LET'S TALK MONEY®

March/April 2024

A surprising number of teens are fascinated with the world of investing. Why not? It's an exciting and engaging way to earn money. And who better than you to help your kids to learn about finance?

It Starts With a Brokerage Account

Assuming you're working with a teen under age 18, you'll need to open a custodial account for the teen that can transfer to them when they reach legal age. Your financial advisor can help you and provide educational materials.

Next Comes Education

Investment markets can be confusing. By starting with the terminology and investing fundamentals, you can give your teen a solid knowledge base that will enable them to make wise financial decisions.

Some Ground to Cover:

Company financials—Have them research the revenue, earnings, and profit margins of a couple of companies they've chosen.

Management—Look at the company's vision. Is it strong? Who's in charge, and what's their track record?

Rivals—Stake out the competition. How does the company compare?

Trends—Stress the importance of checking trends in the company's industry and weigh how the company is positioned to take advantage.

Risk—Your child needs to understand that all investments have some risk. They need to know there is always a chance of losing money and that market volatility in response to events outside an investor's control may lead to substantial losses.

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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

CARING FOR A SPECIAL-NEEDS LOVED ONE

Providing for a special needs child, minor or adult, can be daunting. To safeguard your child's future well-being, work with your financial and legal professionals to help ensure you have a sound strategy in place.

A Basic Protection Structure

After security for the child, the primary point of special-needs planning is protecting the child's eligibility for government benefits. The way to do that is to limit the amount of assets in the child's name to $2,000 or less.

Consider distribution events that could push the child's assets over that amount. For example, make sure your beneficiary designations don't name your spouse as primary and all children equally as contingent beneficiaries. If your child doesn't require guardianship, have your attorney draft a financial power of attorney and health care proxy. A will may be needed, as well.

If you don't have a special-needs trust, talk with a legal professional about creating one for the child's inheritance. These trusts may be created with life insurance proceeds and effectively let you leave the child as much money as you want without disqualifying them for government benefits.

Available Tax Breaks

Consider income-tax breaks that may let you do more for your child. If you have someone care for your child while you work, you may be able to claim a child and dependent tax credit equal to a percentage (most likely 20%) of up to $3,000 ($6,000 if you have more than one qualifying dependent) of your expenses.

If your medical expenses and those paid for your special needs dependent exceed 7.5% of your taxable income, you may be able to deduct more than the costs of your child's doctor visits and testing. Modifications made to your home to accommodate the child's disability, for example, may qualify. Of course, everyone's financial and tax situations are different. Be sure to consult your tax professional before taking action.

A special needs trust that's properly funded with life insurance benefits can provide lifelong support for a loved one's special needs without jeopardizing government assistance such as Supplemental Security Income or Medicaid.

MILLENNIALS—THIS IS FOR YOU

You've worked hard to become a high-earning millennial, and to stay there, you continue to do so. Sadly, working long hours may keep you from planning for your financially secure future, but that would be a mistake.

How can you avoid financial mistakes? Recognize that you cannot do it all, so seek professional guidance.

What Not to Do

Unfortunately, some millennials make mistakes that can cause long-term damage to their financial situation. Often, these may include:

- Inflating their lifestyle because they assume their high income will always be there.
- Likewise, they do not start investing for retirement and other future goals soon enough.
- Not planning for a rainy day with an emergency fund and adequate insurance coverage.
- They feel they will live forever, so they avoid estate planning.

What Do You Want?

Start by writing down your short- and long-term priorities, which may include wealth accumulation, early retirement, travel, starting a family, charitable giving, or major purchases such as a car or home.

Make Informed Choices

Your goals will likely call for advanced planning strategies to help achieve them. Here are just a few to consider:

Tax allocation of your retirement assets— Consider how much income tax you'll pay in retirement when choosing where to invest now. Investigate Roth and traditional 401(k) plans and IRAs if you qualify. You may want to consider taxable investments once you've maxed out qualified retirement investments.

Charitable giving—When it comes to charitable giving, consider potentially tax-saving strategies such as donor-advised funds or bunching charitable donations into one year for tax purposes.

Insurance strategies—Carrying adequate insurance on your home, car, valuables, and loved ones can provide comfort in knowing your family is protected. Life insurance may also avail you of future tax-free funds for medical care and help facilitate charitable giving.

Do It Your Way

Working together and including tax and legal professionals, we can develop a personalized strategy that addresses all your financial goals and needs. Knowing this aspect of your life is well managed, you can focus your time where it is best spent.

INTRODUCE YOUR TEEN TO INVESTING

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Reassure your teen that investments remain a smart financial avenue for teens despite the risks. Your teen may reduce risk and increase potential returns by consciously choosing investments with growth potential and using sound techniques such as asset allocation and diversification. Be sure to explain these important strategies to your teen and that using them cannot guarantee against an investment loss.

Time to Strategize

Stress that investing isn't a game. It's a serious endeavor that has to be planned if your teen is going to be successful. Work with them to set an investment strategy and stick to it, even when facing market volatility. You may want to discuss your plan, starting with how you set your investment goals before investing and how your goals will differ. Encourage your teen to brainstorm possible goals with you. They're probably looking for cash for something more immediate, such as buying a car or generating passive income while still in school. Teach them about compounding and encourage them to invest for long-term wealth. And temper any unrealistic ideas they may have.

The strategy you and your teen work out should start small. When first investing, your teen—or any investor—should invest only what they can afford to lose. Investing small amounts in a few different vehicles can let your teen learn the markets and get comfortable with investing without taking undue risk and potentially suffering significant losses.

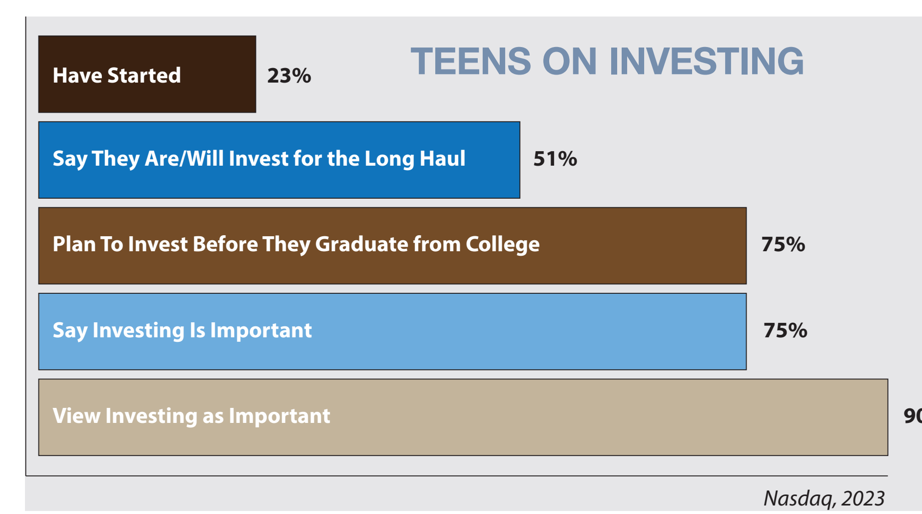
Once the strategy is in place, the teen needs to stick with it. As they gain experience and confidence, they can gradually increase stock investments.

Follow Up

Investing isn't a one-and-done. Explain why your teen should monitor their investments regularly. Tracking investments enables them to view their progress, make informed decisions, and adjust their strategy to stay on track toward their goals.

Finish your investment tutorial with this caveat: Investing is a long-term process that requires patience. Checking investments too often can get an investor caught up in short-term dips. Your teen needs to concentrate on the potential for long-term growth and avoid emotional selling or buying during momentary blips in the markets.

Remember to teach them about the need to work with financial, legal and tax professionals.



ESTATE PLANNING MOVES YOU WANT TO MAKE NOW

Forewarned is forearmed. Unless Congress passes new estate-tax legislation, the historically high estate-tax exemptions for 2024 and 2045 will be just that—history—at the end of 2025 (see table). What might you do to take advantage of the higher exemptions before it's too late?

Start by making lifetime gifts in 2024 and 2025—Gifting to your loved ones and charities assets while alive to enjoy seeing your gifts improve their lives and support your causes.

Review your personal gift program—If it works for you, maximize your personal gifts in 2024 and 2025 to reduce your estate for 2026. In 2024, the annual gift-tax exclusion lets you give up to $18,000 (estimated) free of estate and gift tax to as many individuals as you like. Gifts you make directly to medical providers and educational institutions for tuition on behalf of parents or grandchildren, for instance, are another way to downsize your estate to avoid future taxes. This exclusion is in addition to the annual gift-tax exclusion.

Consider making some charitable contributions planned for the future now—If you can, without affecting your charitable contribution income-tax deduction, make higher contributions to your favorite charities in 2024 and 2025.

Look to the Future, too

Explore trust options—If you'll be facing estate taxes anyway, making gifts to a dynasty trust can preserve more wealth for your children and possibly grandchildren and future generations. When structured properly, this trust may remove the assets from both your estate and your children's estates.

A two-trust estate plan is another strategy used in the past, but less often under the current higher exemptions. If exemptions drop in 2026, you may want to ask your advisor about using this plan.

Don't shortchange yourself—Avoiding or reducing tax isn't everything. Before setting out on an estate-tax-cutting campaign, arrange to carefully analyze your situation with your professional advisor to ensure you're keeping enough to maintain your lifestyle amid potential future inflation and volatile markets

EACH INDIVIDUAL*	CURRENT LAW**	UNDER 2026 SUNSET PROVISION
Estate value	$11,700,000	$11,700,000
Lifetime exemption	($11,700,000)	($6,000,000)
Taxable Estate	—	$5,700,000
Estate tax rate***	40%	40%
Estimated Estate Tax		

** Except for tax rate, amounts would be doubled for a married couple.*
*** As of publication production.*
**** A flat rate is used for illustrative purposes.*

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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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 12, 2023

Reference: **FR2023-1127-0071/E**

Org Id: 23568

1. LTM 2024 Mar-April 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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