LET'S TALK MONEY®

July/August 2024

S.O.S. for Your Family Finances

Protecting yourself and your loved ones is really what having a financial strategy is all about. A haphazard approach to saving and investing can leave you short of your goals, so consider what you can do to improve your chances of success.

Create a Savings Routine

It's easy to find excuses for not putting money in a savings or investment account. But setting aside even a small amount every month can help you build savings to help you reach your goals. With automatic deposits, the money comes out of your paycheck before you receive it, reducing the temptation to spend instead of save.

Maintain an Emergency Fund

No matter what stage of life you're in, having money set aside for unexpected expenses or a loss of income is essential. An emergency fund can prevent you from having to sell investments or dip into other savings in those situations. You'll generally want to keep three-to-six months' worth of expenses in an account you can easily access without penalty.

Define Short- and Long-term Goals

You're more likely to save if you have specific goals, so think about what you'll need money for in the future. If owning a home is in your plans, having a substantial down payment and a good credit standing can start you on your way to home ownership. Formalizing a college savings plan can help move you to reach that goal. But your biggest challenge may be to accumulate enough savings to fund your retirement. Contributions to an employer's 401(k) plan or a traditional individual retirement account (IRA) potentially grow tax free until you withdraw the money in retirement.

Protect with Life Insurance

Life insurance can be an integral part of your financial strategy. Policy proceeds can help your family maintain its standard of living in the event of your death.*

Your financial professional can help you and your family prepare for a more secure financial future.

**Applications for life insurance are subject to underwriting and require paid premiums for coverage. Accessing cash values may reduce the death benefit and policy values, trigger tax consequences, surrender fees, and charges, and may require additional premium payments to maintain the contract. Guarantees are based on the claims-paying ability of the issuer.*

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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

Saving on Energy Costs

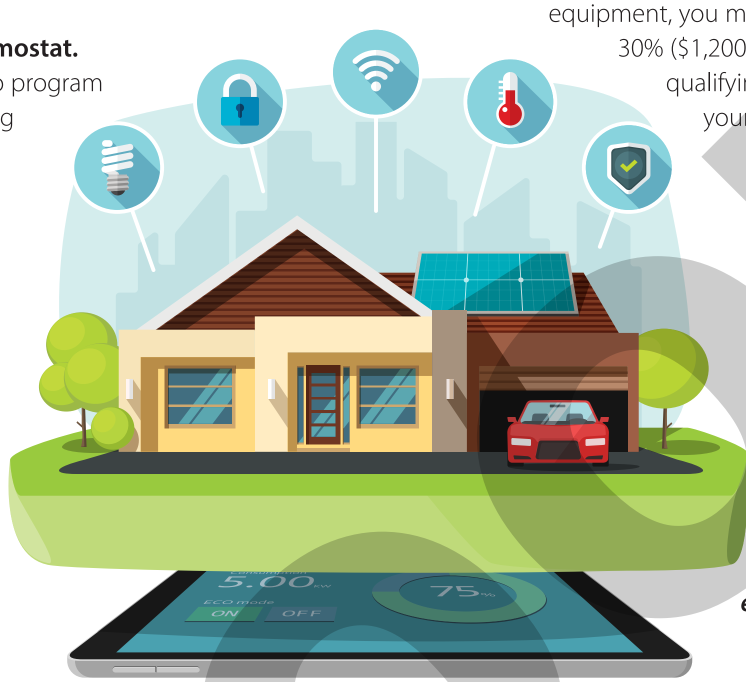
If energy costs take a significant bite out of your monthly budget, there are steps you can take to lower them. Here are some ideas.

Lower or raise your thermostat. Adjusting your house temperature by just a few degrees can make a difference.

Install a programmable thermostat. Smart thermostats allow you to program and control heating and cooling settings using an app or a voice-controlled device.

Insulate. Apply caulking and weather stripping to windows and doors, and add insulation to your home.

Get a home energy audit. A professional auditor will assess your home's energy efficiency and identify areas for improvement.



Energy Efficient Home Improvement Credit. By replacing old furnaces, air conditioners, and water heaters with energy-efficient equipment, you may be eligible for a credit of up to 30% ($1,200 maximum) of the cost of new qualifying items. The credit is taken on your income tax return.

Residential Clean Energy Property Credit. A credit of 30% of the cost of equipment is available until 2032 for the installation of solar panels, solar water heaters, geothermal heat pumps, wind turbines, fuel cells, and battery storage technology. More information about these credits is available at ***www.irs.gov/credits-deductions/home-energy-tax-credits.***

Financial Abuse: A Means of Control

Financial abuse is on the rise. It can affect partners in a romantic relationship or elderly people who are cared for by another adult. By recognizing the signs of abuse, you can take steps to prevent it from happening to you or a loved one.

Romance That Isn't

Advice columns are filled with examples of partner or spousal abuse. Some signs of an abuser include taking an unusual interest in your finances, offering to take over your checking account to make sure bills are paid, discouraging you from working or sabotaging your employment, stealing from you, criticizing you, and asking you to pay for dinners, movies, and other things.

Protect Yourself

You can thwart an abuser by controlling your phone and preventing others from viewing your texts or search history; opening your own mail; not sharing your PIN; keeping checks, bankcards and other payment methods in a safe place; reviewing bank and card statements; refusing to lend new romantic interest money or cosign a loan; and refusing to open a joint checking, savings or credit account with a person you haven't known long.

If You're Older

Older people can protect themselves by being proactive. Appoint someone you trust as a contact for bank and investment accounts or give them view-only access. Consider signing up for a monitoring service that detects suspicious activity. Stay in contact with loved ones, and make sure they know your caregivers.

Handling an Inheritance

Millennials who are expecting a substantial inheritance from their baby boomer parents may be in for a surprise. Studies show a significant gap between what millennials expect to inherit and how much their parents plan to leave them.*

What's Stopping Them?
Despite having accumulated more wealth than any other generation in history, boomers may be reluctant to consider passing that wealth to their children until they have a clearer view of their own future. Because people are living longer, the cost of potential long-term care is a major concern, as is the risk that inflation will reduce the buying power of their savings. Many baby boomer parents are supporting their children financially, as well, making planning problematic.

Nobody Talks About It
Whether you're the parent or the child, you may dread talking about money. But it's important for parents to discuss any plans they have in place with children. Wills, trusts, advance directives, and powers of attorney are legal documents that parents should have, and children should know they exist and where to find them.

When You Do Inherit
You've probably read about wealthy people who wind up penniless and in debt because they spent money haphazardly. If you do receive an inheritance, take steps to preserve it.

- Put the bulk of the funds in a money market or high-yield savings account until you have a plan in place.
- Assemble a team of professionals to help you, including a financial professional, CPA, and attorney.
- Add to your emergency fund.
- Pay off student loans, credit cards, and other debt.
- Put a down payment on a house if you're not already a homeowner.
- Invest the rest of the money or add it to your retirement accounts.

Treat Yourself
Set aside a modest amount for a splurge. Spending some of the money on yourself can prevent you from feeling deprived and make it more likely you'll stick with your plan.

**Alliant Credit Union, 2023*

Kiddie Tax 2024

If your child has investment or other unearned income above a certain threshold, that income may be subject to the kiddie tax.

For 2024, the first $1,300 of a child's unearned income is tax-free. The next $1,300 of unearned income is taxed at your child's tax rate. Any additional earnings above the $2,600 threshold are taxed at the child's or parents' tax rate, whichever is greater.

What Qualifies as Unearned Income?

A child's unearned income may include:
- Taxable interest
- Dividends
- Capital gains
- Taxable scholarships
- Income produced by gifts from grandparents
- Income from custodial accounts

Exceptions
The kiddie tax does not apply to children who spend their own earned income for more than half the cost of their support. Children who are married and file a joint return are also not subject to the tax. Your tax professional can provide more information.

What Will They Do with Their Inheritance?

The children of baby boomers are set to inherit significant wealth from their parents over the next decades.

How do they plan to use their inheritance?
- Pay off debt: **37%**
- Supplement retirement savings: **35%**
- Pass it to others: **26%**

How do they feel about handling their inheritance?
- Very comfortable handling a windfall: **39%**
- Not prepared to handle a windfall: **58%**

Source: Dailymail.com, October 2023

How Much Risk Can You Take?

Whether your dream is to climb Mount Everest or sail the Caribbean in a pontoon boat, the amount of risk you feel comfortable with is different for everyone. That applies to investment risk, too. But how can you find your comfort level?

Your Risk Tolerance

Risk refers to market conditions that can negatively affect returns. *Risk tolerance* is your ability to accept the possibility of investment losses. Taking greater risk with your investments offers the potential for higher returns, but it also exposes your portfolio to substantial losses if the markets take a downturn. However, not taking enough risk can prevent you from earning returns that will help you reach your goals.

Types of Investors

Investors generally fall into three categories based on their tolerance for investment risk.

Aggressive investors are willing to accept more risk of investment losses in exchange for the potential for earning higher returns. Their portfolio typically holds equities and commodities, with little or no exposure to bonds or stable value investments.

Moderate investors are willing to accept periods of market volatility in exchange for the possibility of earning returns over time that significantly outpace inflation. Their portfolios typically consist of a mix of equities and income-producing investments, such as bonds.

Conservative investors accept little or no volatility with their investments. They seek income and capital preservation. Their portfolios hold investments that are highly liquid (i.e., can easily be turned into cash), such as certificates of deposit, money market accounts and U.S. treasuries.

Your Time Frame

Risk tolerance can change based on your age, goals and time horizon. Investors in their 20s, 30s and 40s generally can take more risk with their investments because they have many years before they'll need their savings. As you get closer to retirement, you may want to shift some higher risk investments into less volatile, income-producing assets. Keep in mind, though, that keeping a portion of your portfolio in equity investments can provide a hedge against inflation.

Your financial professional can help you design a portfolio based on your goals and risk tolerance.

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

March 11, 2024

Reference: **FR2024-0222-0194/E**

Org Id: 23568

1. Lets Talk Money July August 2024 STD
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

This year's Advertising Regulation Conference will be held on September 26-27 in Washington, D.C. For more information and to register, please view our site at: https://www.finra.org/events-training/conferences-events/2024-advertising-regulation-conference

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