Loose Change®

a penny saved is a penny earned

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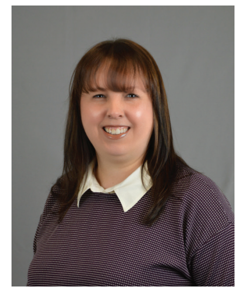

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Stay on Target

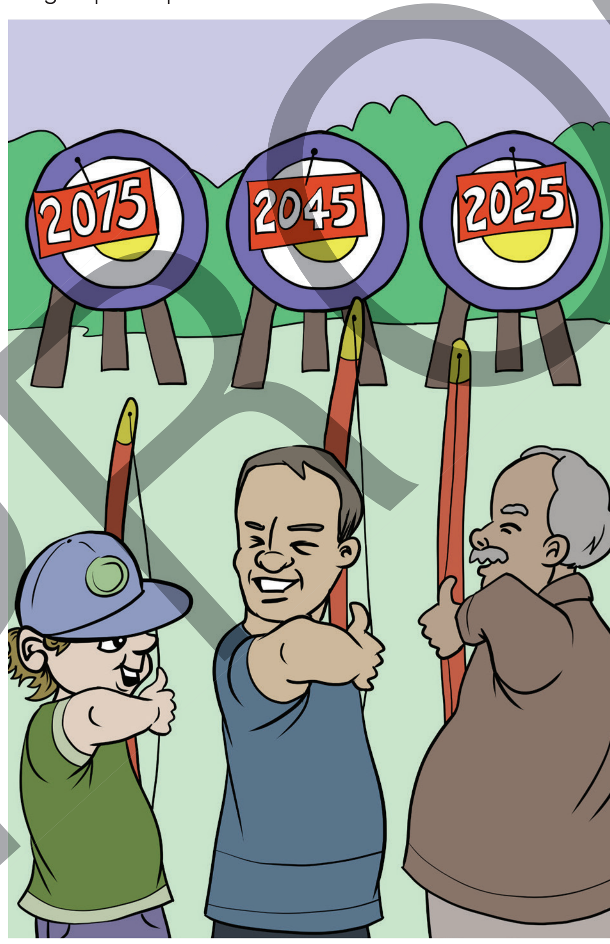
If you lack the time to allocate your retirement plan assets on your own, target-date mutual funds* may be an option for you. Similar to age-based, lifecycle and target-risk funds, target-date funds are designed to follow an investing path that changes when risk tolerance and time horizons change.

Popular Choice

The *401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2016* report from the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI) found that three-quarters of 401(k) plan participants studied had access to target-date funds and 21% of assets were invested in them. All ages participated with about half of the 401(k) assets of participants in their twenties were invested in target-date funds at the end of 2016. About 18% of those in their 60s invested in target date funds.

Pros and Cons

In a world where time is a commodity, target-risk funds do the work for investors. These funds are typically identified by the target retirement year. For example, a 2025 fund is for near-retirees, a 2045 fund is for younger investors and there are a host of options in between. Generally, they start with a balanced portfolio that may include stock and bond mutual funds, and that mix becomes more conservative as the target date nears. Target funds rebalance automatically, which is another convenient feature.



While this automatic approach to retirement investing has its advantages, it may not be right for every investor. If you plan to retire much earlier or later than normal retirement age, which is currently 67 for most workers, the fund's asset allocation may not fit your time horizon. Another potential disadvantage is that you still need to integrate target funds with other retirement investments to help ensure you remain on track. Your financial professional can tell you more.

**Investors should consider the investment objectives, risks, charges, and expenses of the fund carefully before investing. Contact the issuing firm to obtain a prospectus which should be read carefully before investing or sending money. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in mutual funds may result in the loss of principal.*

Real Estate & QBI

The IRS issued a final ruling explaining how to qualify for a real estate income safe harbor to receive the Qualified Business Income (QBI) deduction. You will need to make this safe harbor determination annually.

Qualifications

To qualify for a safe harbor for a real estate rental income deduction under section 199A, taxpayers must meet ***all*** of the requirements stated in this final ruling. They include maintaining separate books for each enterprise and keeping contemporaneous records including time reports logs and similar documents. You'll also need to provide the description, hours and dates of all services performed and who performed them.

Hourly Rules

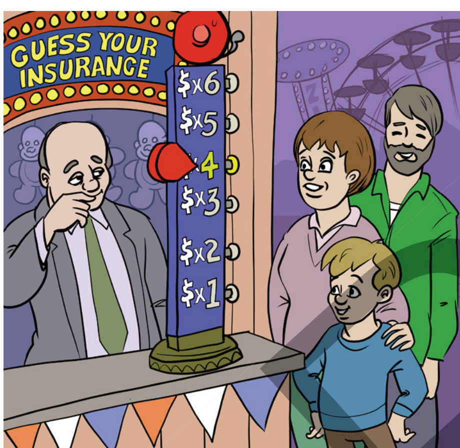
Rental real estate enterprises in existence for fewer than four years must have performed 250 or more hours of rental services per year. Those in business longer must meet this standard in three of the five previous years.

Young Adults and Life Insurance

How much life insurance should a person carry? The answer varies wildly, even among experts, but we know that "how much" changes as life changes. There are a variety of life circumstances that can influence your answer.

Some life insurances companies like to offer their rules of thumb, which can range from six to 12 times your annual income. While convenient, this rule doesn't take into account the specifics of an individual life or family. You may have a special-needs child to support, a business to carry on or a spouse who is unable to provide financial support, increasing how much you need.

Generally, younger people have longer time horizons for which their families will need their income. During this time, your family may outgrow a house and children may head off to college, each with its own set of expenses. Even stay-at-home spouses offer financial help in the form of childcare and home care that you may have to pay for should the unthinkable occur.



Tax Benefits of a Traditional IRA

If you're still looking for a tax deduction on your 2019 tax return, consider contributing to a traditional IRA.

How Much?

Traditional IRAs still occupy a large space in the retirement savings space. Here's why: Like potential growth in a Roth IRA, a traditional IRA's growth builds tax-deferred until withdrawal. Unlike a Roth IRA, its traditional cousin has taxable distributions.* And also unlike a Roth, the traditional IRA offers tax-deductible contributions for those people qualifying by income.

Tax-deductible contributions help you later, because your account should grow over time, and now, because contributions are deductible from your taxable income in the tax year contributions are made. So, if you are in the 25% combined tax bracket (state and federal), this means a $5,000 annual contribution saves you $1,250 in taxes.

Who Qualifies?

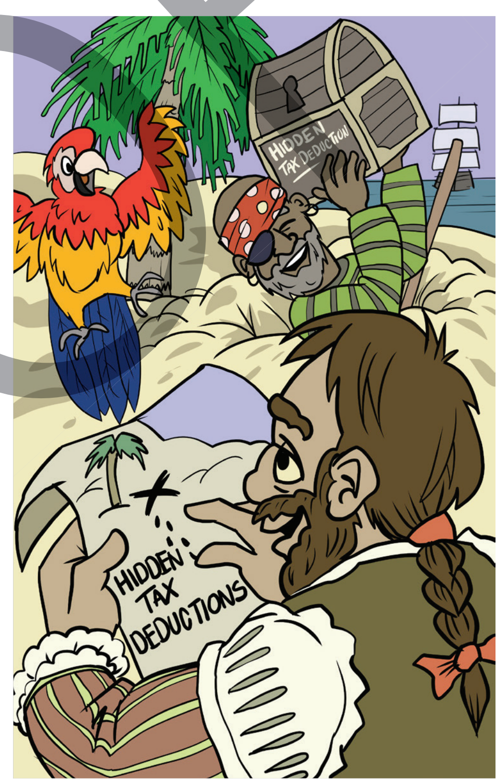
Your income and tax filing status will determine if your contributions are tax deductible in tax year 2019.** If you are covered by a retirement plan at work and your tax filing status is single or head of household, you can make a tax-deductible contribution for 2019 of up to the limit of $6,000 if your modified adjusted gross income (MAGI) is $64,000 or less. Take a partial deduction if your MAGI is between $64,000 and $74,000.

If you file jointly or are a qualified widower, the income limit for a full deduction is $103,000 or less. For a partial deduction, it's between $103,000 and $123,000.

Married taxpayers filing jointly have no income limits to qualify for tax-deductible contributions when neither has a workplace retirement plan. If your spouse has a workplace plan and you don't, take a full deduction if your MAGI is $193,000 or less and a partial deduction between $193,000 and $203,000.

**Distributions from traditional IRAs and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty.*

***https://www.irs.gov/retirement-plans/2019-ira-deduction-limits-effect-of-modified-agi-on-deduction-if-you-are-covered-by-a-retirement-plan-at-work and https://www.irs.gov/retirement-plans/2019-ira-deduction-limits-effect-of-modified-agi-on-deduction-if-you-are-not-covered-by-a-retirement-plan-at-work*



Cyberspace Security Tips

How can you safeguard your vital financial information if you do business online?

Take Precautions

Most financial institutions will send you alerts about various account activities, including withdrawals over a certain amount and unusual credit card charges. Some may offer this automatically, while most will allow you to opt in to alerts.

When dealing with financial accounts online, always make getting to your information as hard as possible for those who would do your financial reputation harm. This means using double verification, including having a code texted to your email or smartphone, and using a password manager to change the password every time you visit.

Don't forget to check your accounts regularly, monitor your credit rating for suspicious activity (including fraudulent new accounts in your name) and shred any hard copies with identifying financial information that you receive by mail — even new credit card offers.

Stolen Info?

If your credit information is stolen, report it immediately to the police. This is theft. Also report the theft to the affected financial institution and major credit monitoring agencies. You have the right to freeze your account for any reason and it's free, making this a possible option if you know hackers stole your information. Know, though, that if you seek credit, the credit agencies can't give your financial information to anyone until you unfreeze your credit information.

Overhead Expense Insurance

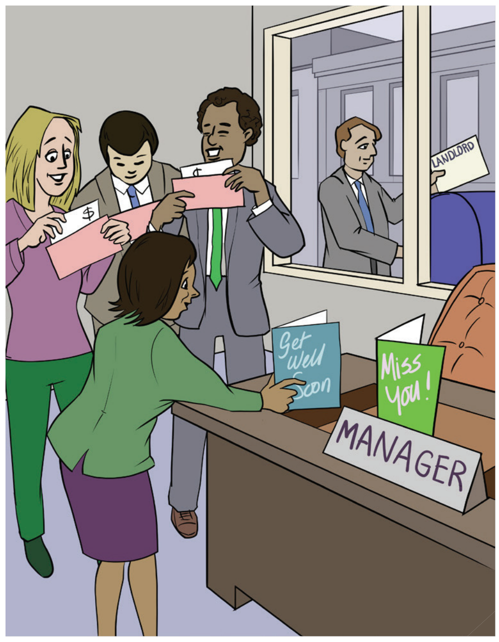
You may be aware that disability income insurance can protect your employees' ability to earn an income should a long-term disability keep them from work. But did you know there is also a type of insurance that may also protect a business financially in the same circumstances?

Disability overhead expense insurance, sometimes known as business overhead expense insurance (BOE), is that financial protection for your business. It is particularly suited for a smaller company or practice that depends on a very few people for most of its ability to operate successfully.

What It Does

When a person who is crucial to the success of the business can't work because of a disability defined by the insurance contract, BOE insurance can step in to cover certain everyday expenses when the policy recognizes that person as a potential trigger to benefits. These expenses can range from employee salaries and employment taxes to mortgage or rent payments, utility bills and even insurance premiums. The policy will typically have a monthly cap for what it will pay.
BOE insurance may have has an elimination period of 30 to 90 days or longer before it begins paying benefits. This same feature is in the disability income insurance your employees may have, with longer elimination periods usually resulting in smaller premium payments.

Policies typically have a maximum term during which benefits are paid, with the most popular being a year or two, although some are longer. This differs from disability income insurance, from which payments can last until age 65 or beyond, depending on the policy terms. Premiums for BOE are generally tax-deductible, but benefits are taxable.



Remember, though, that the benefits typically pay for expenses your business may still deduct.

The Difference

While BOE insurance benefits help to protect your business financially by paying many fixed expenses, it may not pay for the owner's salary. That's where disability income insurance comes in, an important benefit for all your employees, including the owners.

Disability can happen to anyone. According to the Social Security Administration, more than one in four 20-year-olds* will become disabled before reaching retirement age. So talk to your insurance professional to learn more.

** https://www.ssa.gov/disabilityfacts/facts.html*

5 Ways to Cut College Costs

If you have a child who is a junior in high school, you may have road trips to explore colleges on your schedule in a few months. Before deciding on a school, explore ways you can cut increasingly expensive college costs.

1. Stay Home. Some state colleges and universities offer scholarships to keep top-performing in-state students at home.

2. Commute. If your child attends a college close by, commuting could save a bundle on room and board costs.

3. Look at Community Colleges. Community college is a cost-effective way to gain the general credits most colleges require. Really ambitious high school students can also get community college credits at night and during the summer while in high school.

4. Take AP Courses. If students take advanced placement (AP) courses in high school and pass a standardized AP exam for the subjects taken, they can gain credits most colleges will accept.

5. Shorten College. An aggressive schedule combined with credits gained from community college and (AP) courses can help some students get a bachelor's degree in three years, reducing expenses by about a quarter.

It is important that you consult a financial aid professional regarding financing opportunities.

Fastest-Growing Occupations

Another way to make college cost-effective is to explore whether your student is working toward a degree in a growing or shrinking industry. Take a look at the projected growth to 2028 salaries and the 2018 median income, for these jobs:

POSITION	% JOBS GAINED	MEDIAN SALARY
Information Security Analyst	31.6%	$98,350
Physician's Assistant	31.1%	$108,610
Statistician	30.7%	$87,780
Nurse Practitioner	28.2%	$107,030
Mathematician	26.0%	$101,900
Software Applications Developer	25.6%	$103,620
Physical Therapist	21.9%	$87,930
Actuary	20.1%	$102,880

Last-Minute Tax Breaks

If you haven't filed your 2019 federal tax return yet, the Internal Revenue Service offers some reminders that may help reduce your income taxes for the year.

1. Limits have risen not only for income tax brackets and the standard deduction, but also for tax deductions like the Lifetime Learning Credit.

2. The maximum credit allowed for adoptions is the amount of qualified adoption expenses up to $14,080, up from $13,810 the previous year.

3. The Health Flexible Spending Account (FSA) saving limit rose to $2,700.

4. The Health Savings Account (HSA) contribution limit increased to $7,000 for family coverage and $3,500 for single coverage. Out-of-pocket limits also increased slightly.

5. If you receive alimony payments according to an agreement that was new or suitably modified in 2019, you won't owe federal income taxes on the amount.

6. You may deduct qualified unreimbursed medical expenses that exceed 7.5% of your adjusted gross income.

Customized Insurance Coverage

As when buying a new car, life insurance also offers a variety of options known as "riders". Take a look at the following riders* (in alphabetical order) to see if any help with your insurance protection needs:

Accelerated Death Benefit Rider

An insured person with a terminal illness may receive a portion of the benefit while alive to pay medical expenses.

Accidental Death Benefit Rider

This rider pays an additional amount of typically up to two times the death benefit in the event of an accidental death.

Cost of Living Rider

Some whole life insurance policies allow you to increase your coverage by the same percentage the government's Consumer Price Index increases.

Guaranteed Insurability Rider

This rider guarantees that you can renew your policy regardless of health.

Long-Term Care Rider

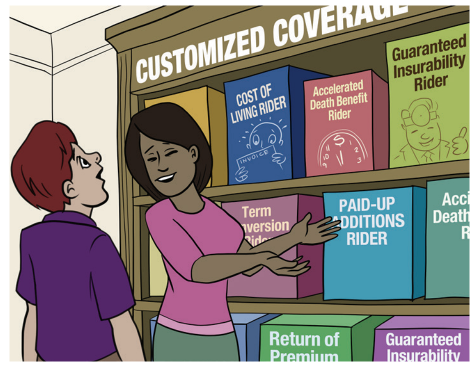
Like the Accelerated Death Benefit Rider, this rider allows you to take early benefits to pay for long-term care.

Paid-Up Additions Rider

This rider uses whole life dividends to increase the policy's cash value and death benefit.

Return of Premium Rider

A few term life insurance policies offer this rider, which returns some or all of the premium at the end of the agreed-upon term.



Term Conversion Rider

This rider can be an important one for younger policyholders who buy term insurance because of its affordability, but intend to convert to whole life insurance down the line. The rider guarantees a coverage without medical underwriting.

Waiver of Premium Rider

If you become disabled and can no longer work, this rider will waive your premium payments.

Tap the Brakes?

Some of these riders that pay out for events other than death will likely reduce the policy's death benefit and cash value. Talk to a life insurance professional to learn more.

** Applications for life insurance are subject to underwriting. No insurance coverage exists unless a policy is issued and the required premium to put it in force is paid. Riders may incur an additional premium. Rider benefits may not be available in all states. Guarantees are based on the payment of required premiums and the claims paying ability of the issuer.*

Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

November 15, 2019

Reference: **FR2019-1022-0081/E**

Org Id: 20999

1. 2020 Loose Change Mar/Apr
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Associate Principal Analyst

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