LET'S TALK
MONEY®
September/October 2023

INVESTING IN COLLECTIBLES

From artwork and sculptures to rare wines and old baseball cards, collectibles often comprise a piece of intergenerational wealth and they can serve as an alternative investment that diversifies your portfolio. But be careful. If you intend to pass these and other collectibles of value on to family or sell them and invest elsewhere, you need to appraise and then protect their value.

Diversify with Collectibles

Collectibles are often part of a diversified high net worth portfolio, and they are as numerous as they are diverse. Everything from comic books and sneakers to jewelry and dolls can make up a collectibles portfolio. But is investing in collectibles, which can lose value and whose values can be volatile, right for you? Answers to these questions may begin to help you decide.

What percentage of your portfolio will be comprised of collectibles?

The same guideline that holds true about almost any investment is true with collectibles: you should almost never put all your investments in one asset class. Collectibles, because they are known to be volatile investments, should make up only a small portion of most portfolios. Your financial professional can help you decide when you determine your asset allocation.

But can't some collectibles grow dramatically in value?

Sure they can. You can see how much some of the rarest and most valuable collectibles have fared in recent years on the chart on page three. A few things must hold true for these investments to appreciate in value. First, they almost always must be in pristine condition. You've heard of collectors who won't wear a pair of sneakers – yes, some of them are collectibles – or take an action hero figure out of a box. That's to protect their condition and value.

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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

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helping financial professionals stay connected

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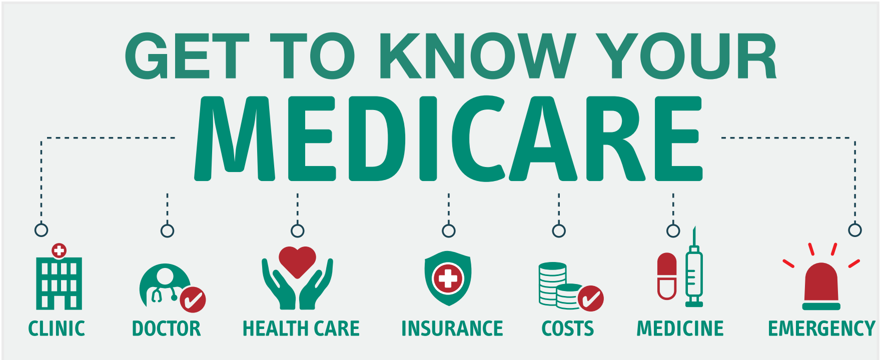

You may be 65 or older, but it's back to the ABCs when it comes to Medicare. With so many options, it's important that you understand each before choosing coverage that is best for you.

It's Medicare enrollment time, which is when current Medicare-eligible recipients can change their coverage without penalty. Whether you are currently enrolled in Medicare or are about to enroll, talk to a medicare specialist for information specific to your situation, but consider knowing the basics:

Original Medicare consists of Part A, which covers mostly hospitalization, and Part B, covering health care like office visits and blood tests. You don't pay for Part A insurance if you worked 40 calendar quarters and contributed Medicare taxes during that time. You pay for Part B on a sliding scale, as you would with Part D, which is prescription drug insurance. All these parts have deductibles and copays, which is why many Medicare recipients also own supplemental insurance to pick up some of the slack.

Medicare Part C, known as Medicare Advantage, is another option, which replaces all the Medicare parts in many cases, but restricts provider choice. Generally, there are 10 plans offering different levels of coverage that are known by a letter, like A or G, in most states.

If you're a Medicare recipient and you're traveling abroad, do your homework before you learn the hard way that Medicare doesn't pay in most circumstances.

Medicare won't cover your overseas healthcare costs in most situations, although some supplement insurance policies cover costs related to emergency care and travel back to the states. Your best bet is to talk to your insurance professional or travel agent about buying temporary international travel coverage for health insurance. Make sure to read the fine print of any policy before you buy.

ANNUITIES: A FLEXIBLE CHOICE

If you diligently contribute the maximum to a 401(k) or other qualified retirement plan and you're looking for another tax-advantaged way to put money away for the future, a nonqualified fixed annuity* may provide one answer.

Flexibility-Plus

Fixed annuities have several features that make them attractive to investors. First, their principal is typically protected from loss — not an afterthought when stock markets are volatile. You won't lose money if you don't trigger surrender charges.

Second, fixed annuities offer a guaranteed interest rate in the beginning of the contract, typically from one to three years, before rates are adjusted in subsequent years.

Third, contributions to nonqualified annuities may not be tax-advantaged, but any potential growth is tax-deferred until withdrawal. Finally — and this could be the major attraction to high net worth individuals — nonqualified fixed annuities don't require you to take distributions by age 73 in 2023, as other qualified retirement vehicles do.

Annuities Add Flexibility

Thanks to the Secure Act 2.0, the age when required minimum distributions (RMDs) must begin was advanced from 72 last year to 73 in 2023. The RMD age jumps to 75 in 2033. A fixed annuity can provide income while money continues to potentially grow before you have to take RMDs, and it can also tide you over financially if you retire early.

Either way, a fixed annuity may play a role in a comprehensive retirement income strategy.

** Fixed annuity contracts charge fees, guarantee a minimum credited interest and pay a fixed income payment when annuitized. Annuity guarantees are backed solely by the claims-paying ability of the issuing life insurance company. Distributions of earnings from annuities are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to a 10% additional tax. Consult your tax advisor regarding your situation.*

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INVESTING IN COLLECTIBLES

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What do I Need to Know?

The best way to get started is to pick a collectible that you are passionate about like classic cars or wines. Collectibles aren't as easily traded as some other investments. You'll need to find a reputable appraiser and specialty insurance to protect yourself financially from theft or damage. Collectibles generally won't generate cash until sold, and they generally cost money to maintain and store. And, most importantly, you have no guarantees. You'll also need some time for any potential appreciation. Not all investments will maintain their gains. Collectibles, including some figurines and dolls, have lost value along with losing favor over time.

As with any investment, make sure collectibles meet your risk criteria and that they occupy an appropriate percentage of your portfolio. Consult your financial and tax professionals.

These Collectibles Sold for Some of the Highest Prices Ever	
An 11.15-carat Williamson Pink Star diamond	$57.7 million
First Marvel comic book	$2.4+ million
The 1856 British Guiana One-Cent Magenta stamp	$9.5 million
A 1952 Mickey Mantle baseball card	$12.6 million

** www.artnews.com/art-news/news/leonardo-da-vincis-salvator-mundi-sells-450-3-m-christies-new-york-9334/*

Each Fall employee benefits enrollment is a time when executives and even business owners can leverage corporate dollars to provide a base of insurance coverage and retirement savings, both of which should complement the insurance and retirement investing individuals do outside the workplace.

A Benefit Base

While employee benefits may serve only as a beginning for most high net worth individuals, they can prove a cost-effective way to purchase various types of insurance while leveraging tax-deferred or potentially tax-free dollars for retirement investing.

Start by enrolling in any benefits that are company-paid — it just makes sense. Some companies will offer life insurance—cost-free—that equals one or more times employees' salaries. Take advantage of any company contribution made to a qualified retirement plan, such as a 401(k) plan and Health Savings Account. Examine disability income and long term care insurance offerings, too.

Consult your insurance and financial professionals to merge your employer's benefit offerings into your overall insurance and financial strategies.

THE NUTS AND BOLTS OF A CHARITABLE REMAINDER TRUST

High net worth families often want to give to charity, while ensuring that loved ones — especially a surviving spouse — are taken care of financially. A charitable remainder trust can help accomplish these dual goals.

Know the Difference

A charitable remainder trust makes payments to beneficiaries, such as you or family members, until the term ends, when the remaining assets are distributed to the charity you have named in the trust. This can happen at a date established in the trust or at the death of a person or persons named in the trust.

This type of trust differs from a charitable lead trust, which flips how payments are made to individuals and a charity. The charitable lead trust makes recurring payments to the charity, and at the end of the term you've established in the charitable lead trust all remaining assets go to the noncharitable beneficiary named in the trust. Because both types of trusts are irrevocable, which make them very difficult to change, you should consult the appropriate legal, tax and financial professionals before proceeding.

Why Create This Trust?

Any charitable trust is a vehicle that can efficiently transfer assets to a charity or charities at a time noted in the trust document, while offering an income stream for a fixed term or the life of you or another beneficiary. Both trusts provide tax advantages for whomever puts assets into them, although individuals receiving payments may incur income taxes on amounts recieved. A charitable remainder trust can accept not only cash but also other assets including collectibles, securities and even real estate.

Looking altruistically at a charitable remainder trust, it can serve as a way to pass assets on to favorite charities, which can reduce potential estate taxes, once you know loved ones are provided for. This type of trust can also serve as a financial safety net for surviving spouses, who are often named as beneficiaries for trust payments throughout the remainder of their lives.

Consult the Pros

Choosing the right trust for your situation can be complicated, so it is advisable to consult an estate planning attorney and other trusted advisors before establishing this or any type of trust. It may make sense for you to discuss this idea with appropriate family members, too.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 02, 2023

Reference: **FR2023-0511-0075/E**
Link Reference : FR2023-0310-0155

Org Id: 23568

1. Let's Talk Money Newsletter - SepOct 2023 High Net Worth
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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