LET'S TALK

MONEY®

May/June 2025

Exploring Fixed Income

Investors nearing retirement typically move more funds into income-generating vehicles like bonds. This asset class encompasses a few different types of investments. Here's a look at some of them:

Treasury Securities

This investment is your loan to the federal government. You can buy U.S. Treasury bills, which mature in a year or less. You may prefer Treasury notes, which mature between two and 10 years, or bonds, which mature after 10 years. Their interest rates are promised only when held to maturity, so you can lose money if you sell before that time.

When yields rise like they have with inflation, its increasingly likely that selling before maturity would net you less than the guarantee because prevailing higher yields are more attractive.

Agency Securities

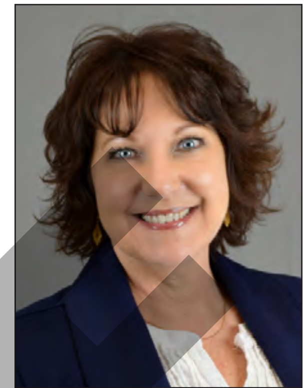
This type of fixed income investment is either debt issued by a U.S. government or government sponsored entity (GSE). The latter, which includes agencies like mortgage providers Fannie Mae and Freddie Mac, does not offer a guarantee. The Small Business Administration and U.S. Postal Service are among other agencies issuing everything from bills to bonds.

Corporate Securities

Interested in investing in a part of the world's biggest companies, but you don't want the risk of equities? Corporate bonds might be your alternative. While they are typically less volatile than stocks, they aren't risk-free. The same bad news that affects stock prices, whether it's the economy or poor company performance, can also distress bonds.

Bonds are ranked by ratings companies, and negative factors like these can lower the ratings of companies that issue bonds. When this occurs, companies typically must pay a higher interest rate on newly issued bonds. This means more risk, but potentially more reward. If you're worried about risk, look for corporate debt that is secured, which collateralizes the debt.

**Prices of fixed income securities may fluctuate due to interest rate changes. Investors may lose money if bonds are sold before maturity. You should consider the securities' investment objectives, charges, expenses, and risks carefully before you invest. The securities' prospectus, which can be obtained by calling your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money.*



Karen Petrucco
Account Manager

LTM Client Marketing
236 Broadway
Albany, NY 12204

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

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Standard Version

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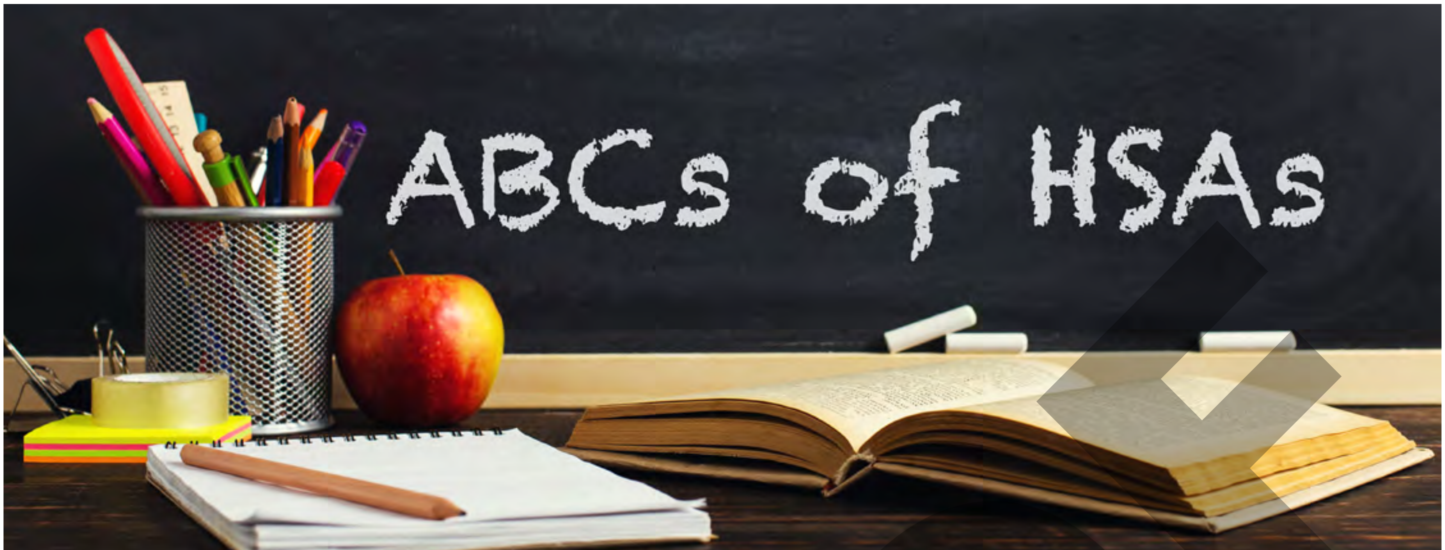

Although health insurance deductibles and other out-of-pocket costs continue to rise, one good thing has come out of this recent turmoil: Health Savings Accounts (HSAs). Consider taking advantage of this tax-saving opportunity to pay healthcare bills.

Triple Tax-Free
The bold-faced headline about HSAs is they are triple tax-advantaged. Contributions are deducted from your pay pre-tax, earnings and any earnings on your investment accumulate tax-deferred and distributions for qualified medical expenses are tax-free. You can use your HSA to pay for co-payments, deductibles, prescriptions, lab work, imaging and physical therapy today, next year and even in retirement.

Extra Help
The ability to roll over an HSA account balance from year to year can be especially helpful in retirement, when healthcare expenses can consume more of your budget. Beginning at age 65, you can take distributions for non-health reasons and pay income tax on the amount withdrawn. However, distributions for a non-medical reason before age 65 would be subject to income tax and an additional 20% federal tax.

How Much to Invest in an

While more people are using Health Savings Accounts (HSAs) to help pay for rising healthcare costs, many of them are not familiar with the investing options they may have available to them. Should you put all your money into a cash option or into more aggressive 401(k)-plan types of investments? A lot depends on your health.

Invest the Max
If you put away the maximum your employer's HSA allows, you could have money left over each year after satisfying health plan deductibles, coinsurance and co-payments. In that case, you might consider investing the remainder.

Health Matters
If you consume little more healthcare than an annual physical and occasional blood work and you contribute the max, you may take a more aggressive investing approach. If, however, you use whatever you contribute to an HSA in any given year, you might want to stay with an approach where you don't risk your funds.

Time for Your Insurance Audit

Summer is around the corner and wind, rain and firestorms will follow. Even if you understand the need for protection like property and health insurance, you may find yourself uninsured or underinsured for certain events.

Natural Disasters
Start with flood insurance. If you live in a flood plain, this is a necessity. If you don't, you may still need the coverage. According to the Federal Emergency Management Agency (FEMA), more than 20% of flood claims come from properties outside the high-risk flood zone.

If you live in an area prone to damaging windstorms like hurricanes or tornadoes, you may need additional property insurance. The same is true for earthquake zones, where you may have to buy separate insurance for this peril.

Also consider carrying general liability and property insurance for general risks around your home, and use umbrella insurance to fill coverage gaps. Talk to your agent to see if you're fully insured.

Personal Insurance
Next, consider your current personal insurance and learn if it is too little, too much or non-existent. Start with disability income (DI) insurance. The younger you are, the more likely it is that you'll become disabled for a period of time than experiencing an early death. If you couldn't fund your needs without your income, you probably need DI insurance. If DI is offered through work, consider buying it.

Life Insurance
If your family has grown or added goals, such as a child's college education, you may find you need more life insurance. Conversely, if your financial obligations have lessened as you age, you may learn you don't need all the life insurance you presently own. Talk to a financial professional to learn more.

Major Reasons Gen Z and Millennials Have Life Insurance

	Millennials	Gen Z
Cover burial and final expenses	53%	38%
Transfer wealth or leave an inheritance	38%	35%
Help replace lost wages/income of wage earner	33%	28%
Supplement retirement income	36%	31%
Employer provides it to me	41%	26%

Source: LIMRA and Life Happens, 2023

May is Older Americans Month

A Presidential Proclamation designates May as the month for honoring older people in our communities. It can also serve as a reminder to ask older relatives about their health and finances. Consider talking with loved ones about:

Estate Planning
At a minimum, make sure your relative has a will and up-to-date beneficiary designations on retirement accounts and insurance policies.

Long-term Care Insurance
Most people will require some form of care as they age. Long-term care insurance can help pay the high costs.

Will, Health-care Proxy and Durable Power of Attorney
These documents, respectively, specify end-of-life treatment and appoint someone to make medical and financial decisions when a person is incapacitated and can't make these decisions on his or her own.

Downsizing
Moving into a smaller home or apartment or one without stairs encourages older relatives to clear years of clutter and can make upkeep easier to manage.

Diversify Your Investments

Mutual funds* and exchange-traded funds* (ETFs) are both baskets of individual securities that offer a variety of asset classes and niche markets that can help investors diversify** their portfolios. There are differences between them, however, that could make one option preferable for a particular investor.

Mutual Funds

Mutual funds are either actively managed or pinned to an index. Earnings can be taxable and are paid as dividends, capital gains distributions, or increases in the share price. Mutual funds allow automatic investments and withdrawals. Share prices are calculated at the end of each trading day when all trades are executed. Not all funds have a sales fee but may charge other fees and expenses, which vary.

Exchange-Traded Funds

ETFs are traded on an exchange, like stocks, throughout the day, so investors can purchase as few as one individual share. Most ETFs follow an index, but some are actively managed. Passively managed ETFs may have lower expenses and can be tax efficient because trades are only made to match changes in their index. However, some trades can trigger the capital gains tax.

Index funds can be less volatile than those that follow a specific sector. ETFs can be relatively inexpensive, however, investing in them does include certain costs, which may include: operating expense ratio (OER), trading costs, commissions (if applicable), bid/ask spreads, and changes in discounts and premiums to an ETF's net asset value.

Your financial professional can review costs and help you decide whether mutual funds or ETFs will fit into your investment plan.

**Investors should carefully 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 mutual 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 mutual funds may result in the loss of principal.*

*** 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.*

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.

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 13, 2025

Reference: **FR2024-1231-0101/E**

Org Id: 23568

1. LTM May-June 2025 Standard
   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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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568