LET'S TALK MONEY®

January/February 2021

If you're looking for a steady source of income before you start collecting Social Security, consider an annuity* to fill the gap.

Immediate Need

Whether you're planning to retire soon or recently retired, delaying when you begin collecting Social Security can potentially increase your monthly payout.

To fill this time gap, consider purchasing an immediate annuity. The regular annuity payments can delay the need to draw on your retirement funds for your day-to-day expenses. An immediate annuity begins paying you immediately, as opposed to a deferred annuity which starts paying you at a future date. Depending on your situation, you can purchase annuities that pay over the period of time you need. If you retire at age 62 but want to wait until age 70 to begin collecting Social Security, you can purchase an eight-year annuity that will provide monthly payments until you reach age 70.

Consider Inflation

Work with your financial professional to determine how much monthly income you'll need to fill the Social Security gap and what type of annuity will work best. Don't forget to factor in inflation. Consider adding a cost of living rider** to your annuity that will boost your payment in line with changes in the Consumer Price Index.

By locking in income now, you'll avoid the possibility of having to sell your retirement holdings in a down market.

**Fixed annuity contracts guarantee a minimum credited interest. For immediate fixed annuity contracts, annuitants receive a fixed income stream based, in part, on the interest rate guarantee at the time of purchase. Annuity products are not FDIC-insured, and their contract guarantees are backed solely by the claims-paying ability and strength of the issuing life insurance company. Withdrawals prior to age 59 ½ may result in a 10% federal tax penalty, in addition to any ordinary income tax.*

***Riders may incur an additional premium. Rider benefits may not be available in all states. Riders that pay benefits for events other than death will likely reduce the policy's death benefit and cash value.*

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

Getting FIRE'd?

FIRE stands for Financial Independence, Retire Early. It's a financial movement growing in popularity as more and more people seek to eliminate debt and build savings so they can retire earlier than usual. Regardless of your target retirement date, this movement focuses on some smart financial strategies:

Reduce

One of FIRE's focus is on eliminating all debt and reducing expenses. Paying off debt is the first step with a focus on not accumulating new debt. Start by scrutinizing how you spend your money to identify unnecessary expenses.

Increase

FIRE followers also look for ways to increase their income. Things like switching jobs for a significant pay increase, working side gigs or generating passive income from owning rental property add money toward the early retirement goal.

Invest

The last tenement of FIRE involves sound investing strategies. Start by maxing out retirement plan contributions. And if your employer offers a matching contribution, be sure you're saving at least the minimum amount to get the maximum contribution.

Pay Off Your Debt

Paying off your debt is a liberating feeling. If your New Year's resolution is to become debt-free, consider using one of these debt payoff strategies to achieve your goal.

Snowball

The snowball method involves paying off your smallest balance first. Start by paying the minimum on all but the smallest balance on which you pay as much as you can afford until it's paid in full. Then roll that amount into the next debt on your list.

Avalanche

The avalanche method is similar to the snowball method but has a different focus. The goal is to pay the least amount of interest. Whereas the snowball method doesn't consider interest rates when prioritizing debts, the avalanche method works to pay off the debt with the highest rate first. Make your list of debts and include the interest rates for each one. You'll use the same payment strategy as with the snowball method, except you'll pay off debt with the highest interest rate first.

Consolidation

Debt consolidation works to combine multiple debts into one. Generally, debt consolidation aims to reduce your monthly payment and may or may not decrease your interest rate. If you're considering debt consolidation, be sure to calculate the total interest you'll pay under the new loan versus the old rate.

Credit Card Lures

Credit card companies attract new customers with enticing offers. If you've recently received an offer, beware of these pitfalls.

- **0% Interest Rates**
  That 0% interest rate may be for a limited time so if you fail to pay the entire principal balance by the end of the introductory period, you'll be charged interest.

- **Sign-on Bonuses**
  Often a bank will offer a cash sign-on bonus if you make certain purchases. Maybe you'll have to spend $2,000 in the first three months. However, the bank is counting on you not paying the balance in full so they can collect interest. Any sign-on bonus you receive may be less than the interest you pay.

- **Annual Fees**
  Many of the points, miles or cash back cards have an annual fee. While it might be tempting to get that card with 2% cash back on every purchase, you'll need to spend $4,750 each year to earn enough cash back to cover the cost of a $95 annual fee.

A Challenging Tax Year

Another tax year is in the books and what a year is was! Preparing to file income taxes is likely to be more challenging this year with all the changes.

- For starters, many Americans' personal situation have changed due to the pandemic. For example, those who collected unemployment compensation should receive a Form 1099-G from the state. Both federal and state unemployment compensation is taxable as ordinary income. Sadly, COVID took many lives and that may have an impact on a spouse's tax return.

- Business owners that took advantage of government aid need to demonstrate compliance. Also, losses due to temporary or permanent closures may create entirely different tax scenarios.

- Congress passed many tax changes for 2020, most designed to help save taxpayers money. These changes are too numerous to detail here, but the takeaway is that this year, you'll want to consult your tax professional for assistance with filing your taxes so you get the best possible results.

- Meanwhile, some rules remain the same. Remember, you have until April 15, 2021 to make potentially deductible contributions to your IRA for 2020. You can contribute $6,000 if you're under 50 and $7,000 if you're 50 or over for 2020.

Minimum Payment Calculator

Credit card balances are expensive. Consider how much a $1,000 purchase on a credit card charging 20% interest will ultimately cost you and how long it will take to pay it off. *

MONTHLY PAYMENT	NUMBER OF PAYMENTS	TOTAL COST
$25	127 Months	$2,197.08
$50	60 Months	$1,417.95
$100	32 Months	$1,185.47

**https://www.bankrate.com/calculators/credit-cards/credit-card-minimum-payment.aspx*
This is a hypothetical example. It is not representative of any specific investment strategy or combination of investment strategies. Actual results may vary.

Do You Need an Umbrella?

An umbrella insurance policy is a tool to help protect your family and your assets. It adds an extra layer of protection above your other liability policies like automobile or homeowners. If you are involved in a major accident, having an umbrella policy can save you from costly legal claims and judgments.

All About You

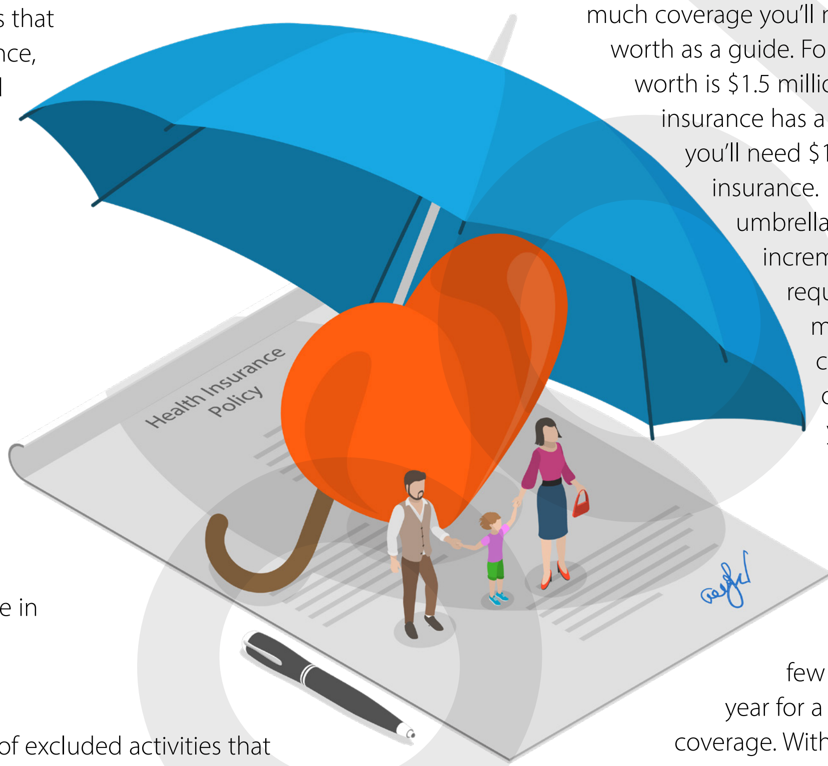
Having an umbrella insurance policy kicks in when your other policies are exhausted. If you're involved in a serious car accident and you're sued for injuries that exceed the limits of your car insurance, your umbrella policy will kick in and help cover the costs saving your wages and assets from garnishment or liens. It's important to note that umbrella policies won't cover your own injuries or damage. You'll need to access other insurance policies like your health or car insurance for these costs.

Your Family

Often umbrella policies will extend to cover liability and damages caused by your spouse or children who may not have liability insurance in their name.

Be Alert

Umbrella policies can contain a list of excluded activities that won't be covered. Common exclusions include breach of contract, boating or other watercraft use, injuries resulting from criminal acts or business activity or losses. If you have a business, consider getting a business-specific policy.



What's Your Number?

Work with an insurance professional to determine how much coverage you'll need. Some use net worth as a guide. For example, if your net worth is $1.5 million and your auto insurance has a $300,000 liability cap, you'll need $1.2 million in umbrella insurance. Most insurers sell umbrella policies in $1 million increments and some will require you to have a minimum amount of coverage from your other policies before you can buy an umbrella policy from them.

Umbrella insurance is generally affordable costing a few hundred dollars a year for a million dollars in coverage. With some policies covering your hobbies and vacation activities like renting jet skis or motor bikes, buying umbrella insurance is an affordable solution for your insurance needs. Consult with your insurance agent to learn more.

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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Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 08, 2020

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1. Lets Talk Money Newsletter Jan/Feb 2021 - Insurance

   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

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