LET'S TALK MONEY®

July/August 2022

UITs: A Good Fit for Your Portfolio?

Investors who are looking to add diversification* to a portfolio may want to consider a unit investment trust (UIT).** UITs are fixed portfolios of stocks, bonds or other securities professionally chosen to meet a specific investment objective, such as growth, income, or capital appreciation.

Different Strokes

UITs are constructed to fit a variety of investment objectives.

- Equity UITs hold domestic and/or international stocks. They may mirror a market index, invest in specific market sectors, or follow a particular investing strategy.
- Corporate bond UITs hold bonds issued by corporations.
- International bond UITs hold debt issues of foreign companies and governments.
- Municipal bond UITs hold bonds issued by states or municipalities.
- U.S. government securities UITs hold government securities, such as U.S. Treasury bonds and notes.
- Mortgage-backed securities UITs hold mortgages backed by government-sponsored enterprises, such as Ginnie Mae and Freddie Mac.

Once selected, investments in a UIT generally don't change. Your goals and risk tolerance will help determine the type of UIT that works best in your portfolio.

What's in It for Me?

Because of their diversified portfolios, UITs can help reduce investment risk at an affordable price. Keep in mind, though, that a UIT has charges and fees (outlined in the trust's prospectus) that can affect returns, so it's important to compare options before you invest. Your financial professional can help.

Cashing In

UITs are dissolved on a date that's established when the trust is created. Duration can be from one or two years to several years. Once the UIT is terminated, securities are sold, and any proceeds are distributed to investors.

**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.*

***Investors should consider the investment objectives, risks, charges, and expenses of the fund before investing. Contact the issuing firm to obtain a prospectus which should be read carefully before investing. or sending money. Because fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in UITs may result in the loss of principal.*

Karen Petrucco
Account Manager

LTM Client Marketing
45 Prospect Ave
Albany, NY 12206

Tel: 800-243-5334
Fax: 800-720-0780
sales@ltmclientmarketing.com
www.ltmclientmarketing.com

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

Buying on Time

Paying for items over time is nothing new. That's essentially how credit cards work. But if you shop online, you may have noticed a new trend: an option to pay for the items in your cart in equal interest-free installments. Should you take advantage of the offer?

A Lot Depends on You

Spreading out interest-free payments over a month or so for items you intended to buy anyway may be relatively harmless. However, not having to pay the full cost of your purchase all at once might tempt you to buy additional items on impulse. Before you realize it, the amount of your payments may be far more than you intended or can comfortably afford.

What If You Miss a Payment?

Generally, installment payments are automatically deducted from your checking account every other week, and you're emailed a reminder in advance. But if you miss a payment because funds in your account are low or for some other reason, you'll be charged a late fee, and possibly interest, on your purchases. If you can't make the minimum payments, these fees can quickly spiral out of control.

They're Counting on You

Retailers can select installment plan services from a variety of vendors. Companies offer the installment option hoping that the smaller installment payments will encourage shoppers to buy more—and more expensive—items than they would have purchased if they had to pay the entire cost at checkout.

A Better Way

Instead of paying for items over time and putting your budget at risk, start saving for the things you want. Then pay cash up front.

Raise Your Credit Score

Lenders use credit scores to determine how likely a borrower is to default on a loan. Credit scores typically range from 300 to 850. Borrowers with higher scores generally receive the most favorable rates and terms. Help ensure your access to credit by following a few simple rules.

- Make loan payments on time.
- Stay below your credit limit.
- Keep your older cards. The length of your credit history is one factor used in determining your score.
- Don't close accounts. That can result in having less credit available, which can hurt your score.
- Avoid opening several new accounts within a short period of time.
- Consider allowing credit bureaus to add utility and telecommunications payments to flesh out your credit report.
- Monitor your credit reports from the three major credit bureaus: Experian, TransUnion and Equifax.
- Check whether your financial institution or credit card company provides your credit score along with your account information.

Mortgages: One Size Doesn't Fit All

The state of the economy has a lot to do with interest rates, including the rate you'll pay on a mortgage loan. But other factors go into the loan equation. Your credit score, the amount of your down payment, the kind of mortgage you're applying for and the term help determine your interest rate.

There are several types of mortgages. Your personal circumstances will dictate which option best fits your situation.

Conventional Loans

Conventional loans offered by banks, credit unions and lending companies account for the largest percentage of mortgages. A borrower must have a good credit score and a sizable down payment—at least 20% of the purchase price, the threshold for not having to pay PMI (private mortgage insurance). PMI protects the lender in case of default and typically adds a substantial amount to monthly mortgage payments.

15 or 30?

Conventional loans come with 15- or 30-year terms. Monthly payments on a 30-year mortgage are lower, but you'll pay significantly more in interest over the life of the loan. Borrowers who are comfortable with a higher monthly payment should consider a mortgage with 15-year term, which typically offers a lower interest rate.

Fixed versus Adjustable Rate

Lenders may offer both fixed-rate and adjustable-rate mortgages. With a fixed-rate mortgage, payments remain the same for the life of the loan. With an adjustable-rate mortgage (ARM), the interest rate rises, or falls based on market conditions. Although rates may start off low, borrowers' risk higher rates in the future. ARMs are more suited to buyers who don't plan to stay in a home long term.

Government-backed Loans

FHA loans require a smaller down payment and may be appropriate for borrowers who don't qualify for conventional loans. Borrowers must pay a mortgage insurance premium (MIP), generally for the loan's term.

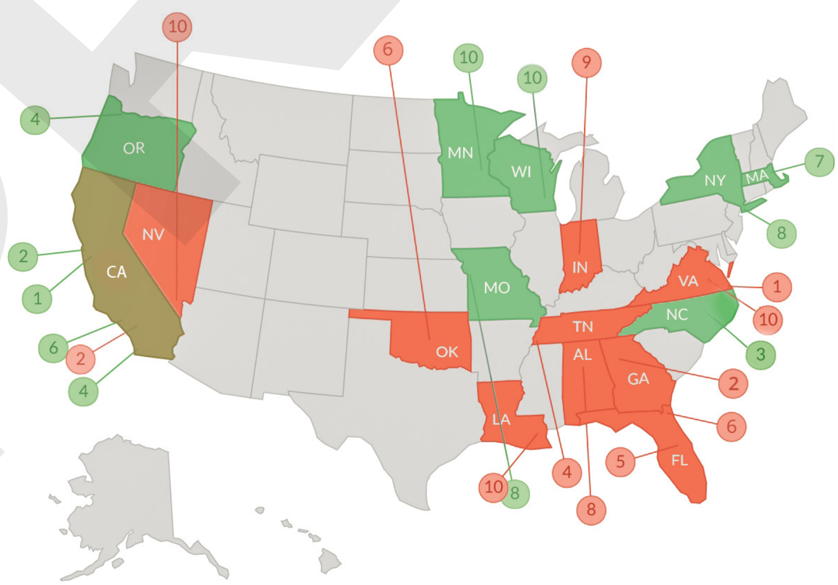
VA Loans are available to servicemembers, veterans, and eligible surviving spouses. This is a lifetime benefit that can be used multiple times. VA loans offer competitive rates and limited closing costs and do not require a down payment or private mortgage insurance.

A Seller's Market

In 2021, competition for homes was very strong in some areas of the U.S. and not as strong in others. According to LendingTree, the most competitive area was San Jose, CA, while the least competitive was Virginia Beach, VA.

Metros with the most competitive homebuyers

- 01 - San Jose, CA
- 02 - San Francisco, CA
- 03 - Raleigh, NC
- 04 (Tie) - Portland, OR
- 04 (Tie) - San Diego, CA
- 06 - Los Angeles, CA
- 07 - Boston, MA
- 08 (Tie) - Kansas City, MO
- 08 (Tie) - New York, NY
- 10 (Tie) - Minneapolis, MN
- 10 (Tie) - Milwaukee, WI



Source: LendingTree

Metros with the least competitive homebuyers

- 01 - Virginia Beach, VA
- 02 (Tie) - Riverside, CA
- 02 (Tie) - Atlanta, GA
- 04 - Memphis, TN
- 05 - Orlando, FL
- 06 (Tie) - Oklahoma City, OK
- 06 (Tie) - Jacksonville, FL
- 08 - Birmingham, AL
- 09 - Indianapolis, IN
- 10 (Tie) - New Orleans, LA
- 10 (Tie) - Las Vegas, NV
- 10 (Tie) - Richmond, VA

Navigating Life's Changes

Change can be stressful, even when it's something you've planned for, such as getting married or starting a family. But when a sudden life change that you didn't anticipate ramps up the stress meter, taking a step back and assessing your situation can help you determine the best way forward.

Job Insecurity

Whether due to company downsizing or a business closing its doors, losing your job can be one of life's most demoralizing events. You no longer have a steady income, and your workplace identity doesn't exist anymore. Take a moment to catch your breath and review your options. If you received a severance package, you'll probably have some financial breathing room. Consider reaching out to business or personal contacts in your field. Even if nothing comes of it immediately, having colleagues know you're available could bear fruit in the future.

Loss of a Spouse

Loss of a spouse due to divorce or unexpected death can be devastating, both emotionally and financially. It's not uncommon for a divorced or widowed spouse to make hasty decisions that he or she may regret later. Avoid making major changes until you've taken time to assess your financial situation. Then proceed cautiously and with professional help.

A Cash Reserve

You don't need a current emergency to start saving for one. The time to save for unanticipated expenses is long before you'll ever need the money. Savings in an emergency fund can cover your expenses if you experience a sudden unexpected loss of income. Your goal should be to save at least six months' worth of living expenses in an account that you can access easily without paying a penalty.

Don't Go It Alone

In the event of job loss or another unexpected life change, you might need to adjust your budget and financial goals to reflect your new circumstances. Your financial professional can help you plan for a future that doesn't look the way you thought it would. Reaching out as soon as you're able can lift some of the weight off your shoulders while you're getting your life back on track.

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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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

April 11, 2022

Reference: **FR2022-0330-0101/E**
Link Reference: FR2021-1221-0263

Org Id: 23568

1. LTM Jul/Aug 2022 - Standard
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

hrm

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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568