LET'S TALK MONEY®

September/October 2021

Ladder Annuities for Steady Income

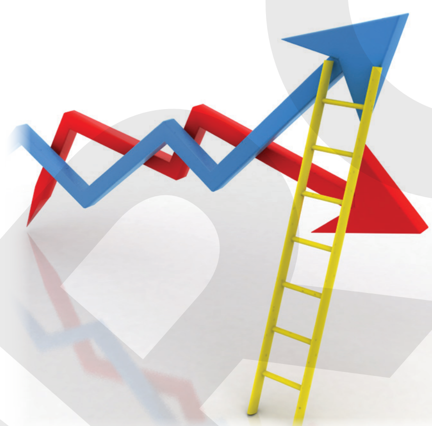
Are you seeking an investment that provides guaranteed income in retirement? You might want to consider an immediate annuity.* With an immediate annuity, you receive fixed payouts over a set number of years in exchange for an initial lump-sum payment.

Investing a large portion of your retirement savings in an annuity when interest rates are low may not seem like a smart move. However, you may be able to minimize the risk of low returns and take advantage of any rise in interest rates that occurs by laddering annuities.

The Laddering Strategy

The laddering strategy involves purchasing immediate annuities over a number of years. So, instead of spending your money on a single annuity that locks you into a lifetime interest rate, you invest in multiple annuities over time. You might buy one annuity a year for four years or an annuity every three years for 12 years, etc.

You can also ladder annuities based on the start dates of when you'll begin receiving the payments.



Laddering Benefits

Annuity payouts are based on the amount of money invested, the prevailing interest rate and the recipient's life expectancy. So, the older you are when you begin receiving payments, the larger those payments will likely to be. And, if interest rates are higher in later years, you could benefit from having used a laddering strategy.

The Downsides

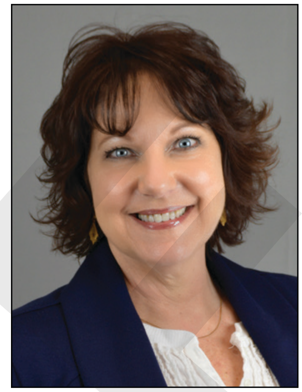
Investing a large sum in immediate annuities means you'll no longer have access to those funds. That's because early surrender of an annuity can trigger various fees that can be costly. So, if you have an unanticipated expense in the future and need cash, be sure to have an emergency fund so you do not have to tap your annuity.

It's also important to understand that unless the annuity is a joint lifetime annuity or includes a survivor payout, annuity payments stop at the owner's death.

Food for Thought

If the security of having a guaranteed income appeals to you, review laddering strategies with your financial professional.

**Immediate fixed annuity contracts, annuitants receive a fixed income stream based, in part, on the interest rate guarantee at the time of purchase. Annuity guarantees are backed solely by the claims-paying ability of the issuing life insurance company.*



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Insurance Version

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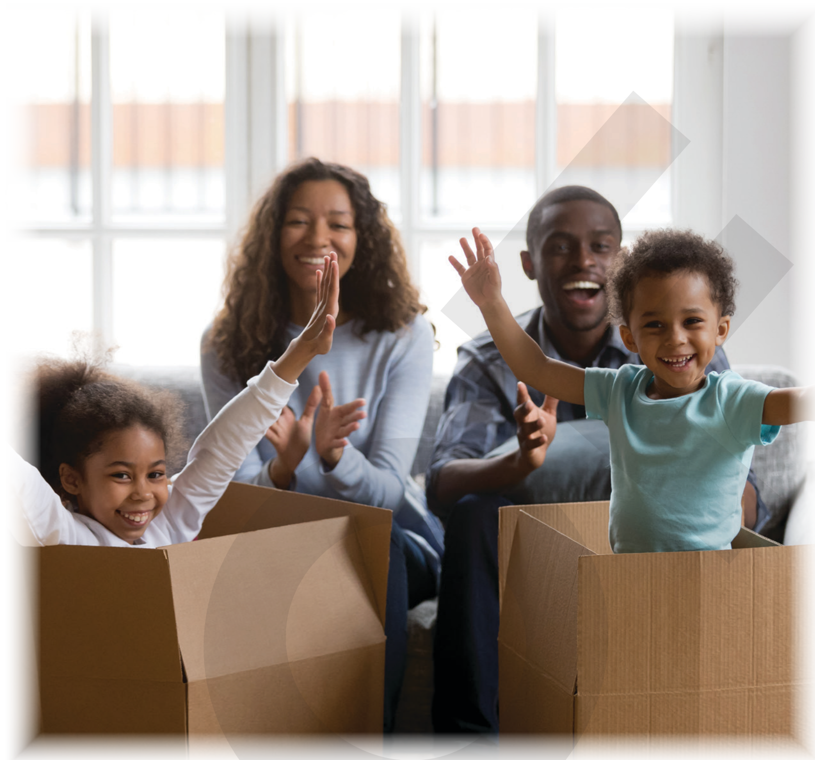
No Place Like Home

Thinking about buying a house? Here's what you need to know before you start your search.



How Much House?

Your housing expenses, including principal and interest, property taxes and insurance, generally shouldn't be more than 28% of your total pre-tax income, while total debt (credit cards, car loans, personal loans and student loans) shouldn't exceed 36%. Shop for homes that keep you in this range.

The Down Payment

Saving enough money for a down payment and mortgage closing costs may take a few years and a lot of sacrifice. Figure out how much you'll need and establish a time frame for saving the money. Cut back on non-essentials like cable TV, gym memberships and dining out, and put any raises or bonuses you receive toward your goal.

15, 20, 30?

It's a no-brainer that the shorter the loan term, the less you'll pay in interest over the life of the mortgage. Putting down a minimum of 20% of the purchase price will reduce your loan amount and help you avoid paying private mortgage insurance (PMI) that protects the lender in case you default on the loan.

RMDs: Know the Rules

Whether you've already begun taking required minimum distributions (RMDs) from your retirement accounts, or you're just about to begin, understanding the rules that govern these accounts will help you avoid costly mistakes. Consult your financial and tax professionals before you take a withdrawal.

When: If you turned age 70½ in 2020, or later, you must take your first RMD by April 1 of the year after you turn age 72. After that, RMDs must be taken by December 31 each year — potentially requiring you to take two RMDs in the year you took your first one. Taking two RMDs in one year could put you in a higher tax bracket.

Where: You must take RMDs from all tax-deferred retirement accounts, including 401(k) and 403(b) accounts, traditional individual retirement accounts (IRAs), SIMPLE IRAs and SEP IRAs. If you have multiple traditional IRAs, you'll calculate the RMD separately for each account; however, you can take the distribution from one IRA or any combination. With multiple 401(k) accounts, you should calculate the RMD separately for each account and take a distribution from each one.

Taxes and penalties: Distributions are taxed as ordinary income. If you fail to take your full RMD by the withdrawal deadline, you could face a penalty of 50% of the amount you were required to withdraw but didn't, plus income taxes.

Exceptions: You won't have to take an RMD from your current employer's plan if you're still working beyond age 72 and don't own 5% or more of the company. You will have to take RMDs from a 401(k) with a former employer unless you're able to roll over the balance(s) to your current plan.

Make the Most of a 529 PLAN

A 529 plan* is a tax-advantaged savings plan that enables parents and others to save for a child's future education costs. Section 529 plans, also called "qualified tuition plans," are sponsored by states, state agencies or educational institutions. All fifty states and the District of Columbia sponsor at least one type of plan.

Choosing a 529 Plan

Education Savings Plans help you to save for a child's future qualified higher education expenses including tuition, mandatory fees, room and board, books, equipment and other expenses. Withdrawals from education savings plan accounts can generally be used at any college or university.

Prepaid Tuition Plans let savers purchase units or credits at participating colleges and universities (usually public and in-state) at the school's current prices to pay future tuition and mandatory fees.

Contributions to a 529 plan are made with after-tax dollars. However, earnings in a 529 account are not subject to federal income tax and, in many cases, state income tax, if withdrawals are used to pay qualified higher education expenses.

Tips and Guidelines

Compare several different 529 plans before you choose one. Review the fees and expenses of the plan you're considering because they can lower your returns. Set up direct payments from the plan to the school to avoid withdrawing too much.

**Certain requirements may apply. Before investing, consider the investment objectives, risks, charges and expenses associated with 529 plans. Read the program offering statement before investing. 529 Plans are not guaranteed by any state or federal agency. Consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 Plan. Discuss 529 tax rules with your tax professional.*

Plan for Emergencies

Developing a family emergency plan can help you navigate a potentially life-threatening situation. These guidelines can get you started.

You Could Be Separated

Make sure you know how to contact each other. Remind family members to keep important contact information with them even when there's no emergency. You don't know when you might need it.

Designate a Meeting Place

Choose a spot to reunite in your yard, your neighborhood, or even out of town in case you must evacuate.

Give Everyone a Job

Designate a different family member to be responsible for the care of pets, children, elderly family members or medical equipment.

Learn Your Schools' Emergency Plan

Let your kids and the school know who can pick up children in an emergency.

Have Emergency Services Numbers

Include doctors, veterinarians, your insurance company, and service providers. Once you've created your plan, give everyone in your household a copy. Then prepare a "Go Kit" using suggestions from the graphic below.

Prepare a "Go Kit"

If you're forced to evacuate your home quickly, having everything you need packed can save precious minutes.

- Water
- Medications
- Clothing and Blankets
- Nonperishable Food
- Contact List
- Cash
- Pet Supplies
- Personal Hygiene Items
- First-aid Kit, Flashlight and Phone Charger
- Hand-crank or Battery-powered Radio and Batteries
- Important Documents and Records (Birth Certificates, IDs)

**Find more information at www.ready.gov*

Life Insurance — Who Needs It?

If your employer provides group life insurance as one of your benefits, you may think you don't need an individual policy. But what happens to that benefit if you leave your job? Employer-provided life insurance coverage generally ends once you're no longer employed by the company. And even if you remain with your employer throughout your career, will the amount of coverage — typically, a multiple of your salary — be enough? Purchasing a life insurance policy* on your own can ensure that your coverage will continue no matter where life takes you.

The Younger You Are

When you're just starting out, limited funds can make it difficult to add another item to your budget. But keep in mind that the younger you are when you purchase a policy, the lower your premiums will likely be. You can choose the amount of coverage you want based on your needs.

A Safety Net

Life insurance proceeds can be used to provide for your loved ones in the event of your death. Knowing they'll have enough money to cover living expenses, college costs and pay off any debts can help relieve financial concerns.

Whole or Term?

Term life insurance provides coverage for a specified amount of time and pays a death benefit to your beneficiary if you die during the policy's term. A whole life policy provides lifelong coverage and builds cash value. Your financial professional can explain the benefits of each type and help you choose the one that meets your needs.

**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. 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.*

We Value Your Input...

Your feedback is very important to us. If you have any questions about 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

June 09, 2021

Reference: **FR2021-0518-0152/E**
Link Reference: FR2021-0301-0262

Org Id: 23568

1. LTM SeptOct 2021 - Insurance

   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

hrm

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