Loose Change

a penny saved is a penny earned

July/August 2020 Vol. 27 No. 4

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Overcoming Financial Obstacles

Millennials face challenging financial obstacles, including high student loan debt and difficult entry into an expensive real estate market. But they have one advantage that older generations never have: Time is on their side. If you're a Millennial consider how, even with other financial obligations, you can find the money needed for long-term financial goals.

Get Started

We're not saying this will be easy. A record $1.6 trillion in student debt* confronts today's Millennials while rising real estate prices make finding an affordable first home difficult. But it's not impossible to cut out some incidental spending to find perhaps 10% of your income to invest for your future. To find the money, consider cutting larger expenses, shop for a lower mortgage rate or rent, refinance your student loans, pay off high-interest credit cards or keep your car longer.

Next, make that extra 10% part of a disciplined investing strategy. Avoid the temptation to pay your low-interest-rate student debt early, as irritating as these loans may be, and consider making better use of any extra money. Consider investing for long-term goals like retirement, which you can easily do by participating in your company 401(k) plan.

Take Advantage

If your employer matches some of your 401(k) plan contributions, take advantage of this benefit many employees don't have.

And then take advantage of one thing only people your age have: lots of time. With time on your side, the money you put away for long-term goals can grow exponentially. To learn how much, check out the compound interest calculator at the Security and Exchange Commission's website: *www.investor.gov.*

Here's one example how your money can grow: Let's say you earn $5,000 per month. You put 10% of your income, or $500 per month, into your 401(k). Your employer matches 3%, adding another $150 monthly. If this $650 per month earns 6% compounded daily over 40 years, the total contribution of your $240,000 and your employer's $72,000 would grow to more than $1.3 million.

Understand that time means everything in this example, because investing the same total over a smaller amount of time will not come close to matching the number previously cited. So get started today and put something away for the future.

* *https://www.federalreserve.gov/releases/g19/HIST/cc_hist_memo_levels.html*

Business Travel with Family

If you run your own company and travel for business, you may want to combine work with pleasure. That's okay, as long as you don't trip up on tax rules.

Tax-Smart Travel

You can deduct transportation costs for you, but not for family and you may only deduct the reasonable cost of lodging, which in this case would be single or double occupancy.

Separate Expenses

It's important to keep detailed records. You will have to allocate all of your expenses for tax purposes. For example, you may deduct the cost (including gas) of renting a car only during those days when conducting business. So, if you spend $500 for a 10-day rental and you put in five days for business, you may deduct half of that, or $250, as a business expense.

Finally, you will have to recognize the personal expenses paid by the company as an owner's draw and part of your income.

Real Estate Investment Trusts

Real estate has always been a way for investors to grab a personal piece of the American Dream — their own homes — but it may also prove to be a smart addition to your investing strategy while potentially providing a steady stream of income. A publicly traded Real Estate Investment Trust (REIT)* offers one way to invest in this asset class, which includes varied commercial and personal real estate.

What's a REIT?

A Real Estate Investment Trust (REIT) must organize as a corporation, trust, or association managed by at least one trustee or director, and it must include transferable shares held by 100 or more persons, among other requirements.

Through a REIT, investors buy shares of properties like office buildings, hotels, warehouses and shopping centers — something that would be cost-prohibitive for many investors without the scale a REIT provides. Other REITs may include consumer housing rentals and mortgages. REIT shareholders don't have to manage the daily upkeep of these properties as they would if they owned these or any properties directly.

Don't confuse REITs that trade on public exchanges with non-traded REITs and private real estate funds. The latter type of real estate investment is not subject to the same extensive rules that govern REITs, and their shares often will not be as liquid as REIT shares.

Part of the Picture

Often considered a fourth asset class (along with stocks, bonds and money markets), many REITs have high liquidity because they trade on public exchanges. They must return 90% of their income to shareholders as dividends, and they're subject to many of the rules other publicly traded investments must follow. While REITs provide a way to diversify among asset classes, they may also offer diversification** within the asset class. For instance, a REIT may include commercial and residential properties that vary by type, geographic location and income expectations.

Before investing in a REIT, you need to understand whether or not it is publicly traded, and how this could affect the benefits and risks to you. Ask your investment professional for more information about REITs.

**REITs involve risks such as refinancing, economic conditions in the real estate industry, change in property values, dependency on real estate management and other risks associated with a portfolio that concentrates its investments in one sector or geographic region. Shares of any REIT are not suitable for all investors.*

*** Diversification does not ensure a profit or protect against loss in a declining market. Past performance won't guarantee future results.*

Benefits for a Younger Workforce

Planning for open enrollment is becoming a more important exercise for business owners as Baby Boomers give way to Millennials and Gen X, Y and Z staff who have different ideas about what they want in benefits. Here's a look at what benefits younger employees may value:

Bright and Shiny

Millennials' concerns about student loan debt have given rise to a student loan repayment benefit. Depending on its design, this benefit can be linked to 401(k) savings, continuing education and more.

Two other newer benefits provide health and financial wellness programs that offer discounts for weight loss, gym memberships and counselling about how to pay for expenses and save for various goals.

Discount programs on everything from vacations to dry cleaning and benefits growing in popularity like pet insurance, flexible scheduling and family planning could also be part of your package. And don't forget about the staples. Employees of all ages look for health insurance. Add a Health Savings Account if you offer a high-deductible health plan. Also remember the universal needs for a retirement plan, disability income insurance and life insurance.

Creating a Strategy

Before choosing benefits, you'll need to create a benefit plan strategy to fully understand what your employees need. Start by surveying them on paper, online or in person. Ask them which benefits they value in order of importance.

Next, establish a communications plan that includes easy-to-understand information about each benefit and contact information for employees who have questions. Communications may involve in-person meetings, print collateral, online access and even smartphone apps.

Your benefits are only as good as employees and job prospects perceive them to be, so do what you can to ensure their value is fully recognized and understood. The right benefit package can be the difference between you or your competitors attracting and retaining the best talent.

What's an Annuity Exchange?

When you surrender an annuity* or cash value life insurance policy, you may face taxes and penalties unless you exchange it in a tax-approved way. That way is a 1035 Exchange, named after a section of the Internal Revenue Code. If you are considering such an exchange, understand the consequences first before making any decision.

Why Exchange?

Why would you want to exchange an annuity? You may prefer to buy one from a financially stronger company, an important point because annuities are not FDIC-insured. Or you may find one that has a higher initial interest rate.

You could, however, run up against a few obstacles trying to make an exchange. One, you will be older and your premiums could be higher because of it. Two, you could pay more or even be denied coverage because of an adverse change in health. Three, it takes more time to make a 1035 exchange than simply surrendering the policy, but the tax savings may make it worth your while.

1035 Benefits

This section of the tax code allows you to move earned interest from one annuity to another without incurring taxes or early withdrawal penalties. You'll still need to check with your annuity issuer to see if surrender charges, which can be significant, come into play.

If surrender charges are an issue, you may be able to make a partial exchange that's surrender-fee-free. If you exchange policies issued by the same insurer, you also may not have to deal with surrender charges. Talk to an insurance professional to learn more.

** An annuity may impose charges, including but not limited to surrender charges, mortality and expense risk charges, administrative fees, underlying fund expenses, and feature charges that can reduce the value of your account and the return on your investment. You will have to pay federal income tax on any earnings you withdraw from the annuity during retirement or before. Payments and guarantees are subject to the claims-paying ability of the issuing insurance company and the underlying investment options are subject to market risk and may lose value.*

Back-to-School Shopping Tips

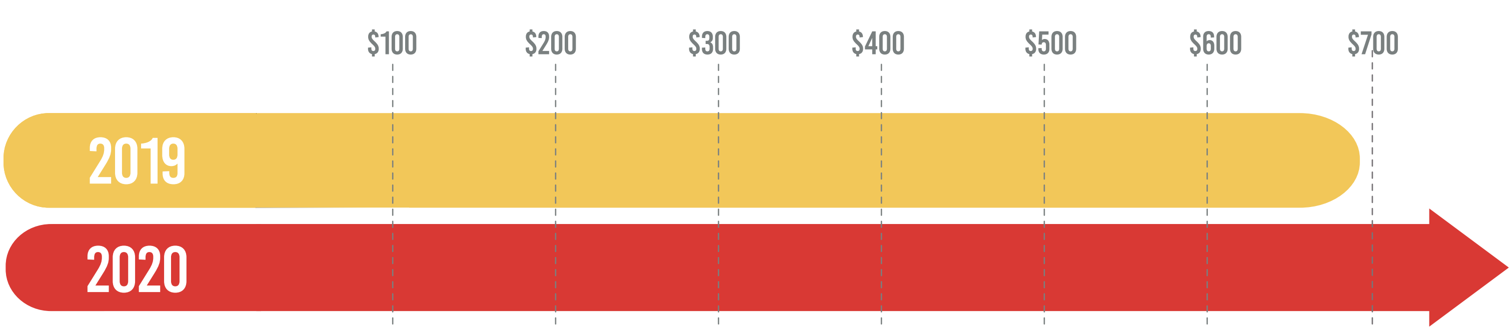
Parents of students know summer ends with the added expense of back-to-school shopping. Here's how to survive this unavoidable annual ritual while keeping your expenses down.

- Buy computers with lower speeds and less storage. Higher levels of speed and space cost more and are more likely to be beneficial for gaming than for school research.
- Shop at dollar stores for everyday items including writing instruments, binders and paper.
- Kids lose things, including laptops and smartphones, so insure them against loss and other damage.
- Textbooks are expensive, particularly those needed in college. Save lots of money by buying used, renting, borrowing or downloading e-books.
- Accept hand-me-downs. If your kids have to wear uniforms and they're the same as used ones in good shape, choose the less-costly used option.
- Shop in bulk. Team up with family, friends and neighbors to buy common school supplies in bulk.
- Wait for sales. If you can hold off, you may find better prices on electronics and clothing during the holidays than in the back-to-school sales season, when retailers figure they have you cornered.

Back to School Spending Stats

School supplies comprise a healthy portion of back-to-school spending. In 2019, a survey by the National Retail Federation and Prosper Insights & Analytics found that families expected to spend an average $696.70 on school supplies for each elementary through high school student. Expect that number to top $700 this year.

AMOUNT SPENT ON SCHOOL SUPPLIES



Tax-Saving College Funding Options

If you meet income and other requirements, a variety of grants and tax breaks can help you reduce higher education costs. Examples include:

Grants. The federal Pell Grant provided up to $6,195 for 2019-2020. The Federal Supplemental Educational Opportunity Grant (FSEOG) may provide up to $4,000 annually, depending on the availability of the grant at the school.*

Most college or secondary schools offer grants from a variety of private organizations. Two examples include grants that target specific groups of students like future teachers and children of veterans. To receive virtually any grant or loan, you'll need to fill out the Free Application for Federal Student Aid (FAFSA) form.

Tax Breaks. Get tax credits — which you subtract from taxes owed — from the American Opportunity Tax Credit and the Lifetime Learning Credit. You can reduce your taxes by up to $2,500 for qualified education expenses. And, if you meet income requirements, you may deduct student loan interest of up to $2,500 from your taxable income.

**https://studentaid.gov/sites/default/files/federal-grant-programs.pdf*

Tools to Help You Build Your Retirement Accounts

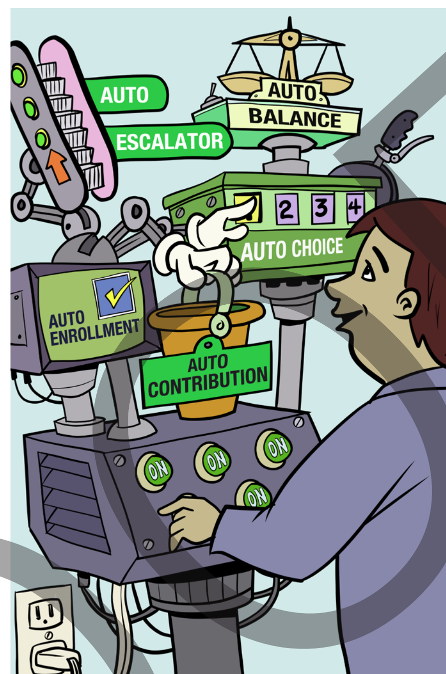
Company-sponsored 401(k) plans may feature matching contributions from your employer, and automatic enrollment, rebalancing and contribution escalators, to name a few. Even if you don't have these options, you can still model your retirement investing behavior after some of these plan features.

Auto Enrollment

If your retirement plan doesn't offer automatic enrollment, ask what you need to do to join. If you don't have a workplace plan, make it your mission to research the qualifications and contribute to an individual retirement plan.

Auto Contributions

Before you start a new job, forecast your take-home pay for your monthly budget after subtracting a number like 10% for retirement contributions. (Remember that your contributions will likely be tax-deductible.) Start contributing as soon as you're eligible.



Auto Escalators

When you get a raise, why not put the extra money into a retirement account? Employers often do this automatically for plan participants who receive raises. If yours doesn't, request to change your contribution level.

Auto Choice

Some people don't enroll in 401(k) plans because they don't want to have to choose among investments. So some employers automatically put employees' contributions into target-date or balanced accounts for them. Do the same if you don't want to choose among investment options.

Auto Rebalancing

If you choose your own investments in a workplace or other retirement plan, it pays to diversify.* To keep your portfolio diversified as planned, you'll need to rebalance it every six or 12 months.

**Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

March 09, 2020

Reference: **FR2020-0211-0117/E**

Org Id: 20999

1. Loose Change July/August 2020
   Rule: FIN 2210

Dear Mr. Thuner,

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Associate Principal Analyst

aec

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.*

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