Loose Change®

a penny saved is a penny earned

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Tailor Fit Your Benefits

Open enrollment gives you the opportunity to review the benefits your employer will offer in the coming year. It's important to look at all your options and make selections based on your current needs.

Health Insurance

For many employees, health insurance is their most sought-after benefit. If your employer offers more than one plan, choosing the best one for your personal circumstances may take some sleuthing. Finding the right plan means thinking about your usage and comparing each plan's out-of-pocket costs, including premiums, deductibles and copays.

If one of your options is a high-deductible health plan (HDHP), keep in mind that your out-of-pocket costs could be as high as $7,000 for individual coverage and $14,000 for family coverage* before insurance kicks in. However, premiums are typically lower for an HDHP and some preventive care that's not subject to the limits may be covered.

Another benefit exclusive to an HDHP is the ability to contribute to a Health Savings Account (HSA) to pay medical costs. HSA contribution limits are $3,600 for an individual and $7,200 for a family,* and your employer may make contributions to your account.

Life Insurance

Your employer may already provide term life insurance equal to a multiple of your annual salary at no cost to you. However, you might be able to purchase additional coverage at your employer's group rate. Keep in mind that if you leave your current employer for any reason, your coverage will generally end.

Flexible Spending Accounts (FSAs)

You may have the option of contributing pre-tax dollars to a health-care FSA and/or a dependent-care FSA to pay health-care and dependent-care expenses. Contribution limits are $2,750 and $10,500, respectively.*

Long-term Disability Insurance

While your employer may provide short-term disability insurance for a disability typically lasting six months or less, long-term disability insurance replaces a portion of your income if you're unable to work for an extended period for a covered claim.

Dental and Vision

You may have the option of choosing dental and/or vision coverage. Dental coverage typically covers preventive care, as well as a portion of the cost of other services. Vision coverage may include eye exams and a portion of the cost of corrective lenses.

**2021 Limits*

Reward Employees

Employee incentive programs encourage excellence and promote worker loyalty that can help your company reach its business goals. As a small business, you may have to limit the number of incentives you offer, so it's important to know what employees value most.

Incentives: What Kinds?

Some ideas to consider include:

- Merit-based raises for meeting performance objectives
- Annual bonuses to reward excellent performance
- Small cash awards to recognize initiative
- Referral bonuses for recommending a job candidate who is subsequently hired
- Profit-sharing
- Paid time off (PTO)
- Professional development opportunities
- Health and wellness initiatives
- Flexible schedules
- Tuition reimbursement
- Team-building activities (team lunches, yoga sessions, outdoor events)

No Place Like Home

Thinking about buying a house? Here's what you need to know.

How Much House?
Your housing expenses, including principal and interest, property taxes and insurance, generally shouldn't be more than 28% of your total pre-tax income, while total debt (credit cards, car loans, personal loans, and student loans) shouldn't exceed 36%. Shop for homes that keep you in this range.

The Down Payment
Having enough money for a down payment and mortgage closing costs may take a few years and a lot of sacrifice. Figure out how much you'll need and establish a time frame for saving the money. Cut back on non-essentials like cable TV, gym memberships and dining out, and put any raises or bonuses you receive toward your goal.

15, 20, 30?
It's a no-brainer that the shorter the loan term, the less you'll pay in interest over the life of the mortgage. Putting down a minimum of 20% of the purchase price will reduce your loan amount and help you avoid paying private mortgage insurance (PMI) that protects the lender in case you default on the loan.

Diversify to Calm Your Nerves

You don't have a crystal ball, but you do have one tool in your financial toolbox that can help cushion your portfolio against any market fluctuations: Diversification.*

Diversification Defined
Diversification means spreading your investment dollars across several different asset classes, limiting your exposure to any one asset type. Doing so may potentially reduce your portfolio's volatility and minimize your risk of loss. By holding investments that respond in opposite ways to market conditions, you may be able to earn higher overall returns than you would if your portfolio held a single investment type.

The Basic Components
A diversified portfolio typically includes these basic asset classes:

Stocks offer higher growth potential than other asset classes. But stock values can be volatile, resulting in a greater risk of losses.

Fixed income investments (bonds) provide income from interest. Bonds may reduce your portfolio's volatility and help cushion losses when stock values lose ground.

Cash equivalents consist of short-term, low-risk investments, such as Treasury bills, certificates of deposit (CDs), and money-market vehicles. They preserve principal while earning interest at typically low rates.

A Step Beyond
Diversification doesn't stop with the three major asset classes. Adding international stocks to your portfolio gives you exposure to foreign markets. You can invest broadly or in the stocks of particular countries or regions. Sector stocks focus on specific industries or areas of the economy, such as pharmaceuticals, energy, real estate, information technology, and so on. Including these investments can further diversify your portfolio.

Your financial professional can help you select investments that complement your goals and risk tolerance, including mutual funds**, which are a popular way to invest.

**Diversification may be used to potentially manage risk and enhance returns; however, it does not guarantee a profit or protect against loss. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

***Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

RMDs: Know the Rules

Whether you've already begun taking required minimum distributions (RMDs) from your retirement accounts, or you're just about to begin, consulting your financial professional to make sure that you understand the rules that govern these accounts will help you avoid costly mistakes.

When: If you turned age 70½ in 2020, or later, you must take your first RMD by April 1 of the year after you turn age 72. After that, RMDs must be taken by December 31 each year — potentially requiring you to take two RMDs in the year you took your first one.

Where: You must take RMDs from all tax-deferred retirement accounts, including 401(k) and 403(b) accounts, traditional individual retirement accounts (IRAs), SIMPLE IRAs and SEP IRAs.

If you have multiple traditional IRAs, you'll calculate the RMD separately for each account; however, you can take the distribution from one IRA or any combination. With multiple 401(k) accounts, you should calculate the RMD separately for each account and take a distribution from each one.

Taxes and penalties: Distributions are taxed as ordinary income. If you fail to take your full RMD by the withdrawal deadline, you could face a penalty of 50% of the amount you were required to withdraw but didn't, plus income taxes.

Exceptions: You won't have to take an RMD from your current employer's plan if you're still working beyond age 72 and don't own 5% or more of the company. You will have to take RMDs from a 401(k) with a former employer unless you're able to roll over the balance(s) to your current plan.

Ladder Annuities can Provide a Steady Income

Are you seeking an investment that provides guaranteed income in retirement? You might want to consider immediate annuities.

The Laddering Strategy

With an immediate annuity, you receive fixed payouts over a set number of years in exchange for an initial lump-sum payment. However, you may be able to minimize the risk of low returns and take advantage of any rise in interest rates that occurs by laddering annuities.

The laddering strategy involves purchasing immediate annuities over a number of years. So, instead of spending your money on a single annuity that locks you into a lifetime interest rate, you invest in multiple annuities over time. You might buy 1 annuity a year for 4 years or an annuity every 3 years for 12 years, etc. The time frame for staggering each annuity is up to you.

You can also ladder annuities based on the start dates of when you'll begin receiving the payments. Combining purchase and start date laddering strategies is another option.

Laddering Benefits

Annuity payouts are based on the amount of money invested, the prevailing interest rate and the recipient's life expectancy. So, the older you are when you begin receiving payments, the larger those payments are likely to be. And, if interest rates are higher in later years, you could benefit from having used a laddering strategy.

The Downsides

Investing a large sum in immediate annuities means you'll no longer have access to that money. Keep in mind that surrendering an annuity can be costly and difficult if you have an unanticipated expense in the future and need your cash.

It's also important to understand that unless the annuity is a joint lifetime annuity or includes a survivor payout, annuity payments stop at your death.

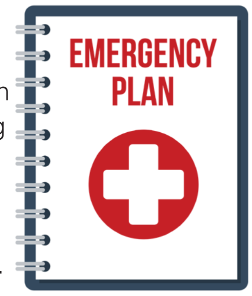
Food for Thought

If the security of having a guaranteed income appeals to you, consider reviewing laddering strategies with your financial professional.

Immediate fixed annuity contracts, annuitants receive a fixed income stream based, in part, on the interest rate guarantee at the time of purchase. Annuity guarantees are backed solely by the claims-paying ability of the issuing life insurance company.

Create an Emergency Plan

Natural or human-made disasters don't wait for you to prepare for them. They could happen at any time.



Developing a plan with input from all family members can help with navigating a potentially life-threatening event. These guidelines can get you started.

You Could Be Separated. Make sure you know how to contact each other. Remind family members to keep important contact information with them even when there's no emergency. You don't know when you might need it.

Designate a Meeting Place. Choose a spot to reunite in your yard, your neighborhood, or even out of town in case you must evacuate.

Give Everyone a Job. Designate a different family member to be responsible for the care of pets, children, elderly family members or medical equipment.

Learn Your Schools' Emergency Plan. Let your kids and the school know who can pick up children in an emergency.

Write Down Numbers for Emergency Services. Include service providers, veterinarians, your insurance company, and doctors. Once you've created your plan, give everyone in your household a copy. Then prepare a "Go Kit" using suggestions from the graphic below.

Prepare a "Go Kit"

If you're forced to evacuate your home quickly, having everything you need packed can save precious minutes.

- Water
- Contact List
- Pet Supplies
- Medications
- Cash
- Nonperishable Food
- First-aid Kit/ Flashlight/ Phone Charger
- Clothing/ Blankets
- Hand-crank Battery-powered Radio/Batteries
- Important Documents/Records (Birth Certificates, IDs)
- Personal Hygiene Items

**Find more information at www.ready.gov*

Millennials: Shore Up Your Finances

Falling behind when it comes to saving money? The good news is you still have time to play catchup. Here are some moves that can help you get your finances to a better place.

Break Up with Debt
Setting up an automatic payment plan to reduce or eliminate the amount you owe can free up income for other things. If you have high-interest credit card debt, paying it off while still making the required payments on your student loans is a smart move.

Be Prepared with an Emergency Fund
Your goal should be to save at least six months' worth of living expenses in case of job loss or unexpected expenses.

Say Yes to an Employer Match
If your employer matches your contributions to a retirement plan, increase your contribution to the amount your employer will match so you don't miss out on this bonus contribution.

Match Savings to Your Goals
Tailor your savings to each goal that you have.

Work With a Pro
It is important that your portfolio aligns with your goals, timeline and risk tolerance. A financial professional can provide information and options so you can make informed investment decisions.

Hiring When Your Budget's Tight

If your business's profits declined during the pandemic you may be looking for ways to build momentum. This may involve hiring new employees. The challenge is to obtain the expertise that your business needs in the most cost-efficient way possible. Hiring an older worker may be the answer.

The Stability Factor
Recruiting, hiring and training new workers is an expensive venture. An older candidate who has already spent many years in the workforce will tend to stay on the job longer than a younger employee whose goal is to follow the money. The experienced employee may be a more cost-effective hire, even though that person may earn a higher salary.

Experience Counts
Knowledge and critical thinking skills gained from many years on the job mean an older hire may need very little training to perform effectively at your business. The person may have had valuable experience working as part of a team and may be willing to mentor younger staff, taking some of the burden off you and other managers and eliminate the need for costly training programs.

Consider Flexibility
With their children grown, older workers may have fewer obligations, enabling them to focus more of their energy on the job. They may welcome flexible work hours and have the ability to work overtime to finish a project.

Potential Benefits Savings
An older hire may not need health insurance. By hiring someone who is enrolled in Medicare, your business could save money on costly benefits.

The Advantages of Old School
Older workers began their careers before email and text messaging were part of the workplace landscape, so they often have superior communication and people skills and strong professional networks. Their interpersonal skills may help build relationships with customers and vendors that will increase your business's revenue and improve your bottom line.

Need a Part-Timer?
An older worker may welcome the opportunity to work parttime if your current budget won't support a full-time position. In addition to getting an experienced employee, your company will save money on benefits, for which part-time workers typically won't qualify.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 09, 2021

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1. Loose Change Newsletter SeptOct 2021

   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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