LET'S TALK MONEY®

November/December 2021

Moves to Make Before Year's End

Before you close the book on 2021, give yourself a head start on 2022. A year-end review of your portfolio and insurance can help ensure your investments are in line with your goals and your risks are properly covered for the new year.

Rebalance Investments

You chose your investments based on your risk tolerance and time frame. But market ups and downs can change your asset allocation and risk exposure. Rebalancing your portfolio at the end of the year can return your asset mix to your desired allocation.

Be Charitable

Consider making next year's charitable contributions before year's end to get a charitable deduction on this year's tax return. Gifts charged to a credit card by December 31 will qualify for the deduction, and you won't be billed until January.

Review Your Plan Contributions

Make sure you're contributing as much as possible to your company's retirement plan, or at least enough to take full advantage of any employer matching funds. Then review how your funds are invested. Swap funds if necessary to align with your goals.

Bunch Expenses

Moving elective medical and dental procedures from 2022 to this year may allow you to exceed the adjusted gross income (AGI) threshold for deduction on your 2021 tax return. To be deductible, medical expenses must exceed 7.5% of your adjusted gross income.

Consider Losses

Selling individual stocks that have lost value since you acquired them allows you to offset taxable capital gains on stocks you've sold at a profit and up to $3,000 of ordinary income in the year of the sale. Any additional losses can be carried over for deduction in future years. Keep in mind that the wash-sale rule prevents you from deducting losses if you purchase the same or similar securities within 30 days of the sale.

Take Your RMD

If you're age 72 or older, make sure you take any required minimum distributions (RMDs) from your retirement accounts. Failure to take an RMD by December 31 could subject you to a penalty of 50% of the amount you should have withdrawn, but didn't.

Make an appointment with your financial professional to discuss and implement strategies.

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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.

Standard Version

LTM Client Marketing
helping financial professionals stay connected

Surprise — It's Taxable!

It's almost that time of year when you and the IRS must settle what you owe — or what the government owes you. Before you prepare your tax return, consider whether you'll need to include any of the taxable items listed below.

- Social Security benefits
- Unemployment benefits

- Portion of a scholarship that covers expenses other than tuition, fees, and books (e.g., room and board, travel, etc.)
- Canceled debt from credit cards, car loans and mortgages (Student loan debt is exempt.)
- Honors with cash prizes
- Certain alimony payments
- Gambling winnings (lotteries, horse racing, casinos, sports betting, etc.) Some losses are deductible.
- Gifts from an employer that reward an employee for services or help promote the company
- Found property
- Bartered property or services in lieu of cash

Consult your tax advisor to determine which items you should include when preparing your income tax return.

Preserving an Inheritance

A sudden inheritance can catch you off guard. One minute your life is status quo; the next minute, you have additional assets to plan for. While it may be tempting to spend your windfall, take a step back. Reckless spending has decimated many an inheritance, so sit down with your financial professional to develop a plan for managing and preserving your wealth. Here are a few ideas to get started.

Stash the cash in a money market account or other short-term investment until you have a plan in place.

Create a saving and investment plan. If you don't have an emergency fund with 6-to-12 months of living expenses, start there. Invest extra money in investment vehicles that reflect your time frame and risk tolerance.

Pay off personal loans and high-interest-rate credit card debt, and don't run up new debt.

Plan a legacy that leaves wealth to your loved ones or to charity. Federal estate tax applies to estates worth more than $11.7 million ($23.4 million for married couples).* An estate planning attorney can help you navigate the options to minimize any tax bite.

Splurge a little. Setting aside some money to spend on yourself can keep you from feeling deprived.

**https://www.irs.gov/businesses/small-businesses-self-employed/estate tax#:~:text=and%20%2411%2C700%2C000%20in%202021*

Spend Less for a Jollier Holiday

It doesn't take much to overspend when the holidays roll around. But, after the presents are opened and the wrapping paper disposed of, your own "gifts" could be a pile of bills and buyer's remorse. With a little planning and a dose of self-discipline, you can enjoy the holidays debt free.

Set Limits —and Stick to Them!

Don't spend a single cent until you have a budget in place. Whether you set aside a an amount of money to spend on all gifts or assign a per-person spending limit, decide on your budget before you hit the mall or the computer.

Cash is King

It's easy to forget about your budget when you're carrying credit cards, especially if your favorite stores are having holiday sales. Leave your cards at home, and make it cash or debit card only when you're shopping at retail stores. And, before you shop, come up with gift ideas for every person on your list so you'll be less tempted to buy items on impulse.

Curb Your Enthusiasm

Shopping for specific items online allows you to easily compare prices at different websites and reduces the temptation to buy extras that aren't on your list. If you pay online with a credit card, subtract the amount from your budget, and remember to pay off the balance when you get the bill.

Give Up Small Things

Want to generate more cash? Several months ahead of the holiday, try eliminating small expenses, such as picking up coffee on your way to work or buying lunch. Then add that money to your holiday savings account.

Be a Grocery Grinch

Holiday grocery shopping can destroy your food budget in the blink of an eye. Save at the supermarket with these timely tips.

- Plan your menus so you're buying only the items you'll need for holiday meals and gatherings.
- Take inventory of the ingredients you already have on your pantry shelf.
- Check store flyers to see if any items you need are on sale. Use coupons.
- Create a shopping list and strictly follow it. No matter how tempting, buying extra items that are on display can put you over budget in no time.
- Shop at multiple stores to get the lowest prices.
- Score free food. Stores often have promotions around the holidays offering a free item when you spend a certain amount within a specified time frame.
- Think outside the supermarket. Drugstore chains sometimes have great deals on staples, such as baking supplies, mixes, and beverages.

Holiday Tipping Guide: A Refresher

Tipping during the holidays is a nice way to show your appreciation to service providers for all they do for you during the year. Here are some general guidelines.

Countering Inflation

Inflation is an increase in the cost of goods and services you use every day. It can rob your money of its buying power. Investors who don't take steps to cushion their portfolios against the long-term effects of inflation may find themselves without the savings they'll need to live comfortably in retirement. Purchasing investments that offer a potential hedge against inflation may offer some protection.

Consider Stocks

Over the long term, stock investments have historically offered the best chance for outpacing inflation. However, some stocks perform better than others when inflation is on the horizon. Stocks of companies that produce consumer staples, such as household goods, food, beverages, and hygiene products, tend to do well during inflationary periods because these are items that people aren't willing to give up. On the flip side, stocks of companies paying high dividends tend to lag behind when inflation is on the rise.

Many people choose to invest in mutual funds, which is convenient and requires fewer decisions than purchasing individual stocks. Mutual funds* provide diversified holdings instantly because investors' money is invested in a wide variety of securities and has professional management.

Real Estate Investment Trusts (REITs)

REITs** are corporations that own and manage real estate. They invest in apartment buildings, hotels, medical facilities, offices, warehouses, retail outlets, and just about every other type of property. Investors receive income generated by the REIT's portfolio.

Your financial professional can help you select investments for your portfolio that offer inflation protection.

**Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

***REITs are subject to various risks such as illiquidity and property devaluations based on adverse economic and real estate market conditions and may not be suitable for all investors. A prospectus that discloses all risks, fees and expenses may be obtained from your financial representative. Read the prospectus carefully before investing. This is not a solicitation or offering which can only be made in conjunction with a copy of the prospectus.*

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.

Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

August 11, 2021

Reference: **FR2021-0722-0139/E**
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1. LTM NovDec 2021 - Standard

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The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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