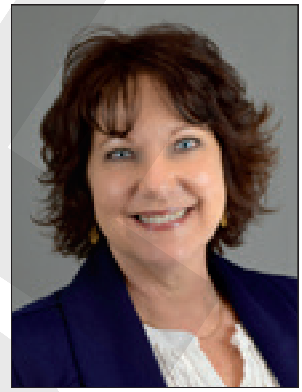
Consider your options

If you cash out of your employer's retirement plan when you change jobs, you'll generally owe taxes—and possibly penalties—on the distribution. And, if you spend the money, it won't be there when you need it at retirement. Instead, you might consider leaving your money in the retirement plan, if possible, or rolling it over to your new employer's retirement plan or an individual retirement account.



Remember, too, that borrowing from your retirement plan account—even though you repay the loan and interest to yourself—means that the money you borrow isn't available to potentially help your investments grow.

Your situation is unique, so be sure to consult a financial professional before taking action.



Karen Petrucco
Account Manager

LTM Client Marketing
125 Wolf Road, Suite 407
Albany, NY 12205

Tel: 518-870-1082
Fax: 800-720-0780
kpetrucco@ltmclientmarketing.com
www.ltmclientmarketing.com

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One Piece of the Puzzle

Do you know where your retirement income will come from? If you're like a lot of people, it won't come from just one source. Your retirement plan, pensions, other savings, a job during retirement and Social Security all may be potential sources of income. It's typically a good idea not to rely on a single source — especially Social Security — to provide the bulk of your retirement income.

Timing matters

When you retire affects how much you receive from Social Security. The earliest you can start collecting retirement benefits is age 62. But taking benefits before your full retirement age means your monthly benefit will be reduced. Your full retirement age is based on the year you were born. If you were born in 1960 or later, your full retirement age is 67. For individuals born during the 1950–1959 range, full retirement age ranges from 66 to 66 and 10 months. If you delay taking benefits past your full retirement age, your benefit will increase by a certain percentage each year until you reach age 70.

Getting an estimate

Unless you're about to retire, you can't be sure exactly how much you'll receive from Social Security. Use the Retirement Estimator on the Social Security Administration website (www.ssa.gov) to get an estimate of your future Social Security retirement benefits. But remember, this is just an estimate.

You also should consider what current retirees receive from Social Security. On average, retired workers received an estimated $1,360 a month from Social Security in January 2017.* For a year, that's about $16,320. Chances are, you're going to need more than what Social Security provides.

Contributing more

Since Social Security likely will be just one source of retirement income, start thinking about your other potential sources — such as employer-sponsored retirement plans, individual retirement accounts, and investments. Saving more for retirement now may help provide a boost to your income when you will need it.

* Fact Sheet: 2017 Social Security Changes, Social Security Administration, 2017

Social Security Retirement Benefits

Source: Social Security Administration

61%
Retirees with at least half of income provided by Social Security

$1,360
Average monthly benefit for retirees in January 2017

55%
Social Security beneficiaries who are women

43.2 million
Number of beneficiaries aged 65 or older

5.7 million
Number of beneficiaries aged 85 or older

Healthy Financial Habits

Resolving to get financially fit is a great way to start 2018. Here are some ways to develop healthy money habits in the new year.

Track your spending

Keeping track of the money you spend on big and little purchases can help you take control of your spending. Following a budget that's reasonable for your situation may help you not overspend.

Limit credit card use

If you don't pay off your credit card balances right away, interest can quickly add up and become a major problem. Consider leaving the cards at home when you go shopping and using cash or a debit card instead.

Pursue your goals

Planning for long-term goals, such as a down payment on a house, college tuition for your kids and your retirement, is important. Figure out how much you'll need to accumulate and how much you need to save on a regular basis.

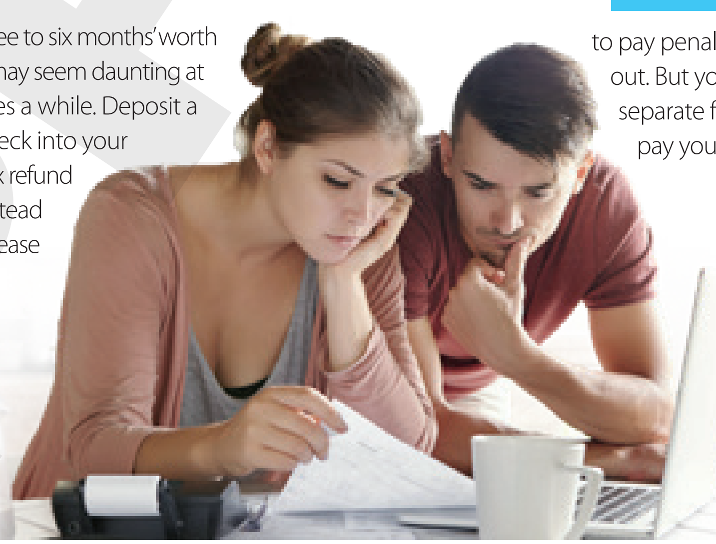
Make 2018 a great year to get financially fit. Talk to your financial professional about making healthy financial moves now.

In Case of Emergency

Are you prepared for a large, unexpected expense? What would you do if the roof were to leak, the car were to need a new transmission or you were to have a medical emergency? Would you charge the amount to a high-interest-rate credit card or turn to your emergency fund to cover the cost? If you don't have an emergency fund, here's how to build one.

Start small

Your goal should be to set aside three to six months' worth of living expenses. While that goal may seem daunting at first, you can do it — even if it takes a while. Deposit a specific amount from each paycheck into your emergency fund. Put any bonus, tax refund or other windfall into your fund instead of spending it. If you get a raise, increase the amount you're contributing.



Separate account

Your emergency fund should be in an account that you can access quickly and easily. You don't want to have to sell investments at an inopportune time or have to pay penalties or fees for taking your money out. But you will want to keep your fund separate from the checking account you use to pay your regular bills.

Emergency only

You should tap into your emergency fund only for true emergencies. Don't use it for vacation, impulse purchases or even an anticipated large expense, such as a home improvement. If you do need emergency relief, replenish the fund as soon as possible.

Put Away the Piles

Is financial paperwork piling up on the dining room table or kitchen counter? Setting up a filing system can help you save time, reduce stress and avoid late fees and misplaced tax records. Here are a few ideas to help you get started.

Have a routine

Deal with documents as soon as you receive them. Decide right away if each item needs to be paid, filed or discarded. If you won't need a piece of paper, shred it.

Set up a simple system

Choose a filing system that makes sense to you. Organize paperwork into groups, such as credit card receipts, monthly bills and tax records.

Go electronic

Ask your employer to deposit your paycheck directly into your bank account. Also, consider doing more online, such as having recurring bills paid automatically from your checking account and doing your other banking electronically.

LET'S TALK INVESTING

Q. What are some things I should consider when I'm deciding whether to hold on to or sell an investment?

A. For starters, you'll want to determine how the investment is performing compared with similar investments. Checking your investment's returns against an appropriate benchmark index over one-, five- and 10-year periods, if possible, will tell you if and how often your investment has outperformed, underperformed or matched its benchmark.

Then think about how your investment fits in with the other investments in your portfolio and determine whether it's filling the role that you intended for it. If it is, great! If it's not, you might want to consider a different investment.

Taxes are another consideration. Will selling the investment result in a capital gain or a potentially deductible loss? While taxes should never be your sole reason for selling, you may be able to use a gain or loss to offset gains or losses on another investment.

Q. A few of my coworkers like to speculate on when the next bull or bear market will be. What makes a market a bull or a bear?

A. Generally, a bull market is represented by rising securities prices over a prolonged period. Investor optimism and confidence that strong performance will continue typically accompany a bull market and frequently signal a strengthening economy.

A bear market is a decline of 20% or more in any broad equity index — such as the Dow Jones Industrial Average, the S&P 500 or the NASDAQ — generally lasting 60 days or longer. An economic downturn may cause investors to lose faith in the market, decreasing the demand for stocks. If the market downturn lasts less than two months, it's generally considered a correction rather than a bear market.

Long-term investors may be less affected by a bear market, since they generally have more time to potentially recoup any losses.

We Value Your Input...

Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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REVIEW LETTER

1. Let's Talk Money 2018 January/February Standard newsletter and optional cover letter
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The material submitted appears consistent with applicable standards.

Reviewed by,

Brian L. Finnell
Associate Principal Analyst

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NOTE: *This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as "Reviewed by FINRA" or "FINRA Reviewed"; however, there must be no statement or implication that this communication has been approved by FINRA.*

Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850

t 240 386 4500
f 240 386 4568