LET'S TALK MONEY®

March/April 2021

Who Needs an Estate Plan?

You may think of estate planning as something only wealthy people need. But the truth is, a basic estate plan is important for anyone who wants to ensure that his or her final wishes are carried out.

Your Will is the cornerstone of your plan. It states who will receive your property upon your death. A will can also name a guardian for your minor children in the event that neither parent is living.

Advance Directives designate someone to make medical and financial decisions for you if you're incapacitated and unable to make them yourself. A *living will (or health-care proxy)* states your wishes regarding any life-sustaining medical interventions you would or wouldn't want. A *durable power of attorney* allows the person you designate to handle financial matters on your behalf.

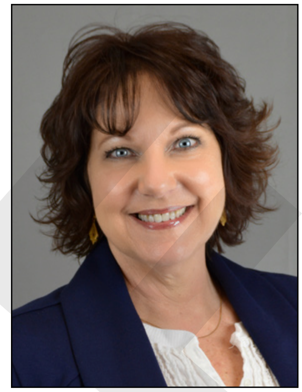
Beneficiary Designations typically are required for retirement accounts and life insurance policies. A beneficiary designation supersedes your will. At your death, the assets in the account pass directly to the person or persons you've listed as your beneficiary/ies, no matter what your will states.

The Executor or Personal Representative named in your will settles your estate and guides it through probate. Your representative should have access to your will and any trust documents, as well as a list of insurance policies, retirement plans, financial accounts, real estate deeds, and mortgage and loan agreements, along with your account numbers and passwords. Include a list of people who should be contacted upon your death, such as relatives, friends, and your attorney, and their contact information. And don't forget social media accounts. Provide your representative with your passwords so accounts can be updated or deleted. Keep this information current.

Life Insurance is an important estate-planning tool. Life insurance benefits can be used to sustain your family through the loss of your income, pay your funeral expenses, benefit a charity, or fund your children's educations. Since life insurance proceeds pass outside your will, the money will be available without waiting for probate.

Trusts are legal entities that allow you to place conditions on how certain assets are distributed or minimize estate and gift taxes.

Consult your financial professional and estate attorney for help with creating an estate plan.



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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.

Insurance Version

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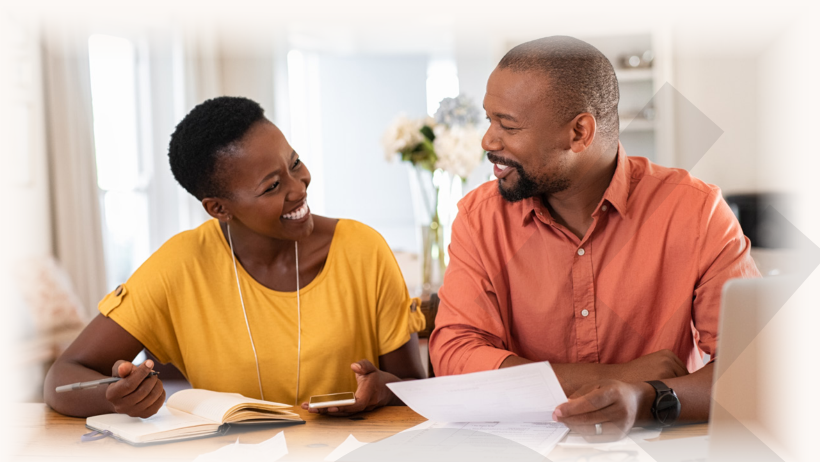
Cultivate Your Financial Smarts

When there's a lot going on in your life, you might be tempted to put thinking about your finances on the back burner. But that's never a good plan. Improving your financial outlook can be as easy as laying down – and following – a few simple ground rules.



Create a Spending Plan

Add up your monthly expenses – rent/mortgage, utilities, insurance, food, commuting costs, loan and car payments, etc. – and subtract them from your after-tax income. If expenses are top heavy, look for places to trim.

Build Credit

Paying bills and making loan payments on time will help you earn a healthy credit score. Credit cards can help you establish credit, but make sure you pay off any balances each month to avoid accruing interest and lowering your credit score.

Start an Emergency Fund

Set aside money in a cash account in case of a job loss or an unexpected expense. Your goal should be at least six months' worth of living costs.

Set Concrete Goals

A down payment on a house, a college fund, retirement – identifying specific goals can keep you on track. Think about how much you'll need to save for each goal and review your progress periodically.

Contribute to a Retirement Plan

Take advantage of your employer's 401(k) or other retirement plan, or open an individual retirement account (IRA) on your own.

New Limits for HSAs

Covered by a high-deductible health plan (HDHP)? That makes you eligible to contribute to a health savings account (HSA). An HSA allows you to set aside money in a tax-advantaged account to pay current and future qualified medical expenses. For 2021, the annual HSA contribution limit is $3,600 for individuals with self-only HDHP coverage and $7,200 for individuals with family HDHP coverage. If you're age 55 or older, you can make an additional $1,000 catch-up contribution.

HDHP Defined

The IRS currently defines an HDHP as a health plan having a minimum deductible for 2021 of $1,400 for self-only coverage and $2,800 for family coverage. Limits on out-of-pocket expenses (including deductibles, copayments, and coinsurance, but not premiums) are $7,000 for self-only HDHP coverage and $14,000 for family HDHP coverage.

Reap the Tax Benefits

If you have health insurance through your employer, your HSA contributions typically are made through pretax payroll deduction. Any earnings generally are free from taxes as well.* And the money in your account can be withdrawn tax free at any time as long as it's used to pay qualified medical expenses. As health-care costs continue to rise, maximizing your contributions to an HSA makes good sense.

**Some states tax earnings.*

Adoption: Understand the Costs

Adopting a child can be a joyful event – and an expensive one. If you're considering adoption, it's important to know the costs so you can plan and budget for them.

Costs to Consider

Adoption costs can range from $15,000 to $50,000. Agencies typically have a set fee schedule for their services. You'll also pay the costs of fingerprinting, background checks, doctor physicals and financial reports, as well as any travel costs you incur.

You'll also need to pay for a home study completed by a licensed agency, and you could be responsible for paying expenses and counseling for the birth mother.

Another option to consider is adopting through foster care, which typically costs much less.

The Tax Benefits

You may qualify for a tax credit of up to $14,440 per child for qualified adoption expenses, as well as an exclusion from income for employer-provided adoption assistance.

Adoption of a child with special needs qualifies for the full tax credit regardless of expenses incurred. Adoption of a stepchild does not qualify unless the child is under age 18 and unable to care for himself or herself. You must meet income limits and other requirements to receive the tax credit, so consult your tax professional.

The Tipping Dilemma

It isn't always easy to know how much you should you tip and when. Here are some guidelines.*

Restaurants

Wait staff: 15%-20% for sit-down service and 10% for buffet service
Home delivery: 10%–15% of the bill – $2.00-$5.00 if it's pizza delivery, depending on the order size
Bartender: $1.00-$2.00 per drink, or 15%-20% of a running tab
Host/Hostess: $10-$20 for finding you a table on a busy night
Valet: $2.00-$5.00 when the car is returned

Salons

Hairstylist, Manicurist, Masseuse and other services: 15% to 20%

Travel

Taxi driver: 15% to 20%
Skycaps and hotel bellhops: $2.00 for the first bag and $1.00 per additional bag; $2.00-$3.00 for each additional service
Doormen: $1.00-$2.00 if they carry luggage or hail a cab
Housekeeping service: $2.00-$5.00 per day with a note marked "Housekeeping"
Concierge: for tickets or restaurant reservations, $5.00-$10.00 – $15.00 or more if tickets or reservations are hard to get

**emilypost.com/advice/general-tipping-guide*

Tipping in the States

How do you feel about tipping? Compare your opinions and habits with these survey responses, based on a representative sample of 1,031 adults in the U.S.

46% Prefer to dine in a restaurant with wages built in to the entrée price to eliminate tipping

35% Prefer to supplement low wages with tips

91% Women who tip at a sit down restaurant, compared with **80%** of men

32% Women likely to tip 20%, compared with **27%** of men

67% Patrons who don't tip in coffee shops

63% Hotel guests who leave a tip for the housekeeper

https://www.consumerreports.org/tipping/is-it-time-to-rethink-the-rules-of-tipping-etiquette/

Survivorship Policies: Filling a Need

A survivorship policy — also called a second-to-die policy — can be a useful estate-planning tool. A survivorship policy insures two lives, typically, a married couple (or business partners), with the death benefit paid out after the death of the second person.

The Strategy

The unlimited marital deduction allows one spouse to leave an unlimited amount of assets to the surviving spouse without owing estate or gift taxes. At the death of the first spouse, the assets become part of the survivor's estate. When the second spouse dies, proceeds from the life insurance policy are available to pay expenses.

Cost Advantages

Because the premium on a survivorship policy is based on the joint life expectancy of the insured, the cost may be significantly less than the cost of buying two single-life policies. Qualifying for a joint policy also may be easier since the survivor will continue to pay the premiums, and the death benefit isn't paid until the second spouse dies.

Multiple Uses

A survivorship policy is often purchased by couples who want to preserve more of their wealth for heirs.

Additionally, survivorship policies can be used to:

- Provide support for a special needs child after both parents have died.
- Leave a legacy to support a charitable organization.
- Provide the funds needed to pass on a family business, while also providing cash value for heirs that aren't involved in the business. The policy also can help fund a buy-sell agreement upon the death of a business owner.

Survivorship policies are often used in conjunction with a trust. For more information, talk to your financial and legal professionals.

Applications for life insurance are subject to underwriting. No insurance coverage exists unless a policy is issued and the required premium to put it in force is paid. Accessing cash values may result in surrender fees and charges and may require additional premium payments to maintain coverage, and will reduce the death benefit and policy values. Guarantees are based on the claims paying ability of the issuer.

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.

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 14, 2020

Reference: **FR2020-1009-0091/E**
Link Reference : FR2020-1002-0033

Org Id: 23568

1. Lets Talk Money Newsletter Mar/Apr 2021 - Insurance

Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Associate Principal Analyst

hrm

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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