Loose Change®

a penny saved is a penny earned

July/August 2021 Vol. 28 No. 4

Alison Brew
Account Manager
LTM Client Marketing
45 Prospect Avenue
Albany, NY 12206

Tel: 518-870-1083
Toll Free: 1-800-243-5334 ext. 510
Fax: 1-800-720-0780
abrew@ltmclientmarketing.com
ltmclientmarketing.com

Follow Your Plan

Whether your life is more hectic than usual or market volatility makes you nervous, abandoning a well-considered investment strategy may undermine your plans for your financial future. Review these tried-and-true investing tips before you make a move.

Keep Emotions at Bay
An extended bull market can leave you feeling overly optimistic about future stock values, just as a prolonged bear market may send you fleeing to fixed-income investments. Investment decisions should never be based on emotion. You created your investing plan for a reason. Don't let an emotional reaction to market swings derail it.

Diversify Your Investments
A diversified* portfolio that spreads your investing dollars across a variety of asset classes, geographical regions and market sectors may help reduce your portfolio's volatility. Holding a variety of investment types that may react differently to the same market conditions might help cushion your portfolio against major losses.

Forget About Market Timing
Attempting to buy investments when prices are low and sell when they're high is a strategy that even seasoned investors often can't execute successfully. Maintaining a diversified portfolio and following your investment plan can help prevent you from selling securities when prices are down and potentially preserving your portfolio's value.

Moderate Your Risk
Taking too much risk with your investments can put your portfolio's returns in jeopardy should those risky investments take a nosedive. But taking too little risk may leave you without enough savings to reach your goals. Make sure the amount of risk you take with your investments matches your risk tolerance and investing time frame. Remember, though, as you near retirement, it's important to reduce your exposure to riskier investments and concentrate on preserving gains while still holding some assets that can outpace inflation.

**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.*

Life Insurance Roles

Life insurance is versatile and can play a variety of roles in a financial plan.

Tap Your Policy's Cash Value.
You can supplement your retirement income by accessing your policy's cash value or borrowing against it. Remember that loans and withdrawals may reduce the amount of the policy's death benefit.

Include an Accelerated Death-Benefit Rider. You can use the policy's death benefits if you're diagnosed with a terminal illness that will substantially shorten your life. Using the benefit will reduce the death benefit for your beneficiaries.

Leave a Legacy. Life insurance can be used to benefit loved ones or to make a charitable donation to an organization that's important to you.

Replace Lost Income. Social Security and pension benefits typically stop at your death, potentially leaving your spouse with an income deficit. Life insurance proceeds can make up the shortfall.

Pay Final Expenses. Life insurance proceeds can be used to pay your funeral expenses.

FR2021-0301-0252/E

Financial Aid Maze

Wasn't it just yesterday that your child was starting kindergarten? And now you're preparing to pay college tuition. Take a deep breath and review some basic information about financial aid.

It Starts with the FAFSA

Start by submitting a Free Application for Federal Student Aid (FAFSA) form early. Forms will be accepted from October 1, 2021 – June 30, 2022 for the 2022-2023 school year. You can find the form on the *studentaid.gov* website. Information on the FAFSA is used in determining your child's eligibility for federal, state and school financial aid. The information is shared with the colleges your child lists on the FAFSA, and each college's financial aid office uses it to figure out how much aid your child may receive at that school.

Types of Federal Aid

Federal financial aid takes several forms. Grants, including Federal Pell grants, Federal Supplemental Educational Opportunity Grants (FSEOG) and Teacher Education Assistance for College and Higher Education (TEACH) grants, are based on financial need and don't have to be repaid. Special grants are also available to children of certain armed forces members.

Federal Work-study provides part-time employment while a student is enrolled in school. The emphasis is on employment in civic education and work related to a student's course of study, if possible.

Loans may be offered as part of a financial aid package and must be repaid with interest. Direct subsidized loans are made to eligible undergraduate students based on need. Direct unsubsidized loans benefit eligible undergraduate, graduate and professional students and are not need based. Direct PLUS loans are made to graduate or professional students and parents of dependent undergraduate students to help pay education expenses not covered by other financial aid. Direct consolidation loans allow borrowers to combine all eligible federal student loans into a single loan with a single servicer.

Private loans offered by banks are also available to help pay college expenses. However, these loans are generally not as affordable as federal loans. State loan programs also offer residents money for college or professional programs. Colleges may have their own loan programs as well.

Beyond Federal Aid

Scholarships are monetary gifts based on need, academic merit, talent, or a particular area of study and don't have to be repaid. Schools, employers, nonprofit and private organizations, religious groups, professional and social organizations and even individuals may offer scholarships to help students pay for college or career school. The U.S. Department of Labor has a free scholarship research tool at *www.careeronestop.org/toolkit/training/find-scholarships.aspx*

You can get more information on funding from a school's financial aid office.

Why Are Women Behind Financially?

Women tend to lag behind in accumulating assets because they're more likely than men to leave the workforce to care for their young children or, in later years, to act as caregivers for elderly family members. Spending time away from a job may mean missing out on several years of contributing to an employer's retirement plan. It can also result in lost opportunities for promotion and subsequent salary increases.

Ultimately, being out of the workforce can mean lower Social Security benefits in retirement. And a woman's longer life expectancy may contribute to higher lifetime healthcare costs in addition to the extended need for income.

Take Charge of Your Finances

- ❖ Work as long as possible to maximize your savings and your Social Security benefits.
- ❖ Contribute the maximum amount to an employer's retirement plan account. Consider contributing to an IRA, which may or may not be tax deductible.
- ❖ Take more investment risk if your tolerance allows. Investing too conservatively can slow progress toward your savings goals, so don't rely on only fixed-income investments.
- ❖ Create an emergency fund.
- ❖ If you're married but not working, your spouse may be able to contribute up to $6,000 ($7,000 if you're age 50 or older) to a spousal IRA for you.
- ❖ If you think your sources of income, such as Social Security and any pensions, won't cover your expenses in retirement, consider investing in an annuity that will generate regular income to help fill the gap.
- ❖ Reduce your living expenses by moving to an area with lower taxes and housing costs. If you're not married, consider sharing a residence with friends.
- ❖ Consult your financial and tax professionals to help ensure you make well-informed decisions.

* *https://www.voanews.com/science-health/new-study-looks-why-females-live-longer-males*

Trending Now: Roth IRA Rollovers

Tax-free withdrawals and no required minimum distributions (RMDs) at any age are two characteristics that make Roth individual retirement accounts (IRAs) popular with investors. Current relatively favorable tax rates have made rollovers from traditional IRAs an option to consider. But, as with any investment, it's important not to rush into a rollover without first taking into account the possible effects of such a move.

IRAs in a Nutshell

Contributions to a traditional IRA are made before income taxes are taken out, allowing your savings to accumulate tax deferred until you withdraw the money, presumably at retirement. You must begin taking distributions from traditional IRAs and other tax-deferred retirement accounts once you reach age 72.*

Alternatively, contributions to a Roth are made with *after-tax* dollars, so withdrawals of earnings are tax free after age 59½, as long as you've had the Roth IRA for five years. (Roth contributions can be withdrawn tax free at any time, but an early withdrawal penalty may apply.) And you are not required to take distributions during your lifetime, so, if you don't need the money, you can pass along the Roth account to your heirs.

The Taxing Details

If you're thinking of rolling over funds from a traditional IRA to a Roth IRA, make sure you have sufficient funds to pay the taxes on the amount you roll over—preferably without tapping the account. Keep in mind that the conversion could push you into a higher income tax bracket since that money will be taxed as income in the year you roll it over.

If you're enrolled in Medicare Part B, the income from converting a traditional IRA could also result in a high-income surcharge on your premium in a future year.

When a Rollover Might Make Sense

If you've experienced a drop in the value of your traditional IRA recently, rolling over the funds to a Roth IRA while the value of your investments is down may lower the tax hit.

** Taxpayers born before June 30th, 1949 must still use age 70 ½ to start taking required minimum distributions.*

Balancing Act

Online banking and mobile banking apps may have made it easier to keep track of your checking account balance, but it's still important to make sure your records match your bank statement. Balancing your checking account regularly allows you to catch any merchant errors and spot problems, such as fraudulent charges, missed automatic payments, missing deposits, or subscriptions you thought you'd cancelled.

Balance Your Checking Account

1. Start with the opening balance (the amount of money showing in your account).
2. Subtract pending transactions, including checks you've written, ATM withdrawals, automatic bill payments and debit card charges.
3. Add expected deposits, credits and any interest earned.
4. Deduct fees and charges.
5. Record the ending balance (your available funds).

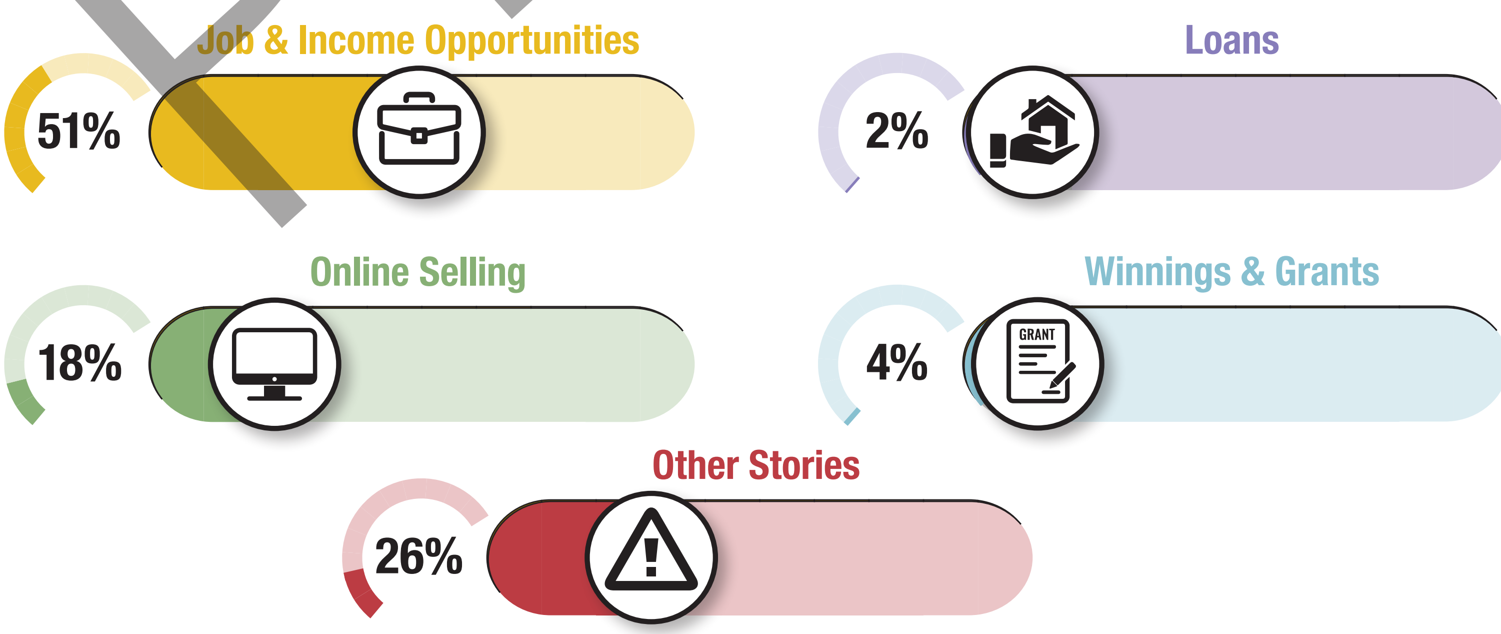
If the balance doesn't match your account statement, go through your records again to find the discrepancy. Common errors include forgetting to record a transaction, transposing numbers and adding or subtracting incorrectly.

Expensive Mistakes

Your financial institution will charge you an insufficient-funds fee for each transaction that overdraws your account. Consider setting up overdraft protection or automatic transfers from a savings account.

Don't Be a Victim

Counterfeit check scams typically fall into these basic categories:



Source: FTC, Consumer Sentinel Network Database, 2019

Spotting a Scam

In 2019, there were 27,000 reported fake-check scams, resulting in losses of more than $28 million. Recognizing the telltale signs of a scam may prevent you from becoming a victim.

Common "Scamagories"
Common scams to watch for include:

Car Wrap Deals. Victims who agree to use their vehicles for advertising are asked to wire money from a checking account to a decal installer who never shows up to do the wrap.

Overpayments. Scammers who buy items that someone is selling online "accidentally" send a (bad) check for more than the cost and ask for a refund of the difference.

Avoid Fake-check Scams. Never send money to someone you don't know. If you are a victim of a fake-check scam, report the scam at *ftc.gov/fakechecks* or *ftc.gov/giftcards*.

Who Needs Disability Insurance?

In general, disability insurance provides an income benefit if you can't work because of an illness or injury. You may think this won't happen to you, but, according to the Council for Disability Awareness, **one in four 20-year-olds will become disabled before they retire**. Back injuries, cancer, heart disease and other illnesses are responsible for the majority of long-term absences.

Benefits for How Long?
Disability insurance falls into two categories. Short-term disability typically replaces 60%-70% of your salary from a few months to up to two years. It requires a brief waiting period before benefits start.

Long-term disability typically replaces 40%-60% of your salary for as long as you're disabled or until you reach retirement age. A common waiting period before benefits begin is 90 days, but you have the option of choosing a shorter or longer time.

Some employers offer disability insurance as an employee benefit. If your employer doesn't offer coverage (or the coverage is limited) or if you're self-employed, buying long-term disability insurance is a smart move. Having your own policy also allows you to keep your coverage even if you change jobs.

The Definition of Disabled
The definition of disabled varies depending on the policy. Some policies pay benefits only if you can't work at any job for which you're qualified. Other policies pay if you can't perform the duties of your own occupation. A policy may pay partial benefits if you're able to work part time.

Looking at Cost
The cost for a policy is typically one-to-three percent of your annual income. Factors that determine the cost include your age when you buy a policy, your health, the definition of disability, length of the waiting period and the length of time benefits will last. You may be able to customize a policy with extra features, such as annual cost-of-living adjustments. However, adding features will affect the price.

Other Income Sources
When determining how much of your salary you would need to replace, consider other potential sources of income for which you might be eligible, such as employer-provided sick pay, Social Security Disability Income (SSDI), or workers' compensation (for job-related illness or injury).

ABC Company
1234 Main Street
New York City, NY 10001

Presorted
Standard Mail
U.S. Postage Paid
Buffalo, NY
Permit No. 37

YOUR CLIENT'S NAME
123 MAIN STREET
CITY, STATE 11111

Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

March 22, 2021

Reference: **FR2021-0301-0252/E**
Link Reference : FR2020-1217-0081

Org Id: 23568

1. Loose Change Newsletter July/August 2021

   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

hrm

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.*