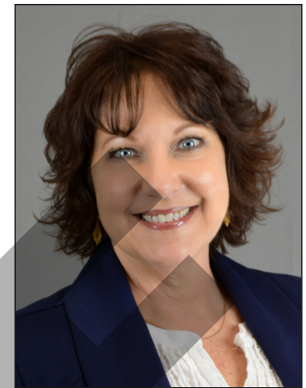
LET'S TALK MONEY®
May/June 2025



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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.

INVESTING IN REAL ESTATE

If you're looking for another way to diversify* and grow your wealth, consider some of the most popular avenues in real estate investing.

Rental Properties

The beauty of rental properties lies in their ability to leverage financing. You can purchase a property with a mortgage and then benefit from cash flow and property appreciation over time. Just keep an eye on property management. Whether you manage it yourself or hire a firm, success often hinges on effective management.

Real Estate Investment Trusts (REITs)

REITs** may be attractive if you want real estate exposure without the headaches of direct ownership. A REIT owns, operates, or finances income-generating real estate across various property sectors. By investing in a REIT, you can enjoy regular income from dividends, as they must distribute at least 90% of their taxable income to shareholders. This is especially appealing if you want diversification* and liquidity, as REITs are traded on stock exchanges.

Real Estate Limited Partnerships (RELPs)

A limited partnership in real estate may appeal to you if you wish to take on a more active investment approach without being wholly responsible for property management. In this structure, you become a limited partner, contributing capital alongside a general partner who manages the investment. This arrangement may provide substantial returns, especially if the properties appreciate significantly. But know that while your liability is limited to your investment amount, you'll need to trust the general partner to make sound investment decisions.

Real Estate Mutual Funds

These funds invest in various real estate securities, including REITs and direct property investments. They provide an opportunity to hedge against specific sector risks and still engage in real estate without needing extensive knowledge or capital. It's a simple way to gain exposure to real estate while

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High Net Worth Version

A GENERATION-SKIPPING TRUST MAY BE A SMART MOVE

This unique trust allows you to transfer assets to beneficiaries two or more generations younger than you — your grandchild or great-grandchild, for instance (or anyone else at least 37.5 years younger than you) — in a tax-advantaged way.

How It Works

Say you use a generation-skipping trust (GST) to transfer assets directly to a grandchild rather than giving them to your child. You avoid estate tax being imposed twice on those assets—once when passing to your child and again when they pass to the grandchild. Giving assets directly to a great-grandchild avoids an additional round of estate tax.

You can also use a GST as an incentive for behaviors you'd like to encourage or discourage in the younger generation. For example, you might stipulate that your beneficiary receives distributions only if they maintain a certain college GPA, successfully complete a rehab program, are self-supporting, or if the funds are used for specific purposes, such as purchasing a home or starting a business.

A GST will impact three generations and may remain in effect for a long time. Because your trustee will hold significant power, you should carefully consider your choice. Selecting a family member could breed resentment among other family members and create issues. Additionally, you should appoint successor trustees as well.

Not Tax Free

Assets passing through a GST may be subject to the generation-skipping transfer tax. This tax rate is the same as the estate-tax rate. However, the generation-skipping transfer tax generally only applies to estates greater than $13.99 million in 2025.

An important note: Unless new legislation is passed this year, this exemption amount is set to fall to $5 million in 2026. So, if you think a GST might fit your planning, now may be the time to talk with your trusted legal and financial professional to learn more details.

ACT NOW TO AVOID RETIREMENT SAVINGS MISTAKES

Successful retirement planning takes more than simply putting money away in a tax-advantaged retirement plan account. It also includes periodically asking yourself these critical questions to avoid common retirement missteps:

- When was the last time I reviewed and revised my retirement asset allocation to ensure it continues to meet any changing needs and situations?
- Are my estate documents up to date to meet my current net worth?
- Do I have a good idea of my future healthcare costs?
- Does my insurance coverage still reflect my current and future needs?

Continuously contributing to retirement plans, working with a tax professional to cut your tax bill, frequent reviews with your financial professional and living on a budget are keys to attaining a financially-secure future.

CHOOSING A HEALTH SAVINGS ACCOUNT

Health Savings Accounts (HSAs) are unique in that besides helping you manage healthcare costs effectively, they also offer triple tax advantages: Contributions are tax-deductible, growth is tax-free, and withdrawals for qualified expenses are tax-free.

An HSA is a tax-advantaged savings account that helps individuals save for qualified medical expenses. To be eligible for an HSA, you must be enrolled in a High Deductible Health Plan (HDHP), which has specific minimum deductible and maximum out-of-pocket expense limits defined annually by the IRS. (See the table below.) Additionally, you can't be enrolled in Medicare or claimed as a dependent on someone else's tax return.

Advantages

Along with minimizing your current taxable income, HSAs offer numerous other advantages. Unlike employer-offered Flexible Spending Accounts (FSAs), which may have a "use it or lose it" stipulation, HSAs allow funds to roll over year after year. This feature is especially beneficial for long-term savings.

Many HSAs offer investment options that can potentially yield higher returns than traditional savings accounts. This means you can grow your HSA funds over time, maximizing their utility. Once you reach age 65, HSAs can be used for non-medical expenses without penalties (though income taxes will apply). This makes HSAs an excellent supplement to retirement savings.

Considerations

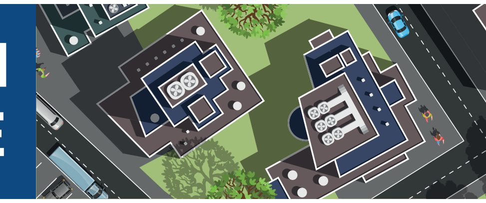
HSAs may charge various fees, including account maintenance fees and transaction fees. It's crucial to compare different HSA providers to understand their fee structures, as these can impact your savings.

Interest rates on HSA accounts vary significantly; some providers offer competitive rates akin to traditional savings accounts, while others provide the opportunity to invest in stocks, bonds, or mutual funds. Navigating the intricacies of HSAs can be overwhelming. Working with a trusted financial professional can provide tailored insights and strategies to help you integrate an HSA into your broader planning efforts.

HSA and HDHP Limits for 2025

	HSA Contribution	HDHP Deductible	HDHP Maximum Out of Pocket (excluding premiums)
Individual	$4,300	$2,850-$4,300	Not more than $5,700
Family	$8,550	$5,700-$8,550	Not more than $10,500

INVESTING IN REAL ESTATE



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benefiting from the collective expertise of fund managers.

Exchange Traded Funds (ETFs)

Like mutual funds, ETFs are composed of different real estate stocks and REITs, but they trade on stock exchanges like individual stocks. This means they're more liquid and generally have lower fees. ETFs can be a strategic option for someone looking to diversify easily and flexibly.

Each option has pros and cons, so consider your financial goals, risk tolerance, and involvement level before committing.

Consult your financial professional to strategize the best approach for your unique situation.

**Diversification cannot eliminate the risk of investment losses. Any type of real estate investment can result in a loss of principal.*

***Read the mutual fund ETF, REIT, or RELP prospectus or agreement and consider the investment objectives, risks, charges, and expenses before investing. Because the values of these investments fluctuate, redeemed shares or sale proceeds may be worth more or less than their investment. Past performance won't guarantee future results.*

A ROPE OR QUICKSAND?

With today's home prices, you may be considering helping your child with a down payment for their first home. It's a generous gesture that can be just the pull-up they need. But the decision shouldn't be taken lightly. Without forethought, a financial windfall of this amount might sink some offspring into a hole of bad financial decisions. Here are some things to think about:

Their Financial Readiness

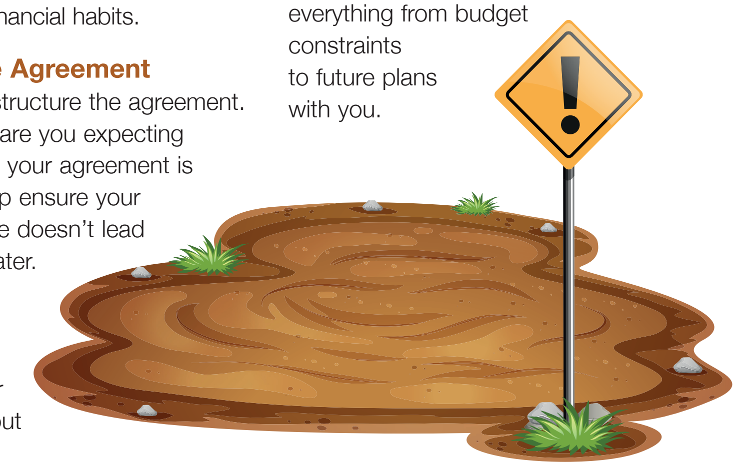
Is your child financially prepared for homeownership? It's not just about the down payment. They need to be able to manage monthly mortgage payments, property taxes, insurance, and maintenance costs. You might want to have a heart-to-heart about their financial habits.

Structuring the Agreement

Consider how to structure the agreement. Will it be a gift, or are you expecting repayments? How your agreement is structured can help ensure your financial assistance doesn't lead to complications later.

You'll want to consult a trusted financial advisor or attorney to work out an approach that aligns with your intentions and keeps things clear between you and your child. And ask about possible tax implications.

Finally, keep communication open. Buying a home is a big decision, and your child should feel comfortable discussing everything from budget constraints to future plans with you.



MISCONCEPTIONS HOLDING YOUNG WOMEN BACK

Despite inroads working women have made in recent years, according to the American Association of University Women (AAUW), on average, they still earn 16% less than men — 84 cents for every $1 a male counterpart earns. The gap is wider for working mothers. A report from the National Women's Law Center found year-round, full-time working mothers are typically paid 71 cents for every dollar paid to year-round working fathers.* What's at work here? For many young women, it can be these financial misconceptions.

I'm Too Young to Save for Retirement

Retirement savings may be a low priority at the beginning of a career. But it's never too early to take advantage of the power of time and compound interest. Open an Individual Retirement Account or join your employer-sponsored retirement savings plan. If your employer matches contributions, contribute at least the match amount to maximize your savings.

I Don't Have Enough Money to Invest

No amount is too small to start a regular investment program. Creating a relationship with a financial professional now can help you find suitable investments based on your financial situation and give you a foothold in future success. Take this opportunity to financially plot a plan for life events such as unexpected emergencies, buying a home, or starting a family. Debt is bad. Some debt, such as a credit card that offers cashback or other reward programs, can benefit you. Just don't charge more than you can afford. Paying credit card bills in full when due avoids interest and allows you to build credit. A good credit score can lead to better interest rates on mortgages, car loans, etc.

Personal finance can be complex and present unique challenges, especially for women. Talking with a financial professional can help you navigate these challenges.

Statistics from AAUW show that gender-based financial barriers can set a 20-year-old woman starting full-time employment today back $462,000 in income over a 40-year career compared to a similarly situated man.

**AAUW analysis of the U.S. Census Bureau Current Population Survey and the National Woman's Law Center Mother's Wage Gap Study, 2024*

Avoid The Retirement Gender Gap Older Women May Face

U.S. Women Turning 65 from 2024 to 2030	Median Retirement Assets	Expected Annual Social Security	HDHP Maximum Out of Pocket (excluding premiums)
% Less than Male Cohorts	45%	5%	43%

Source: AARP, 2024

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

January 13, 2025

Reference: **FR2024-1231-0106/E**

Org Id: 23568

1. LTM May-June 2025 HNW
   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

Reminder: The fee charged for Regular filings submitted to the Advertising Regulation Department on January 1, 2025 and after, will increase from $125 to $300 (for the first 10 pages/minutes). The fee of $10 per additional page/minute has not changed. The filing fee for expedited filings will remain at $600 (for the first 10 pages/minutes) and $50 per additional page/minute. Please see https://www.finra.org/media-center/blog/funding-finras-mission-111224 for more information.

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