LET'S TALK MONEY®

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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.

Rebalancing in Retirement

While you're making contributions to your retirement plan(s) consider rebalancing your investments annually to maintain your chosen asset allocation.* It's easy to do simply by contributing less to the investment class that's forging ahead and more to the class that's lagging.

A Different Process

Once you're retired and no longer contributing to your plan, the process of rebalancing can be more complicated. Instead of allocating more or less money to one asset class, you'll have to sell investments to reach your desired allocation. Typically, if you're taking required minimum distributions from your tax-deferred retirement accounts, rebalancing can be part of that process.

Why Rebalance?

Rebalancing your portfolio brings your asset allocation back in line with the investment mix you originally chose. Rebalancing may be even more important in retirement than it is while you're accumulating assets. That's because fluctuations in your allocations matter less due to your longer time frame for recouping losses. Once you're retired, however, your goal will be to maintain your savings to ensure you'll have enough money to last throughout your retirement.

Reduce Risk

Taking too much risk with your retirement savings may result in losses that can leave you without enough income for the lifestyle you envisioned. Rebalancing your accounts may help reduce the risk that your portfolio won't be able to recover from a drop in value.

Control Volatility

Holding investments that are prone to wide market swings can be detrimental to your savings in retirement. If you have the option, selling off any volatile securities you're holding can help keep retirement accounts on a more even keel.

What You Can Do

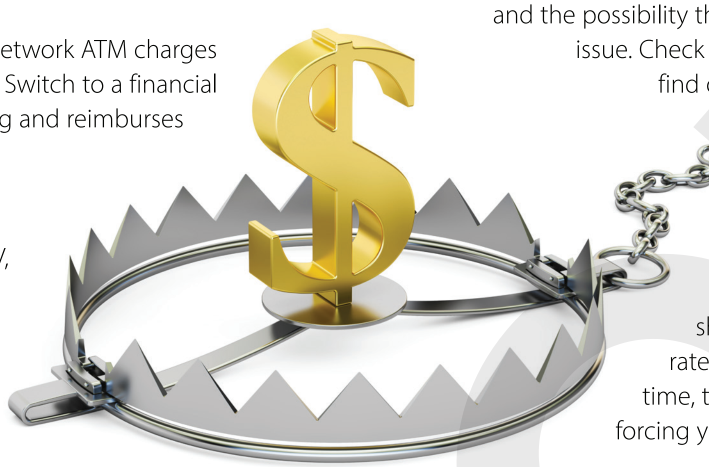
There are several steps you can take to preserve your retirement funds and make rebalancing easier. Your financial professional can help you create strategies for maximizing your retirement income.

**Asset allocation won't guarantee a profit or ensure against a loss but may help reduce volatility in your portfolio.*

Retirement Version

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.

CAUSES OF POWER OUTAGES

Aging Equipment

High Energy Demand

Major Weather Events and Natural Disasters

Animal/Bird Interference

Vehicle Accidents

Tax Treatment Varies with Income Sources

Taxation of retirement income is not a one-size-fits-all proposition. How your retirement income is taxed depends on where it comes from and, in some cases, the total amount of income you receive. Knowing how each type of income is taxed can help you and your tax professional plan and potentially minimize the amount you owe.

Social Security Benefits

You may be surprised to learn that a portion of your Social Security benefit will be taxed if your earnings exceed a certain amount. Fifty percent of your benefit is taxable with combined income of $25,000-$34,000 for single filers and $32,000-$44,000 for joint filers. Eighty-five percent of your benefit is taxable once income exceeds $34,000 and $44,000, respectively.

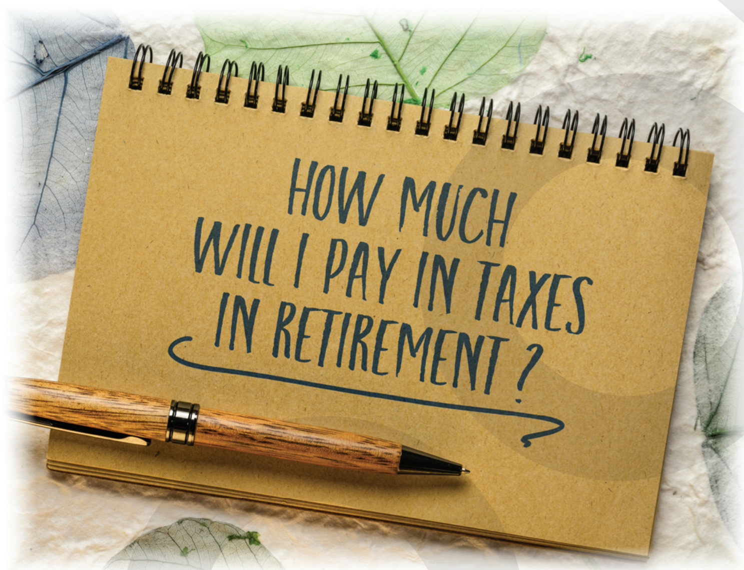
Retirement Plan Distributions

Generally, contributions to 401(k), 403(b), 457 or other tax-deferred retirement plans are made with pretax dollars. Once you begin taking withdrawals, you'll pay taxes on contributions and earnings at your regular income tax rate.

One exception is a Roth IRA. Contributions to a Roth are made with after-tax dollars. Withdrawals of principal and earnings are tax free once certain conditions are met.

Pension Income

Most accounts are funded with pretax dollars, so annual income is taxed as ordinary income. However, if any portion of the pension was funded with after-tax money, that portion won't be taxable.



Investment Income

You'll pay taxes at your regular income tax rate on: interest from maturing certificates of deposit (CDs); checking and savings accounts; money market accounts; corporate bonds; U.S. Treasury bonds; dividends from credit union and similar accounts; annuity earnings; and short-term capital gains on investments held for one year or less.

Most qualified dividend income and long-term capital gains on investments held longer than one year are taxed at rates ranging from 0% to 20%, depending on your income.

Municipal bond interest is exempt from federal, and sometimes state, income tax.

Don't Go It Alone

Your income during retirement will likely come from a variety of sources with different tax treatments. Your financial and tax professionals can help you navigate the maze of the information you'll need to file your tax return.

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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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 26, 2022

Reference: **FR2022-1012-0053/E**
Link Reference: FR2022-0726-0127

Org Id: 23568

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

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

hrm

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.

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