LET'S TALK MONEY®

INVESTING DURING COMPLEX TIMES

While creating a successful investment strategy may be challenging when markets decline sharply, it becomes even more difficult when the economy sputters along with it. This was the environment high-net-worth (HNW) investors faced last year as markets declined while inflation soared.

In this environment, how do you invest in a way that offers a decent potential return to battle the eroding effects of inflation while protecting your investments? While the alternatives may not make up for the record-high annual inflation rate recorded in 2022[1]—the highest in four decades—there are ways to protect your investments and seek a return.

Low Hanging Fruit

You know this already, but a reminder never hurts: Reduce your high-interest debt. If you wonder what this advice is doing in an investing article, weigh how much you pay on any revolving credit card or line of credit loan versus what some investments are earning.

A 7% best-customer rate on your favorite credit card may be low, but doesn't make sense when markets are down. Get rid of your revolving credit balances—especially today as even best-customer interest rates rise. Then consider investing your savings elsewhere.

Reap Generous Tax Credits

Electric vehicles and energy-efficient home installations, including solar panels, come with generous tax credits provided you meet certain requirements, which differ depending on time of purchase. Other restrictions apply.[2] This may be a good place to put the money you save by not carrying high interest debt. Your tax professional can provide information unique to you.

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INTEREST RATES UP	**CONSUMER PRICES UP**	**COLLECTIBLES' PRICES UP**

FINRA Reference FR2022-1117-0074/E HNW

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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.

High Net Worth Version

LTM Client Marketing
helping financial professionals stay connected

PRESERVE GENERATIONAL WEALTH

Creators of generational wealth have many talents. People with a high net worth (HNW) have learned how to build businesses and create succession plans. They understand the importance of tax strategies to preserve wealth and estate planning to pass on that wealth.

However, stories abound of families that squandered inherited wealth. There is a good chance this occurred because HNW parents did not instill financial responsibility in their children. You can teach your children and grandchildren to preserve wealth by emphasizing the importance of establishing the following three factors:

Emphasize a Work Ethic

Whether you run a business or a foundation, your children need to understand the importance of a strong work ethic. Your obligation is to teach them everything you know. Their responsibility is to listen, learn and work. Wealth doesn't happen by itself. It is created and preserved.

Create a Value Statement

A work ethic is only one value that has helped you accumulate wealth. You run your business, your charitable endeavors and your life by adhering to values and unwritten rules. Why not work with your children to put your values into words, incorporating their input where possible? A value statement gives your children a road map that provides clarity and certainty.

HNW individuals work as hard to transfer wealth as they do creating it

Never Stop Communicating

Many high-net-worth families experience conflicts and even a wealth drain when they don't communicate regularly. Communication is a two-way street, so be prepared to receive input as easily as you give it.

For example, communicate with your children regularly to learn about their skills and level of interest in your enterprise. If one child wants nothing to do with your organization(s), you can work with your financial professional and estate planning attorney to draft a plan to equalize your estate for the non-successor in your family.

From cradle to grave, your children can learn to live in ways that help ensure your estate is preserved for generations to come.

FINANCIALLY SAVVY YOUNG PROFESSIONALS

You worked hard to begin your professional career. While higher education prepared you for this path, you may struggle managing a significant income for the first time. Managing your money consciously can help you avoid costly mistakes as you begin building a financially secure future. Consider the following to help you manage your money:

Avoid Lifestyle Creep – If buying an expensive new vehicle is your first impulse, fight it. Even an impressive salary is finite, and your take-home pay will be less than your gross income. Live within your means to avoid lifestyle creep – that's when the more you earn, the more you spend – and you'll build a secure future that may include future lifestyle purchases like this.

Resist Instant Gratification – Credit is among the most important areas to manage if you are to avoid lifestyle creep. Credit enables impulse buying of "wants" instead of "needs". The problem is that high interest rates and making minimum payments can have you paying multiples of your purchase price over time. The solution? Don't charge more than you can pay in full each month.

Compare Financial Alternatives – Paying off your credit card balance each month doesn't mean you have to live a credit-free life. If you have student or car loans that are near a 0% interest rate, consider putting extra money in a company retirement plan instead of paying the loans in full.

Know Your Benefits – Employee benefits like a company 401(k) plan, health insurance and other group insurance benefits may cost less in your workplace than out of it. Learn about your benefits and take advantage of them.

Work with Professionals – You worked hard to learn your craft, so, it makes sense to team up with financial and tax professionals who worked long and hard to learn theirs. Trusted professionals can work with you to create a financial plan that addresses all your personal and business financial needs, based on your current situation and goals. Side benefits are you'll free up some of your time while sidestepping lifestyle creep and building a more secure financial future as your income and assets potentially increase over time.

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Think Long Term

Now consider where you might invest during volatile times. Look ahead and strategize with your financial professional. If an investment still has the favorable long-term outlook it had when you bought it, consider standing pat.

And consider this: An emergency fund that covers as much as two years' worth of financial responsibilities would make it much easier to withstand short-term volatility.

Fixed Income Looking Up

Now that interest rates have increased, the yields on fixed income investments are climbing, too.

Look for Contrarians

When stock indices fall, some outliers including food and healthcare stocks typically do relatively well because you need their products and services regardless of economic conditions.

Don't Ignore Dividends

When everything else is equal, a dividend-paying stock or mutual fund* may offer a better total return than one without a dividend. Invest in this type of security because it makes sense, not solely because of the dividend. The dividend should be icing on the cake.

Consider the Alternatives

Alternative investments encompassing diverse assets can be a potential hedge against inflation. They include everything from real estate (in both private and publicly traded forms) and private equity (versus publicly traded) to art, wine and even baseball cards. Recently, a 1952 baseball card featuring legend Mickey Mantle sold for $12.6 million.[3] That's some hedge!

CONSUMER PRICES INCREASED 9.1% IN THE 12 MONTHS ENDED JUNE 2022—THE LARGEST INCREASE IN 41 YEARS

U.S. Bureau of Labor Statistics

Look for Value

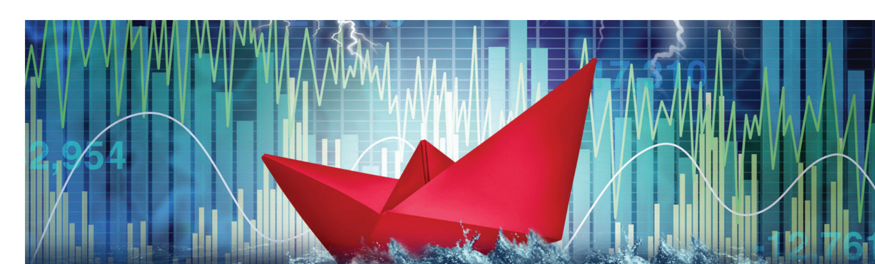
When you invest for the long-term, you get to buy good stocks when they are undervalued. Ask your advisor to keep on the lookout.

Work with the Pros

In future issues, we will address these and other topics in more detail. But don't forget to tap your financial, tax and legal professionals to create a financial plan that is specific to your situation.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the fund before investing. Read the prospectus carefully before 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.*

[1] bls.gov, July 2022
[2] cnbc.com, September 2022
[3] apnews.com, August 2022



MAXED OUT YOUR RETIREMENT PLAN CONTRIBUTIONS?

Super retirement savers often contribute the maximum allowed to tax-qualified retirement accounts like 401(k) plans and IRAs. If you're a super saver, what do you do if you want to contribute more to a tax- deferred account?

Depending on your situation, one vehicle that may make sense is an annuity.* Purchasing an annuity can help you put additional tax-advantaged dollars away for retirement and avoid the annual taxes that investing in taxable investments may bring.

A Taxing Dilemma

You can purchase an annuity with multiple payments or a lump sum, and begin taking income payments almost immediately or deferred to a later time. This focus is on nonqualified deferred annuities.

People who contribute the maximum allowed to their qualified retirement accounts may have to take high, mandated required minimum distributions (RMDs). This can be a taxing problem because high RMDs may bump taxpayers into a higher tax bracket. This is exacerbated if they also receive income elsewhere. And the higher the retirement income, the more Medicare Part B will cost. For example, in 2023 monthly premiums ranged from $164.90 to $560.50, depending on income. Anyone who turns age 73 in 2023 must start RMDs no later than April 2024.

Defer Retirement Income

A deferred income annuity may help you avoid this tax dilemma because you choose to begin taking payments whenever you want. So, you might take higher qualified distributions from other sources early in retirement, and then begin annuity payments later as other distributions get smaller.

If you are risk-averse, an annuity can provide relative safety. Fixed annuities may not be the best choice if you think you may need to begin annuity payments during the first six to 10 years, when significant surrender charges occur. If you want income now, consider an immediate annuity.

Rules for qualified and nonqualified annuities may differ. Your financial and tax professionals can tell you more about how an annuity might benefit you and affect your taxes in retirement.

**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 traditional annuities are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty.*

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.

Recyclable
HNW

FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 09, 2022

Reference: **FR2022-1117-0074/E**
Link Reference: FR2022-1012-0053

Org Id: 23568

1. LTM High-Net-Worth Version Mar-Apr 2023
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

hrm

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