LET'S TALK
MONEY®
May/June 2024

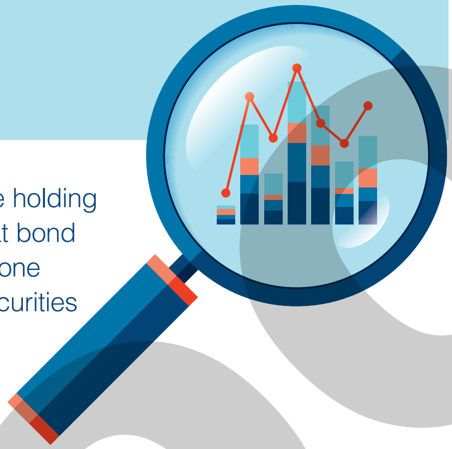
Karen Petrucco
Account Manager

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.

THE FACTS ABOUT TIPS AND I BONDS



With fixed-income investment rates seeming to be holding higher, many investors are taking a second look at bond investments with a wary eye on inflation. If you're one of those investors, Treasury Inflation Protected Securities (TIPS) and I bonds offer inflation protection and currently attractive returns. Both are government-backed investments with interest rates that are periodically adjusted for inflation.

TIPS Basics

TIPS are popular for protecting portfolios from inflation and profiting from it because they pay interest every six months based on a fixed rate determined at the bond's auction.* However, the interest payment amounts can vary because the rate is applied to the adjusted principal or value of the bond. The TIPS principal amount is adjusted according to the consumer price index. As a result, investors receive higher interest or coupon payments as inflation rises. Conversely, investors will receive lower interest payments if deflation occurs.

You can buy TIPS with maturities of five, ten, and 30 years. They're considered a low-risk investment because the U.S. government backs them. At maturity, TIPS return the adjusted or the original principal, whichever is greater. They're available directly from the government through the Treasury Direct system in $100 increments with a minimum investment of $100. You can also buy TIPS from your financial professional..

I Bond Basics

Series I bonds are non-marketable bonds in the U.S. Treasury savings bond program.* Their non-marketable feature means they cannot be bought or sold in the secondary market. These bonds earn two types of interest: an interest rate fixed for the bond's life and an inflation

(continued on page 3)

ANOTHER WAY TO ADD I-BONDS TO YOUR PORTFOLIO IS TO USE UP TO $5,000 OF YOUR FEDERAL INCOME TAX REFUND TO BUY THEM DIRECTLY. ANY UNUSED PORTION WILL BE DIRECTLY DEPOSITED TO YOUR SPECIFIED FINANCIAL ACCOUNT OR PAID BY CHECK.

High Net Worth Version

LEFTOVER 529 PLAN FUNDS

Congratulations, your youngest child has graduated college, and there's money left in their 529 college savings plan.* Now, the question is what to do with that money. If you want to liquidate the account, you have several tax-advantaged choices.

You can make tax-free 529 plan distributions to pay student loan principal and interest of up to $10,000 a year for the recent grad and each of their siblings, including stepbrothers and stepsisters.

Starting in 2024, 529 education accounts can be rolled over tax-free to a Roth IRA for the 529 plan beneficiary. There's a $35,000 cap. Rollover amounts can't exceed the annual contribution limit for Roth IRAs ($7,000 in 2024). As the owner of the Roth IRA, your graduate must have earned income at least equal to the rollover amount. The 529 plan must have been open for over 15 years before you can do a 529-to-Roth IRA transfer.

Now through 2025, money may be rolled over from a 529 plan into an Achieving a Better Life Experience (ABLE) account or a qualified family member with disabilities to help save and pay for disability-related expenses. The current annual contribution limit is $18,000.

Discuss 529 plans with your financial and tax professionals.

**Certain requirements may apply. Before investing, read the program offering statement and consider the investment objectives, risks, charges, and expenses. These plans are not guaranteed by any state or federal agency, credit union or bank and are subject to investment risk and may lose principal.*

A DIFFERENT GRADUATION GIFT

Are you sending your new high school graduate off to college this fall, or do they have travel plans for the summer? Be sure to send them with medical and financial powers of attorney (POAs).

Why? Without a medical POA, if your adult child is hurt in an automobile or other accident, a hospital can't legally give you any information about their condition. The staff can't let you make important financial or medical decisions for your child.

With a financial POA, your student can authorize you to handle their financial transactions. As their agent, you can pay their bills from their accounts, file tax returns, monitor investments, deposit checks, and handle other transactions. No sending documents back and forth for the student's signature. Your legal professional can execute POAs for your child.

RETIREMENT PLANNING TIPS FOR PHYSICIANS

A 2023 Medscape survey reported that 59% of physicians had a net worth of less than $1 million, an amount unlikely to be sufficient for them to live as they'd like in retirement. One reason given for this retirement security gap is that, like many high-earning professionals, physicians fall into the trap of becoming too comfortable with their current financial situation. They overlook changes that generally come with retirement and the critical need to save to meet the costs of those changes.

For a comfortable retirement, as a physician, you must be aware of your current income, health needs (now and in the future), family commitments, and other lifestyle requirements (again, now and in the future). The following are some not-always-considered tips to get retirement planning rolling or reenergize your current efforts.

Be clear and realistic about your retirement horizon. You may think you'll always practice medicine, but there'll probably come a time when you'll change that view to cutting back on your practice and eventually retiring completely. The sooner you start saving for retirement, the more wealth you may be able to accumulate for that time.

Build an emergency fund. As with any profession, medicine has its share of risks. You could lose your job, your practice could suffer financial losses, or you could be sued by a patient. That's not to mention any other family emergencies that can crop up and cut into assets.

Prioritize Student Loan Payoff. Quicker loan payoff saves you interest and frees up money to put toward your retirement savings. Since you're used to not having that money, switching payments to retirement savings shouldn't disrupt your current lifestyle.

PHYSICIANS BELIEVE THAT THEY NEED AN AVERAGE OF $3.9 MILLION SAVED TO AFFORD RETIREMENT, ACCORDING TO MEDSCAPE'S 2023 "PHYSICIANS EYE RETIREMENT REPORT."

Postpone Social Security benefits. Each year until age 70 that you postpone claiming Social Security benefits increases those benefits by 8%, giving you more income for later retirement. While your expenses may drop in early retirement, they generally rise later.

Use a financial professional. Just as you have your specialty, financial planners have theirs—among which are assisting people in investing to achieve a comfortable retirement and meet other financial goals.

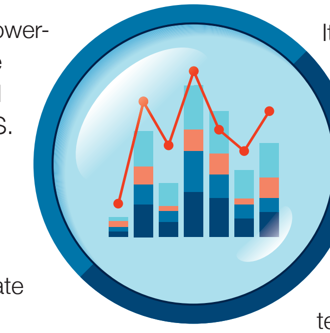
THE FACTS ABOUT TIPS AND I BONDS

(continued from page 1)

adjusted rate each May and November based on changes in the non-seasonally adjusted consumer price index for all urban consumers (CPI-U).

I bonds are considered lower-risk investments because they're backed by the full faith and credit of the U.S. government, and their redemption value cannot decline. But this safety generally comes with a lower return than corporate or municipal bonds.

Annual purchases of eletronic bonds are limited to $10,000 per Social Security number. Bonds can be held for as little as one year or as long as 30 years, but if sold after fewer than five years, the holder sacrifices the last three months' interest.



Ask the Pros

The taxation of these instruments can be confusing, so consult your tax advisor to prevent surprises.

It is important that you understand how I bonds work. For example they have the annual $15,000 investment ceiling, withdrawal restrictions and pay interest upon redemption.

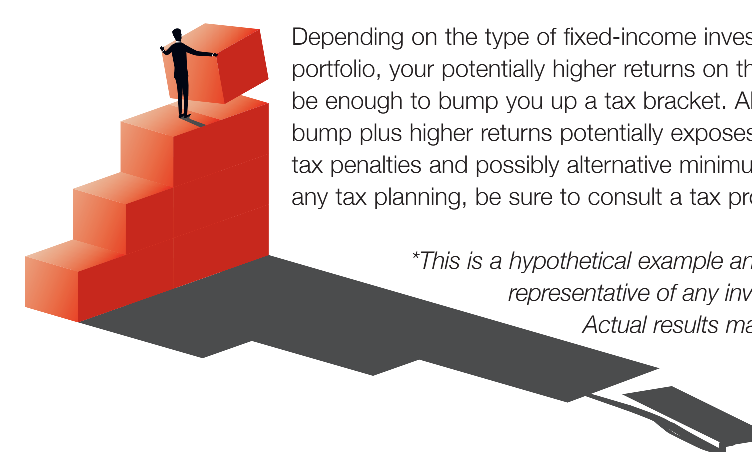
Your financial professional can tell you more about these investments and whether they could play a part in your portfolio.

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

MORE ON FIXED-INCOME INVESTMENTS

Be aware of the increased income you may be earning on bonds and other fixed-income investments this year. After all, higher returns mean higher income and potentially higher taxes.

Example: If you're in a 30% marginal tax bracket, and you've earned an additional $3,000 of interest income so far this year, that's an extra $900 of income tax you might not have planned on—and just for the first half of 2024.



Depending on the type of fixed-income investments in your portfolio, your potentially higher returns on them in 2024 could be enough to bump you up a tax bracket. Also, a bracket bump plus higher returns potentially exposes you to estimated tax penalties and possibly alternative minimum tax.* As with any tax planning, be sure to consult a tax professional.

**This is a hypothetical example and is not representative of any investment strategies. Actual results may vary.*

HIDDEN TALENTS OF LIFE INSURANCE

When someone mentions life insurance, what comes to mind? Most people think they are either content knowing they have enough coverage to meet their needs or concerned because they know they need to obtain coverage. While the primary purpose of life insurance is to protect loved ones, it has other talents.

Help Leave a Meaningful Inheritance

You can potentially give a greater after-tax inheritance through your life insurance policy than other assets. Redistributing some assets you hold in taxable accounts into a life insurance policy may allow you to potentially reduce ongoing taxation. Because the cash value in a life insurance policy grows tax deferred, you also gain an opportunity to grow the assets. With this strategy, you potentially create new wealth for your heirs.

For example, say you'd like to leave your family home (or business) to your daughter but do not want to short-change your other child. You could purchase a life insurance policy on your life to equal the home's value and name your second child as the beneficiary. Then, your other assets could be split equally among your children. Note that as the value of your home increases, you'll want to increase the amount of life insurance you have.

Simplify Transfer of Business Interests

Have a business partnership? Using life insurance in your and your partners's business succession planning can help smooth the transfer of the business interests when one partner dies. Owning life insurance on each other's lives gives the surviving partners money needed to compensate the deceased partner's family for that partner's business interest through the insurance proceeds the surviving partners receive.

Meet with your insurance professional to review your needs and circumstances and help determine how you can make the most of life insurance's hidden talents. And use the opportunity to look over your (and your partners's, if applicable) succession strategy in light of your insurance review and any family or business changes that may have occurred since the last review.

**Applications for life insurance are subject to underwriting. No insurance coverage exists unless the required premium is paid to put an issued policy in force. Accessing cash values may reduce the death benefit and policy values, trigger tax consequences, surrender fees, and charges, and may require additional premium payments to maintain the contract. Guarantees are based on the claims-paying ability of the issuer.*

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

February 05, 2024

Reference: **FR2024-0118-0320/E**

Org Id: 23568

1. LTM May-June 2024 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

Please send any communications related to filing reviews to this Department through the Advertising Regulation Electronic Filing (AREF) system or by facsimile or hard copy mail service. We request that you do not send documents or other communications via email.

NOTE: *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the communication was "reviewed by FINRA" or "FINRA reviewed," you may not say that we approved it.*

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