LET'S TALK MONEY®

September/October 2022

Choose Your Benefits Carefully

Annual open enrollment gives you an opportunity to review the benefits offered by your employer, including health insurance, vision and dental plans, and life insurance, and make selections that reflect your current situation. Open enrollment typically is the only time during the year when you can change your benefits without experiencing a qualifying event, including loss of health coverage or changes in your household due to marriage, divorce, births, or deaths.

Benefits Review

It's important to carefully review your new benefit offerings. Don't automatically sign up for the same plans or options you had in the past. Changes in premiums, copays, and deductibles may make a different plan more affordable. If you're married, compare your benefits with the benefits offered by your spouse's employer and choose the better plan.

Dependent Care FSA

A dependent care flexible savings account (FSA) lets you set aside pretax money to pay for qualifying dependent care expenses, including daycare, nursery/preschool, babysitters/nannies, day camps, and adult daycare. In 2022, the maximum amount individuals and married couples filing jointly can contribute is $5,000, while a married filing single taxpayer can contribute $2,500. (See page 2 for health care FSA information.)

Life Insurance

Your employer may offer group life insurance as one of your benefits. But if your loved ones depend on your income, a group policy generally won't provide the coverage you need to support them in the event of your death. And your coverage typically ends when your employment ends. Purchasing an individual policy can help provide for your loved ones if something happens to you.

Disability Insurance

Disability insurance replaces a portion of your income if you become sick or injured and can't work. Short-term disability typically covers you for a few months to one year and generally replaces 50%-60% of your earnings. Your employer may offer short-term disability coverage at no cost to you.

Your employer may offer an option to purchase long-term disability insurance, which provides benefits from a few years up to retirement age. The cost depends on several factors, including the type of coverage you choose, the waiting period before benefits start, and the percentage of income you want the policy to replace. Coverage typically ends when you quit your job.

**2023 contribution limits had not been announced prior publication.*

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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

LTM Client Marketing
helping financial professionals stay connected

What Do You Know About Life Insurance?

According to research, 42% of households would face financial hardship within six months should a wage earner die; 25% would suffer hardship within one month.*

September is Life Insurance Awareness Month, an annual campaign to educate people about the importance of life insurance and its ability to provide financial security for families. LIMRA's* *2021 Life Insurance Misconceptions Barometer* study looked at some of the myths people believe about purchasing life insurance.

It's Too Expensive

More than half of study respondents overestimated the price. The annual cost of a policy for a healthy 30-year-old is around $160, but 44% of millennials estimated it to be $1,000.

Workplace Life Insurance is Enough

29% of Americans believe they get enough coverage through their work. But median employer coverage is only $20,000 or one-year's salary.**

I Won't Need it Until I'm Older

Life insurance is far less expensive when you're young and healthy. Nearly four in 10 people said they wished they had purchased a policy at a younger age.

**LIMRA is a worldwide research, consulting, and professional development organization. ** https://www.trustage.com/learn/inside-insurance/*

FSA and HSA: Alike but Different

Health Care Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA) allow you to pay qualified out-of-pocket medical expenses with tax-free dollars. While both accounts offer tax benefits, they have some major differences.

Flexible Spending Account

A Flexible Spending Account (FSA) is a savings account established for you by your employer to pay healthcare expenses, such as doctor copays, vision and dental expenses, and prescription drug costs, for you and your dependents. Contributions are deducted from your pay throughout the year, but the full amount is available to use immediately. For 2022, the annual contribution limit is $2,850. Any money left in the account at the end of the year is forfeited unless the plan has a grace period or a rollover feature. FSA funds don't earn interest, and, if you leave your job, any money remaining in your account is returned to your employer.

Health Savings Account

Like an FSA, HSAs let you make tax-free contributions and withdrawals to pay healthcare expenses. But, to contribute to an HSA, you must be covered under a high-deductible health plan (HDHP)* You can't spend more than you've contributed to the account, but you can ask for reimbursement later on. Contribution limits in 2022 are $3,650 for individuals ($3,850 in 2023) and $7,300 for families ($7,750 in 2023). Funds roll over from year to year, and the account may be portable if you change jobs. Some HSAs offer investment options but consider carefully before you decide to invest your healthcare savings.

**An HDHP is a plan with maximum out-of-pocket amounts of $7,050 for individuals and $14,100 for families.*

Review Your Plan During Medicare Open Enrollment

Medicare's annual open enrollment period runs from October 15 through December 7. If you're covered under Medicare, open enrollment provides an opportunity to review your current healthcare coverage—preferably with a professional—and make changes, if warranted.

During open enrollment, some things you can do include:

- Switch to a different Medicare Advantage plan with lower premiums and copays or one with better coverage for your health concerns.
- Change from a Medicare Advantage plan to original Medicare, or vice versa. Keep in mind, though, that Advantage plans can offer drug, dental, and vision coverage that isn't included in original Medicare or Medigap plans. Advantage plans may also offer extra benefits, such as health and wellness services, hearing coverage, fitness programs, transportation to medical appointments, and custom plans for certain conditions.
- Switch from a Medicare Advantage plan to a Medigap plan. Medigap plans generally cover you throughout the U.S. and abroad and may be appropriate if you travel frequently within or outside the country. However, if you didn't enroll in a Medigap plan when you initially signed up for Medicare, any pre-existing condition may disqualify you now. Make sure your application is accepted by the insurer before you switch plans.
- Medicare Part D provides coverage for prescription drugs. If you aren't covered under a Medicare Advantage plan, you can add Part D coverage during open enrollment. You can also drop Part D coverage if you no longer need it.

FAFSA: The Sooner the Better

If your child will attend college in the fall of 2023, now is the time to get started with the process of applying for financial aid. The FAFSA—Free Application for Federal Student Aid—becomes available on October 1.

Although the federal filing deadline isn't until June 30, filling out the application early can prevent your child from missing out on aid that's already been awarded. Colleges and states may have their own FAFSA deadlines.

Documents to Gather Before You Start

- Student and parent Social Security numbers
- Alien registration number if you're not a U.S. citizen
- Student's driver's license number
- Parent and student federal tax returns
- Records of any untaxed income, such as child support
- Checking/savings account balances, investments, real estate (other than your home) and business or farm assets
- List of schools where the FAFSA should be sent

You can access the FAFSA at *studentaid.gov.*

Pet Insurance: Growing in Popularity

Although pet insurance started in Sweden a century ago, the first pet insurance policy in the U.S. was sold in 1982. By 2020, the U.S. pet health insurance sector reported written premiums totaling $1.99 billion.*

U.S. PET OWNERSHIP BY HOUSEHOLD (IN MILLIONS)*

DOG: 69.0 | CAT: 45.3 | OTHER: 39.7

BASIC ANNUAL VETERINARY EXPENSES*

	DOG	CAT
ROUTINE	$242	$178
SURGICAL	$458	$201

PET INSURANCE ANNUAL PREMIUMS**

	DOG	CAT
ACCIDENT ONLY:	$218	$134
ACCIDENT/ILLNESS:	$594	$342

*American Pet Products Association's 2021-2022 National Pet Owners Survey

**North American Pet Insurance Association

Does Your State Have Death Taxes?

If your estate is worth more than $12.06 million at your death—$24.12 for married couples—the federal government will want a piece of it. But did you know that several states also impose estate or inheritance taxes on your assets?

Estate Tax Versus Inheritance Tax

State estate tax is imposed on the net value of a decedent's taxable estate after exclusions and credits are deducted. The tax is paid by the estate before assets are distributed to heirs.

Inheritance tax is paid by the decedent's heirs on inherited assets. The amount generally is based on the amount of the bequest and may depend on the heir's relationship to the deceased. A surviving spouse is usually exempt from the tax, while the deceased's children, distant relatives or unrelated heirs may be taxed by some states.

Which States?

Seventeen states impose estate or inheritance taxes, while one state—Maryland—imposes both. States that levy estate tax are Connecticut, Hawaii, Illinois, Massachusetts, Maine, Minnesota, New York, Oregon, Rhode Island, Vermont, Washington, and the District of Columbia.

States that impose an inheritance tax are Iowa, Kentucky, Nebraska, New Jersey, and Pennsylvania.

While federal estate tax rates range from 18% to 40%, state estate and inheritance tax rates and threshold amounts vary from state to state.

Reduce the Tax Impact

If your estate could be subject to federal and state estate or inheritance taxes, you can take steps to minimize their impact.

- Spend down your assets.
- Make gifts to family and friends. In 2022, you can gift $16,000 each to as many people as you choose.
- Donate to charity. Bequests you make to a qualified charitable organization are deductible from your gross estate.
- Shelter assets in a trust. One option is to create an irrevocable life insurance trust (ILIT) to hold a life insurance policy for the benefit of a beneficiary or beneficiaries you name.

Keep in mind, though, that you'll no longer have access to the assets placed in the trust.

Your tax, estate, and financial professionals can discuss strategies to help minimize estate and inheritance taxes. By working together, you can create a sound financial strategy.

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.

FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 10, 2022

Reference: **FR2022-0519-0128/E**
Link Reference: FR2022-0330-0103

Org Id: 23568

1. LTM 2022 SeptOct - Insurance
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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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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