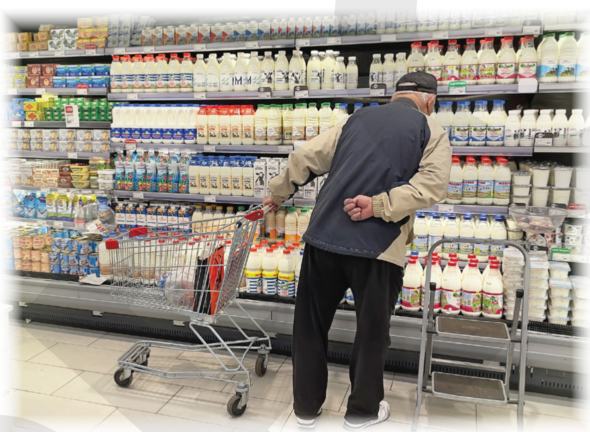
LET'S TALK
MONEY®
May/June 2023

Living with Inflation: Tips for Retirees

Nearly everyone is affected when inflation rears its ugly head, but seniors living on fixed incomes may be in the group that's hit the hardest. Because the purchasing power of the dollar has declined, people in or near retirement who've invested conservatively now have less money to spend. While no one can control inflation, there are steps seniors can take to help ensure they have enough money in the future.

Review Your Investments

Consider choosing investments that offer opportunities for income and growth with relatively low volatility. Dividend-paying stocks, bonds and real estate may help keep your portfolio on an even keel during inflationary times. Make sure you rebalance periodically to avoid having to take stock distributions during a down market.



Consider an Annuity

Inflation-protected annuities* guarantee a rate of return at or above inflation based on an annual cost-of-living adjustment. Payments may be for a fixed period or over a lifetime. However, inflation-protected annuities may provide a lower payout than other annuities. Consult your financial professional about the fees, conditions and suitability of annuities for your situation.

Assess Your Budget

Cutting back on spending is a sure way to put more cash in your coffers. Review subscription services, such as premium cable, streaming services, and phone plans, to find places to cut back.

Delay Retirement

If you're not yet retired, consider this: For every year that you wait to claim Social Security benefits, up to age 70, your benefit will increase by eight percent. Waiting to retire also gives you more time to contribute to your retirement plan.

**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.*

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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.

Retirement Version

LTM Client Marketing
helping financial professionals stay connected

Say "I Do" to a Post-wedding Checklist

If you thought you were done with to-do lists once your wedding was over, think again. Reviewing personal information and financial accounts and making any changes should be a priority. The checklist below can help.

Checking and Savings Accounts

Determine whether you want to merge your bank accounts, maintain separate accounts, or both. One option is to have a joint account to pay expenses you incur as a couple and individual accounts for personal expenses.

Who Owes What

Make a list of student, auto and personal loans; credit card debt; mortgages; and legal obligations, such as child support or alimony payments. Now might be a good time to assess each spouse's financial habits and work out a compromise, especially if one of you is a saver and the other is a spender.

Beneficiary Designations

Change your beneficiaries on retirement accounts and insurance policies. Most retirement plans require you to designate your spouse as beneficiary unless your spouse agrees in writing to naming someone else.

Update Documents

If you've changed your name, you'll need to update your Social Security card, driver's license, passport, bank and credit card accounts, insurance policies, etc. You may also need to amend your address if it changed when you married.

Tax Withholding

File a new W-4 form with your employer, adjusting your tax withholding from single to married and changing your name, if applicable.

A Couples Spending Plan

List all your expenses and create a budget you can both agree on. Make sure you include putting money in an emergency fund, with the goal of saving at least three to six months' worth of living expenses.

Future Goals

Set short-term (1-3 years), mid-term (3-9 years), and long-term (10+ years) savings goals, and create a strategy for reaching each one.

Meet and Greet

Set up a meeting with a financial professional to explore all your goals and design a strategy that can help move you toward them.

Infographic: The Name Game

Here's a snapshot of the important documents and accounts you'll need to update if you changed your name and/or address when you married.

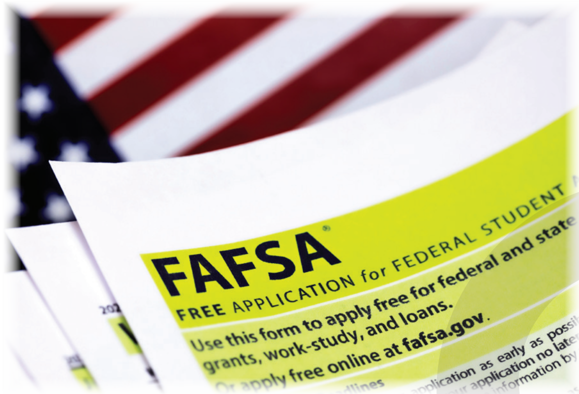
- Employers (Benefits, Payroll, etc.)
- Financial/Retirement Accounts
- Insurance Policies
- Legal Documents
- Professional Licenses/Associations
- Online Accounts
- Social Security Card
- DMV
- Educational Institutions
- Passport
- Property Titles/Mortgage
- Email Addresses

FAFSA 101

Do you have a child who is headed to college in 2024? If so, you'll want to fill out and submit a FAFSA when the form becomes available on October 1, 2023. FAFSA stands for *Free Application for Federal Student Aid*. It's used to determine the amount of the loans, grants, and other federal financial aid a prospective student qualifies for. In addition, colleges use the FAFSA when deciding on a financial aid package to offer an applicant.

Create an Account

The first step in the process is for your child to set up an online account at *studentaid.gov* Both parents and students should create a login and password to access the account. Make sure you write down your sign-in credentials because you'll use them during all the years your child is in school.



Gather Documents

Before you begin the application, assemble all the documents you will need to complete it. The list includes:

- Student's Social Security Number
- Parents' Social Security numbers, if your child is a dependent
- Alien registration number if not a U.S. citizen
- Parents' federal tax return
- Untaxed income, such as child support
- Cash, checking/savings account balances, and investments (stocks, bonds, real estate, but not your home)
- List of schools (up to 10) where information should be sent. You can add to this list later on if you need to.

The Deadline

Students have until June 30, 2024, to apply for the 2023-2024 academic year. However, it's wise to apply early before the bulk of the funds has been awarded.

More information and help with filling out the FAFSA are also available on the website: *https://studentaid.gov*

Paying with Cash

These days, credit and debit cards are the payment of choice for many people, and paying with cash may seem kind of old school. But, there's a good reason why you might want to start carrying money in your wallet. Fees that credit card companies charge merchants are on the increase, and businesses are responding by tacking on surcharges to cover the cost of making credit card purchases.

Small Business Perk

Alternatively, some independent merchants and other small businesses sometimes offer discounts to customers who pay cash. One benefit of using cash is that it can make you more aware of an item's cost and how much you're spending.

Plan Ahead

Knowing you'll receive a discount if you pay cash or may incur a fee if you use your credit card can help you plan. If you decide to use a card, choosing one with rewards may help offset surcharges.

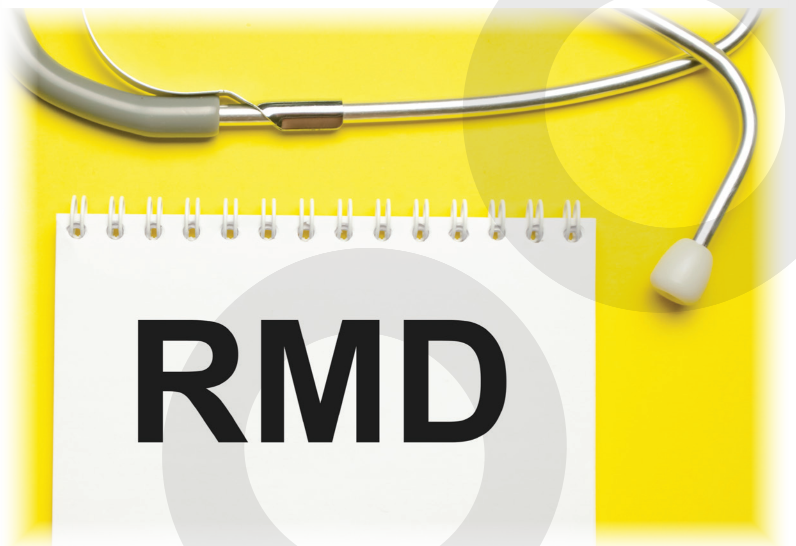
Will Your RMDs Trigger Medicare Surcharges?

Since you started working, you were probably told about the benefits of saving as much as possible in your employer's tax-deferred retirement plan. Your taxable income is reduced by the amount you contribute. And your savings has the potential to accumulate tax-free until you're ready to withdraw it in retirement.

But why didn't anyone tell you about IRMAA?

What Is IRMAA?

IRMAA is an acronym for income-related monthly adjusted amount, and it's the bane of Medicare recipients who've amassed substantial savings in pretax retirement accounts. Once you begin taking required minimum distributions (RMDs) from your 401(k) or other tax-deferred accounts, the amount you're required to withdraw may push your income above the Medicare base limit and trigger higher premiums, in the form of a surcharge, on Parts B and D.



How Much Higher?

The monthly Medicare premium for individuals and married joint recipients is $164.90. Surcharges on monthly premiums begin with a modified adjusted gross income (MAGI) over $97,000 for individuals and $194,000 for married couples. Monthly premiums, including surcharges, start at $230.80 and rise incrementally to $560.50 with income greater than $500,000 for individuals and $750,000 for couples. Medicare premiums are deducted from your Social Security benefit before you receive it.

One Solution: A Roth IRA

Consider shifting some of your money to a Roth individual retirement account. You contribute after-tax dollars, but withdrawals are tax-free once you reach age 59½, if you've owned the account for at least five years. However, there are no required withdrawals from a Roth IRA. The 2023 contribution limit is $6,500, or $7,500 if you're age 50 or older. Single and head-of-household filers with MAGI of $138,000 or less and married joint filers with MAGI of $218,000 or less can contribute up to the limit. The ability to contribute to a Roth IRA phases out for single and joint filers with incomes over $153,000 and $228,000, respectively.

HSA Contributions

If you participate in a high deductible health plan (HDHP), consider contributing to a health savings account (HSA). Contributions are tax deductible and withdrawals are tax free when used to pay medical expenses.

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

January 05, 2023

Reference: **FR2022-1228-0090/E**
Link Reference : FR2022-1107-0148

Org Id: 23568

1. LTM May Jun 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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