Loose Change®

a penny saved is a penny earned

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It's Not Too Late

It isn't often that we get to fix our mistakes, but here's some good news. If you regret not adding more money to your retirement accounts last year, you can take advantage of a do-over. You have until the date 2021 tax returns are due to contribute to an individual retirement account (IRA) and if you choose a traditional IRA you could qualify for a tax deduction on your 2021 return.

IRA Basics

An IRA is a tax-advantaged retirement account often used by individuals who are self-employed or who aren't covered by an employer's retirement plan. However, it can also be used to supplement retirement benefits received through an employer. To be eligible, you must have earned income that's at least equal to the amount you contribute to the IRA.

Traditional or Roth?

With a traditional IRA, you may be able to contribute to the account with pretax dollars, reducing your taxable income by the amount of your contribution. Your savings accumulate tax deferred until you begin making withdrawals, generally at retirement. Then, you'll pay taxes on withdrawals at your tax rate at that time. Withdrawals from a traditional IRA prior to age 59½ may result in a 10% early withdrawal penalty. Contributions to a Roth IRA are made with after-tax dollars. However, withdrawals of earnings are tax free once certain conditions are met.

Contribution Limits

For the 2021 and 2022 tax years, the contribution limit for an IRA is $6,000. Individuals age 50 or older can make an additional catch-up contribution of $1,000, for a total of $7,000.

If you or your spouse is covered by a retirement plan at work or your income exceeds certain levels, the tax deduction may be limited. The IRS sets income thresholds that gradually phase out the tax advantages for wealthier taxpayers.

There are no age limits for contributing to either a traditional or Roth IRA.

Finding the Funds

If you have stimulus money that you didn't spend, or a purchase you can delay, consider using that money to open a new IRA or add to an existing account. Work with your financial professional who can provide guidance for your situation.

Plan For Your Company's Future

Tax season provides a good opportunity to assess your business and take stock of where it is, where it's going, and what steps you can take to plan for a successful year ahead.

Look at the Big Picture

Review your business's corporate structure to determine if it's working for you. Analyze the company's cash flow to see if there are ways to improve your bottom line. Protect your assets with insurance, including business liability insurance, property coverage, umbrella insurance, workers' compensation, and so on.

Have a Retirement Plan

Choosing a retirement plan for yourself and your employees should be high on your list of planning priorities.

Take Action

Write down your goals for the next five to 10 years and include actionable steps with deadlines to help you stay focused. Work with your financial professional.

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PROOF

FICO® Scores: You Don't Have Just One

Your FICO® score is based on the information in your credit report and shows lenders how likely you are to repay a loan. When you apply for credit, lenders use your score to determine the amount you can borrow and the interest rate you'll be charged. Typically, the higher your score, the better the rate.

FICO® scores generally range from 300-850. The length of your credit history, your record of on-time bill payments, and the amount of debt you have relative to your available credit are some of the factors used in determining your credit score.

Some industries have refined the base FICO® score to reflect the type of credit the borrower is seeking. For example:

FICO® Auto Scores are used by auto-financing lenders and give additional weight to your history of making on-time auto loan payments.

FICO® Bankcard Scores are used by credit card companies and take into account how responsible you've been with credit cards in the past, which affects whether you'll get credit and the interest rate you're charged.

Is a Worker Shortage Affecting Your Business?

Extra unemployment benefits ended last September. The pandemic is less of a concern. The country is slowly returning to normal, so why aren't workers going back to work?

There are many theories, from daycare issues to quality-of-life concerns, but theories don't fill jobs. If your small business is missing some of its workforce, consider some options for attracting new workers or encouraging former employees to return to the fold.

Pay as a Motivator
Because of the labor shortage, potential workers may feel they are in good bargaining positions to ask for higher wages. Paying more than your competitors and offering sign-on incentives may help you recruit more people for your business.

Work from Home Options
As the past two years have demonstrated, many businesses can function smoothly without having every employee in the office. While not all businesses can offer this option, working from home can be an attractive incentive for people to join your company.

Flexible Schedules and Leave Time
Most everyone, and especially parents and caregivers, may appreciate a work schedule that allows them to juggle work with other life responsibilities and still maintain productivity. If it's suitable for your business, flexible scheduling and a generous leave policy may motivate workers to consider your company.

Continuing Education
You could offer employees the opportunity to participate in industry seminars and certification programs, college courses, or other accredited programs. Consider hosting programs on site that teach software and other career skills that can help employees be more productive.

Giving Back
Allowing employees to take paid time off to volunteer for causes that are important to them benefits the community and your workers.

Wellness in the Workplace
Set up a program that regularly brings in instructors to lead fitness or wellness classes. Arrange an incentive for employees who participate.

Planning Around an Age Gap

A significant age difference between spouses can present unique challenges for financial and estate planning. The needs of the younger spouse may be quite different from the older spouse. Several areas of concern are worth examining.

Health Care Dilemma
If the family relies on an older spouse's health insurance at work, that spouse's retirement might leave the younger spouse and any minor children without coverage. In this case, the older spouse may consider delaying retirement until the younger spouse is covered by Medicare as opposed to paying for private insurance.

Essential Estate Planning
Since it's likely that the younger spouse will outlive his or her partner, an estate plan must provide for the younger spouse and minor children while ensuring that any children from a previous marriage aren't disinherited.

Long-term Care Insurance
Paying for long-term care in an assisted living or skilled nursing facility can exhaust a couple's assets, potentially leaving the healthy spouse without enough money for living expenses. Long-term care insurance can help pay the costs of care and can be a valuable part of a financial plan.

A Place for Life Insurance
Life insurance can be essential for couples with an age difference. Because the younger spouse may need money for many years into the future, life insurance can replace lost income, provide money for a child's college education, and pay for services once performed by the deceased spouse.

Work with your estate planning attorney and financial professional to help ensure all of your bases are covered.

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Is a Balanced Fund Right for You?

Balanced funds are mutual funds* that offer a fixed allocation of stocks and bonds. Their investment goal is a mix of capital growth and income with low volatility.

What's in the Fund?

Balanced funds typically hold 50% - 70% of their portfolios in stocks and the remainder in investment-grade bonds and cash. They offer a convenient way to achieve diversification** with a single fund. Expenses tend to be low, and investments are periodically rebalanced to retain the fund's stated asset allocation. Retirees and other investors having a low tolerance for risk may appreciate the moderate growth and steady income provided by these funds.

Stocks and Bonds

Balanced funds typically invest in the stocks of large, well-established companies and companies that pay dividends. Because the fund invests across a variety of stock types, the effects of underperforming stocks or market sectors may be minimized.

The fund's fixed-income component consists of investment-grade bonds, such as AAA-rated corporate debt and U.S. Treasuries, that provide income from interest. Stability from fixed-interest securities helps prevent wide fluctuations in the share price of a balanced mutual fund.

Some Disadvantages

Certain strategies, such as tax planning and laddering bonds to take advantage of interest rate changes, aren't possible with a balanced fund. Funds also may lack exposure to international markets that often perform differently from U.S. markets. Additionally, the fund's cash component may lower returns.

Your financial professional can review the pros and cons of balanced funds to determine if they fit with your goals.

**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.*

*** 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.*

Find Extra Cash Hiding in Plain Sight

Looking for extra dollars to invest? They might be right in front of you.

Look in the Kitchen

Instead of buying coffee on your way to work every morning and going out for lunch every day, bring a thermos of coffee from home and brown bag it at lunch time. Prepare a shopping list for the week and buy only what's on it can save you money at the grocery store — and at the gas pump because you'll make only one trip.

Look in Your Wallet

It's easy to overspend when you're using a credit card. Instead, pay with cash or a debit card. You'll be limited to using money you have in your wallet or bank account.

Look at your Phone and TV Bills

Shopping for a less expensive phone plan could save a bundle each month. Cutting back on subscriptions can put cash back in your pocket — and free up time for other activities.

Look in Your Car

From shopping around for cheaper gas to comparing rates on auto insurance, you can save money on owning a car. If it's time to replace your vehicle, consider buying a previously owned model. You may find one with all the accessories you want for much less than a new car.

Are You Above Average?

Here's a snapshot of the average U.S. household's finances. See how your own finances compare.

Average 401(k) Balance: $106,478

BY AGE GROUP:

Under 25:	$ 5,419	**45-54:**	$135,777
25-34:	$26,839	**55-64:**	$197,322
35-44:	$72,578	**65+:**	$216,720

Average Retirement Savings: $407,490

BY GENERATION

Gen Z:	$ 35,197	**Gen X:**	$ 568,750
Millennials:	$166,430	**Baby Boomers:**	$1,029,840

Additional Statistics

Gross Household income:	$ 87,864
Checking Account Balance:	$ 10,618
Monthly Spending:	$ 5,102
Credit Card Debt:	$ 6,194
Household Debt:	$145,000
Social Security Income:	$ 1,514
FICO® Score:	711
Savings Rate:	13.7%

Source: 10 Financial Statistics of the Average American, May 10, 2021

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Avoid These Retirement Planning Mistakes

Help improve your financial future by avoiding these pitfalls.

Neglecting the Basics
Planning for your future should start with making sure your finances are in order in the present. Build an emergency fund to eventually cover six months' worth of living expenses in case of an unexpected expense or a job loss. Once you've set up your fund, start paying off any credit card debt or personal loans.

Waiting to Contribute
As soon as you're eligible, start contributing the maximum amount you can afford, or at least the percentage of pay your employer will match, to your employer's retirement plan.

Saving for College Instead of Your Retirement
If you're having a hard time saving for a child's college education and your retirement, your retirement should take priority.

Forgetting to Plan Ahead
Thinking about your financial objectives in two years or 40 years can help you choose investments for all your short-term, mid-term, and long-term goals.

Selling in a Down Market
A down market is the wrong time to sell investments. Being out of the market when it begins to recover may result in significantly lower returns than if you had waited out the downturn.

ETFs and Mutual Funds: Alike but Different

Mutual funds* and exchange-traded funds (ETFs)* are both baskets of individual securities that offer a variety of asset classes and niche markets that can help investors to diversify** their portfolios. There are differences between them, however, that could make one option preferable for a particular investor.

Mutual Funds
Initial investments are usually a flat dollar amount, which may or may not be affordable for an investor. Also, mutual funds are either actively managed or pinned to an index. *Earnings* can be taxable and are paid as dividends, capital gains, or increases in the share price. Mutual funds allow automatic investments and withdrawals. Share prices are calculated at the end of each trading day when all trades are executed. Not all funds have a sales fee but do charge other fees and expenses, which vary.

Exchange-Traded Funds
ETFs are traded on an exchange, like stocks, throughout the day, so investors can purchase as little as one individual share. Most ETFs follow an index, but some are actively managed. Passively managed ETFs may have lower expenses and can be tax efficient because trades are only made to match changes in their index. However, some trades can trigger the capital gains tax. Index funds can be less volatile than those that follow a specific sector. When determining how much an ETF will cost, remember to consider fees, and the bid/ask spread and premium/discount to Net Asset Value (NAV). Consider the risks of different ETFs and have current information before you invest. Your financial professional can help you decide whether mutual funds or ETFs will fit into your investment plan.

**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.*

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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 10, 2021

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   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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