LET'S TALK MONEY®
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What You Should Know About Annuities

Retirees who are concerned that their savings and investments won't be enough to sustain them throughout retirement may want to consider purchasing an annuity. Annuities can provide a stream of income for as long as you live or for a specified number of years. When it comes to the timing of purchasing an annuity, you essentially have two options: immediate or deferred.

1. Immediate Annuity

This is the simplest type of annuity. You make a single lump sum payment to an insurance company. In return, you receive a fixed stream of income for your lifetime or a fixed period. Payments start soon after you purchase the annuity, usually within a year.

2. Deferred Annuity

You make premium payments over time, then take income sometime in the future, allowing your money to potentially grow.

More Choices

Annuities differ further, depending on the type of annuity and the options offered. Variations exist within each of these two categories, but below are the broad definitions.

Fixed Annuities

Fixed annuities offer a guaranteed rate of return on contributions and guaranteed income later. A fixed annuity may be appropriate for someone interested in low risk. However, their lack of inflation protection may be a disadvantage.

Variable Annuities

A variable annuity is an investment account that grows tax deferred and offers a range of investment options (called subaccounts). The value of the account depends on the performance of the type of investments you choose. As with any investment, variable annuities involve risk and are not appropriate for short-term goals.

Indexed Annuity

An indexed annuity typically promises to provide returns linked to the performance of a market index. Indexed annuities are complex products, and you can lose money if the market index declines.

It's important that you consult your financial professional because of the multitude of conditions, requirements, fees, and suitability.

**Annuity products are not FDIC-insured, and their guarantees are backed solely by the claims-paying ability of their issuing life insurance company. Distributions from annuities are taxed as ordinary income and, if taken prior to reaching age 59 1/2, may be subject to an additional 10% IRS tax penalty.*

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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

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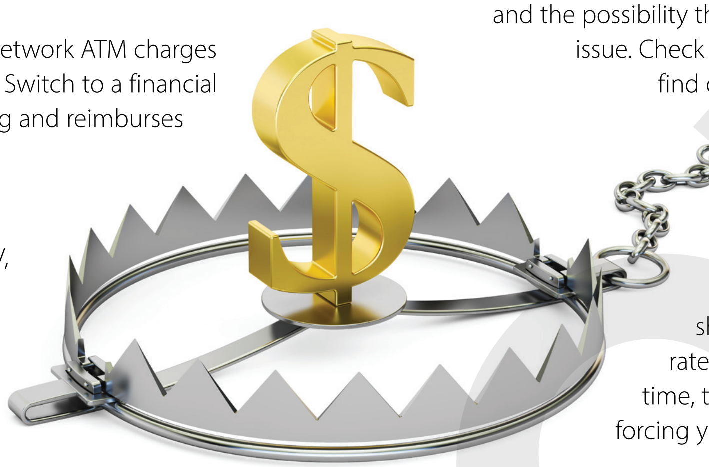
Steer Clear of Money-wasting Traps

You work hard for your money, so you don't want to spend it frivolously. Keep control of your finances by avoiding traps like these that can waste your cash.

Bank Fees

Monthly service fees and out-of-network ATM charges can cost you money each month. Switch to a financial institution that offers free checking and reimburses ATM charges.



Free Trials

Subscription services for music, TV, etc., may offer you a limited-time free trial, which you'll generally have to secure with a credit card. Make sure you know what the cost will be once the trial ends and how to contact the company if you want to cancel.

Extended Warranties

The downside of these plans includes their typically high cost and the possibility that the warranty won't cover your issue. Check with your credit card company to find out if your card includes warranty coverage for purchases charged to your card.

Cash Advance Loans

Payday lenders lend you a portion of your upcoming paycheck as a short-term loan at a high interest rate. If you fail to repay the loan on time, the lender may add on high fees, forcing you to borrow even more.

Investment Scams

Someone you don't know calls you or sends an email about an investment opportunity that you have to jump on right away, so you don't miss out. Hang up or delete the message.

Budgeting During Uncertain Times

The economy has been on an uncertain path lately. More and more people earn income that varies each month due to fluctuating work hours or multiple part-time jobs, making budgeting a difficult task. Still, you can start the new year off right by improving your money management skills, even when your monthly income is uncertain.

Add up your fixed expenses. Include food, mortgage, or rent, utilities, transportation, and health insurance. The total is the minimum amount you need to earn each month to live on.

Save extra cash. Set aside any money that is over the basic amount you need to live on in a savings account. If you won't need the money for several months, consider putting it in a money market account, which typically earns a higher rate of interest than a savings account.

Look ahead. If you discover you won't have enough income in the near future, look for ways to get ahead of the shortfall. Picking up extra hours at a part-time job or volunteering for overtime may put you in a better place financially.

Avoid overspending. It might be tempting to spend more in the months when you have extra cash but doing so could put you right back in deficit territory. It's okay to treat yourself within limits but put the bulk of your money into your savings account.

Start a side hustle. Turning a hobby into a business can bring in extra income. Apply to sell your items at flea markets and craft fairs held at local schools or churches. Or get together with friends and hold a sale in your home.

Make Your Mortgage Easier to Live With

The upside to owning a house is you're building equity. The downside is the substantial amount of interest you'll pay over the life of the loan. Finding a way to reduce that amount is a smart financial move.

Just Getting Started?

Shop around for a lender with the lowest interest rate. You'll pay far less in interest on a 15-year mortgage than a 30-year loan. And a substantial down payment means you'll have to borrow less.

Already a Homeowner?

You may be able to save interest by putting additional money toward the loan principal each month, allowing you to pay off your mortgage faster. But check with your lender first to make sure that there will not be any pre-payment penalties.

Steps to Take First

Before employing either of these strategies, make sure your financial house in in order.

- Pay off all other debts, including personal loans and credit card balances.
- Save at least three-to-six months' worth of living expenses in an emergency fund account that you can easily access without paying a penalty.
- Contribute a minimum of 15% of your income to an employer's retirement plan or an individual retirement account (IRA).

Power Surges: Are You Protected?

The lights flicker off, and your computer screen goes blank. When the lights come back on, your computer doesn't. A power surge could be the reason.

Power surges are sudden spikes in electrical voltage. They're often caused by lightning strikes or bad weather that knocks out power. A surge can come through cable TV, a satellite dish, telephone lines, or electrical service lines. It can instantly overload and short out the circuitry of electronics, such as air conditioners, televisions, computers, cell phones, and appliances.

In-home Protection

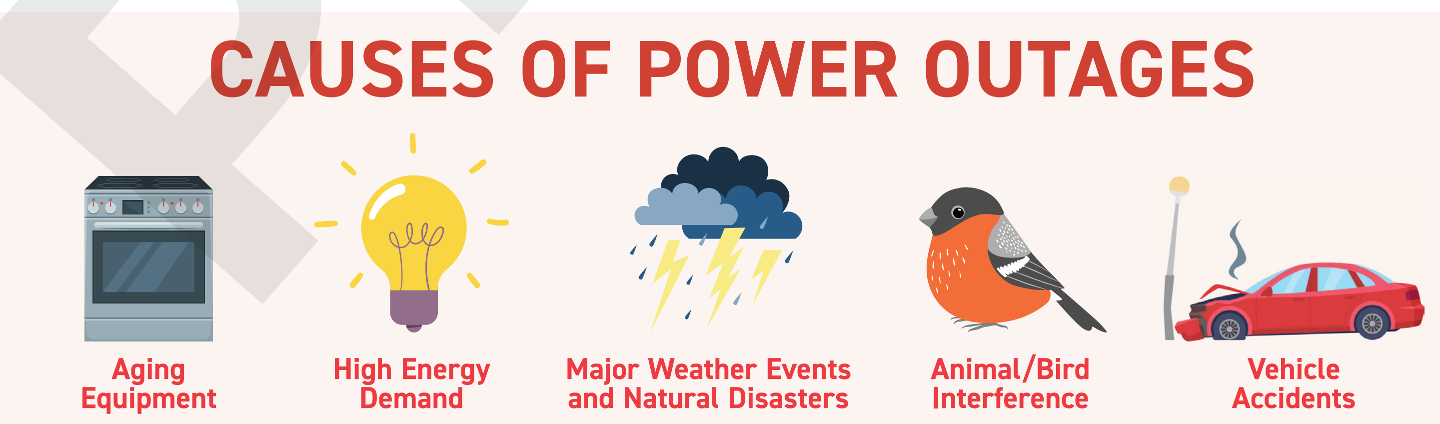
You can install devices that may help protect against power surges. Special electrical outlets and point-of-use power strips that offer surge protection can prevent damage to electronics. Another option is a service entrance surge protector that mounts on your home's main electrical panel or at the base of your electrical meter.

Insurance Can Help

Homeowners insurance typically covers the cost of replacing an electrical or electronic device that is damaged by a power surge. Check your policy for coverage details.

Top Reasons for Power Outage Increases

Power outages have been steadily increasing in the U.S., both in frequency and duration. According to the U.S. Energy Information Administration, electricity customers experienced slightly more than eight hours of power interruptions in 2020, up from 3.5 hours in 2013, the first year that data was collected.



Claiming Life Insurance Benefits

If one of your estate planning goals is to ensure assets remain in your family, an inheritance trust may be an option to consider. Leaving assets in a trust allows your children to keep inherited assets separate from marital assets and protects assets from creditors during financial hardship.

How It Works

The assets in the trust benefit you during your lifetime and then pass to separate trusts for each of your children upon your death or the deaths of you and your spouse. You remain the trustee until your death. Successor trustees can be your spouse, your children, or a trust company to ensure that no one outside the family has access to the trust assets.

You can transfer assets to the trust throughout your lifetime, and you'll be able to name a beneficiary — often a grandchild — to receive any assets remaining in the trust when your child dies. You can also appoint a trustee, possibly from among your other children, to manage the assets for a minor grandchild at the death of a parent.

Limited Powers

As trustee, your child has limited power to change the trust's beneficiary. However, the new beneficiary *must* be another one of his or her children or another one of your children or grandchildren. If your child dies without children, the trust can direct unused assets to be divided among your remaining blood relatives, including the deceased child's siblings or your other grandchildren.

Keep It in the Family

An inheritance trust can protect valuable assets from accidentally slipping away from your family.

As an example, suppose you own a lake house that's been in your family for a couple of generations. Assets that pass through an inheritance trust are not considered joint marital assets and, therefore, are protected if your child and a spouse divorce. The lake house stays with your blood relatives, since any assets remaining in the trust are distributed to your grandchildren or your other children when your child dies.

Your financial and estate planning professional can help you determine if an inheritance trust could complement your estate plans.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 25, 2022

Reference: **FR2022-1010-0101/E**
Link Reference: FR2022-0726-0127

Org Id: 23568

1. LTM Insurance Jan-Feb 2023
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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