

LET'S TALK MONEY[®]

September/October 2021

Diversify and Stay Calm

The unknown can be scary, especially when it comes to your finances. You don't have a crystal ball, but you do have one tool in your financial toolbox that may help cushion your portfolio against any market fluctuations: Diversification.*

Diversification Defined


Diversification means spreading your investment dollars across several different asset classes. Investing in a variety of asset classes may potentially reduce your portfolio's volatility and minimize your risk of loss. By holding investments that respond in opposite ways to market conditions, you may be able to earn higher overall returns than you would if your portfolio held a single investment type.

The Basic Components

A diversified portfolio typically includes these basic asset classes:

Stocks offer higher growth potential than other asset classes. But stock values can be volatile, resulting in a greater risk of losses.

Fixed income investments (bonds) provide income from interest. Bonds may reduce your portfolio's volatility and help cushion losses when stock values lose ground.



Cash equivalents consist of short-term, low-risk investments. They preserve principal while earning interest at typically low rates. They also offer stability and relatively easy access to your cash.

A Step Beyond

Diversification doesn't stop with the three major asset classes. International stocks give you exposure to foreign markets. Sector stocks focus on specific industries or areas of the economy. Including these investments can further diversify your portfolio.

Your financial professional can help you select a diversified portfolio of investments that complement your goals and risk tolerance.

**Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*



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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.

Retirement Version

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helping financial professionals stay connected

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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

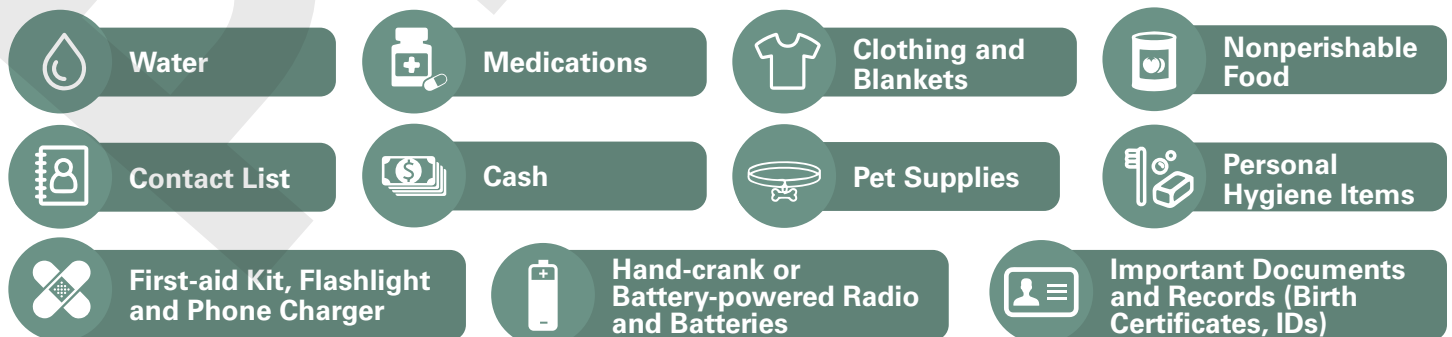
Let your kids and the school know who can pick up children in an emergency.

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.



*Find more information at www.ready.gov

Stock Values and Bond Yields: A Primer

It's no surprise that stocks typically do well in a robust economy. When consumers are spending, companies earn more and stock values tend to increase. Bonds generally move in the opposite direction of stocks, often benefiting from slow economic growth and low inflation. Their regular interest payments may be especially attractive to investors when stock prices decline.

A Bond is a Debt

When you purchase a bond, you're lending money to the bond issuer. In return, the issuer agrees to pay you interest and repay the principal when the bond matures. The issuer can be a corporation; a state, city or federal government; a federal agency; or another entity. Investors buy bonds both for the interest income and to preserve capital.

Bond Price vs. Yield

Bond prices and yields generally move in opposite directions. Rising interest rates mean that new bonds are paying higher yields than older bonds, so when interest rates rise, prices of existing bonds fall. Conversely, when interest rates fall, older bonds are worth more because they're paying interest at the higher rate. In general, the longer the bond's term, the greater the probability that its price will be affected by interest-rate fluctuations.

More Risk Equals Higher Yield

Credit quality and default risk play important roles in bond yields. Treasury bonds and other securities backed by the federal government are generally free of default risk.

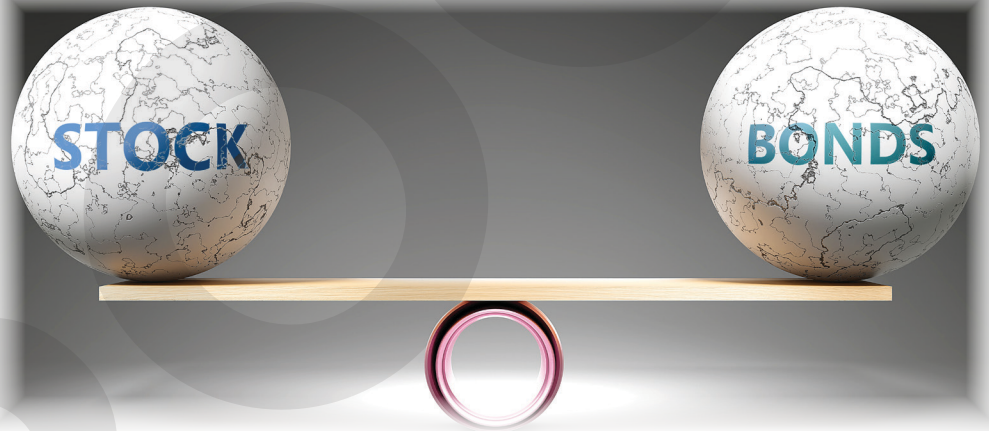
Corporate bonds present more risk to investors. A company defaults on its bonds when it can't make principal

or interest payments. Bonds with the lowest credit ratings — i.e., junk bonds — have the greatest probability of default and typically offer higher interest rates to compensate investors for the increased risk.

Protect Your Portfolio

When buying bonds, match the bonds' maturity to your time frame for needing the money. Short-term bonds are appropriate for a two-to-three-year period, while intermediate bonds can be a good investment for cash you'll need in five to ten years.

As you near retirement, you may want to consider reducing some of your equity risk in anticipation of market volatility. Revisit your asset allocation with your financial professional to see whether changes are warranted.



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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 09, 2021

Reference: **FR2021-0518-0153/E**

Link Reference: FR2021-0301-0262

Org Id: 23568

1. LTM SeptOct 2021 - Retirement

Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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