LET'S TALK MONEY®

March/April 2023

Are You Saving Enough?

When you think about retirement, what is foremost in your mind? Freedom from work? The chance to spend your time the way you want? The amount of money you will need to save to live comfortably?

The "M" Factor

It's probably safe to assume that money will play an important role in your retirement plans. Whether your goal is to retire early or to keep working past your full retirement age (the age at which you are eligible to claim 100% of your Social Security benefit), knowing how much you will need to save to pursue the retirement lifestyle you want is essential.

More Than a Number

The age at which you plan to retire will have an impact on the number of years you have to accumulate retirement savings. The earlier your retirement age, the more aggressive you need to be with the amount you're saving. Conversely, the longer you work, the more time you'll have to accumulate savings. Since no one can predict how long you'll live in retirement, saving as much as possible is a smart move.

Your Retirement Lifestyle

Thinking about the things you want to do once you retire will give you an idea of how much savings you'll need to maintain your lifestyle. If extensive travel or a move to a new location is among your goals, you may need to save more than if you plan to stay close to home. If you plan to work part-time during retirement, your savings may stretch further.

Consider an IRA

Individual retirement accounts offer a broad range of investments that can add diversification* to your portfolio. For 2022, you can contribute $6,000 to a traditional IRA (increasing to $6,500 for 2023), plus an additional $1,000 if you're age 50 or older. You may be able to deduct contributions made by April 18, 2023, on your 2022 tax return. Income limits apply if you or a spouse is covered by an employer's retirement plan.

Your financial professional can help you create a saving strategy that considers your goals and your time horizon.

**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.*

FINRA Reference FR2022-1107-0150/E RETIR

Karen Petrucco
Account Manager

LTM Client Marketing
45 Prospect Ave
Albany, NY 12206

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

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.

Retirement Version

LTM Client Marketing
helping financial professionals stay connected

Targeting Seniors

Criminals find new ways to defraud their victims all the time. While anyone can become a victim of fraud, seniors age 60 or older seem to be the population most often targeted by scammers. Consider warning parents and older relatives about these five common scams.

Grandparent Scam. The scammer poses as a grandchild or other relative or as someone calling on behalf of that individual, such as law enforcement or an attorney. The "grandchild" says he or she is in trouble and asks the grandparent to wire money for bail, hospital bills, or another fake expense.

Government Impersonation Scam. The scammer claims to be a government employee, often from the Social Security Administration or the IRS, and threatens arrest or prosecution unless the victim provides funds or other payments.

Sweepstakes or Lottery Scam. The scammer tells victims they've won a sweepstakes or lottery and asks for money to pay fees and taxes on their winnings.

Tech Support Scam. Scammers call or text the victim, offering to "fix" a non-existent computer issue. The scammer asks the victim to call a toll-free number or click on a link, thereby gaining remote access to the victim's computer or phone and their personal information.

Romance Scam. The victim meets a person online who quickly expresses deep feelings and gains the victim's trust. The "relationship" often goes on for many months before the scammer creates a story about needing funds and asks the victim for money or bank account information. The scammer then disappears with the victim's money, sometimes thousands — or even hundreds of thousands — of dollars.

Caution older family members to be alert for phone and email scams that ask for money or personal information. Report fraud to the National Elder Fraud Hotline at 833-372-8311.

Is a New Employer in Your Future?

Starting a job at a new company can be an exciting opportunity. Before you clean out your desk and say good-bye to your coworkers, review the items on the checklist below.

Your retirement account. You can (1) leave the money in your former employer's plan, if the employer allows; (2) have funds directly transferred to your new employer's plan or an IRA. Consider rolling over HSA funds to your new plan as well; (3) cash out of the plan. However, if you opt for cash, you will need to pay income taxes at your ordinary rate and if you are younger than 59½, you will pay a 10% penalty.

Stock Options. If stock ownership is part of your compensation, find out the stock type, tax implications, vesting schedule, and what will happen to the stock if you leave the company.

Benefits. Review your new employer's insurance and benefit plans to determine if benefits match what you currently have.

Flexible Spending Account Use any money left in your FSA before you leave the company so you don't lose it.

Managing Finances After a Divorce

Divorce often entails going from two incomes to a single income. That can be hard on both spouses, but it can be especially difficult for women who are over the age of 50 when the divorce occurs.

A Look at Statistics

According to the U.S. Government Accountability Office (GAO), women over age 50 will see their incomes drop by an average of 41% following divorce, compared with 23% for men. Divorced women in this age group typically experience a 73% drop in their standard of living. Conversely, statistics show that men's standard of living improves by an average of 42% after they divorce.

The Impact on Savings

Women generally earn less than men throughout their careers, often taking time away from their jobs to raise children, which may result in less money saved in retirement accounts with few years to catch up.

Time to Plan

Divorce may mean a new living situation. Suddenly, all living expenses are the responsibility of one person. Women (and men) facing divorce should create a post-divorce spending plan. The plan should include setting aside three to six months' worth of living expenses in an emergency fund.

Striving to contribute the maximum amount to a 401(k) plan account, or at least enough to get an employer match, can increase the amount saved for retirement.

When divorce seems imminent, it's important to engage a trusted financial professional who can help with making sound financial decisions.

Tax Breaks for the Recently Divorced

Divorce can negatively affect the finances of both spouses, so it's helpful to work with your tax and financial professionals so you are aware of tax breaks that may lessen the financial burden.

Filing Status

If you're still married as of December 31, it may be advantageous to file a joint income tax return. Alternatively, if you've lived apart for at least six months, file a separate return, and have a dependent living with you for more than half the year, you may qualify to file as head of household.

Home Sale

Individuals can exclude $250,000 of gain ($500,000 for couples) on the sale of a home owned and lived in for at least two of the last five years. Sales after a divorce can still qualify for a reduced exclusion even if the two-year test hasn't been met.

Alimony

You can deduct alimony you pay to an ex-spouse if the divorce agreement was in place and not changed before December 31, 2018. Otherwise, it's not deductible (or taxable to the recipient).

Working with a tax professional can help ensure that you are paying only the taxes you owe.

Post-divorce Checklist

Keeping up with the many tasks you'll need to complete after a divorce can be daunting. A checklist may help.

- ☐ Divide property according to the divorce agreement.
- ☐ Review beneficiaries on retirement plans, insurance policies and payable-on-death accounts.
- ☐ Change titles to vehicles, deeds and other property.
- ☐ Remove your name from debts that aren't yours.
- ☐ Create a post-divorce budget.
- ☐ Make a will and create medical and financial directives.
- ☐ Change passwords on accounts.
- ☐ Arrange for health insurance for you and dependents.
- ☐ Pay off and close joint credit accounts.
- ☐ Ensure any qualified domestic relations order (QDRO) is entered and implemented.
- ☐ Notify insurers, creditors and healthcare providers of a change of address.

Coping with a Volatile Market

The fluctuating stock market and uncertain economy are sources of concern for many investors, but particularly for those in or near retirement. Falling portfolio values have left many retirees wondering what they can do to safeguard their savings. Set panic aside and take these steps to survive the downturn.

Change Your Withdrawal Rate

During a good market run, you may have chosen a higher withdrawal rate from your retirement accounts than you needed for living expenses. Determine how much of your monthly expenses are covered by guaranteed sources of income, such as Social Security, annuities, and a pension. If these sources cover most of your living expenses, consider reducing the amount you're withdrawing from your investment accounts. A lower rate may keep more of your assets poised to benefit from a market upturn.

Create an Income Stream

Holding dividend-paying stocks and exchange-traded funds (ETFs) in your portfolio may provide income that you can use to supplement other guaranteed sources of income. Purchasing municipal bonds, U.S. Treasuries, and certificates of deposit (CDs) can also provide you with income in the form of interest payments.

Purchase an Annuity

If you have sufficient funds, consider using a portion of the assets in your portfolio to purchase an annuity.* Fixed index annuities earn interest based on the performance of a specific market index, such as the S&P 500. A fixed index annuity won't lose principal and should gain in value during a market upswing.

Work Part-time

You may be able to turn hobbies and interests into a second career after retirement. Performing work you're passionate about can help you stay active and bring in some extra cash. Another benefit: You'll develop a network of people who share your interests.

Rely on Your Financial Pro

Your financial professional is a great resource to help you develop a plan for maximizing your retirement income. Once you're retired, taking an active money management approach may offer benefits over a buy-and-hold strategy, especially during market volatility. Having someone who will monitor your portfolio and make decisions based on what the markets are currently doing can be invaluable.

**Fixed annuity contracts guarantee a minimum credited interest. For immediate fixed annuity contracts, annuitants receive a fixed income stream based, in part, on the interest rate guarantee at the time of purchase. For fixed deferred annuity contracts, the insurer credits a fixed interest rate to contributions in the accumulation phase and pays a fixed income payment when annuitized. Annuity products are not FDIC-insured, and their guarantees are backed solely by the claims-paying ability of their issuing life insurance company.*

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

November 21, 2022

Reference: **FR2022-1107-0150/E**
Link Reference : FR2022-0726-0117

Org Id: 23568

1. LTD Mar Apr 2023 Retirement
   Rule: FIN 2210

This review is based on your representation that this communication will include disclosure of the firm's FINRA member name, pursuant to FINRA Rule 2210(d)(3).

The communication generally appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568