Loose Change®

a penny saved is a penny earned

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I am committed to helping my clients pursue their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Securities and investment advisory services offered through ABC Company, member FINRA/SIPC.

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IRA Mistakes You Can't Afford

With annual contributions limited by the IRS or your ability to save, your retirement security can't afford you to make missteps with your IRA. Yet many IRA investors do.

Younger people have many financial buckets: student loans, car loans, and the expenses of a first-time apartment or home. That doesn't mean they should ignore saving for retirement. It may bring a modem of reassurance that while an IRA is not an emergency fund, you can access IRA money without tax or penalties for a financial emergency. Premature withdrawals aren't ideal for anyone, but they're generally better than not contributing to an IRA as early as possible.

Married couples with one earner may need to remember that they can make annual contributions for a spouse who is not working. As long as the earning spouse has enough earned income to equal the contributions, each spouse may invest up to the annual contribution limit set by the IRS each year.

Tax-sensitive procrastinators may make IRA contributions until the April 15, 2025, tax filing deadline. However, remember that last minute contributions give your investments less time to compound, and you potentially have less money for retirement. If you can't contribute all at once at the beginning of the year for optimal compounding, use a monthly contribution strategy to contribute the most you can, the earliest you can. It makes a big difference over the years.

Like the Roth IRA, traditional IRA contributions are allowable for people of any age. So, as long as you have earned income and can afford to contribute to an IRA, you have options.

Remember that, unlike traditional IRAs, Roth IRAs do not require minimum distributions, and contributions are not tax deductible.

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Survivorship Policies: Filling a Need

A survivorship policy—also called a second-to-die policy—can be a valuable estate-planning tool. It* insures two lives, typically a married couple (or business partners), with the death benefit paid out after the second person's death.

The Strategy

The unlimited marital deduction allows one spouse to leave an unlimited amount of assets to the surviving spouse without owing estate or gift taxes. The assets become part of the survivor's estate at the first spouse's death. When the second spouse dies, proceeds from the life insurance policy are available to pay expenses.

Cost Advantages

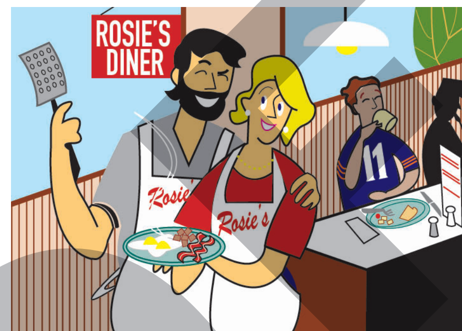
Because the premium on a survivorship policy is based on the joint life expectancy of the insured, the cost may be significantly less than the cost of buying two single-life policies. Qualifying for a joint policy may also be easier since the survivor will continue to pay the premiums, and the death benefit isn't paid until the second spouse dies.

Multiple Uses

A survivorship policy is often purchased by couples who want to preserve more of their wealth for heirs. Additionally, survivorship policies can be used to:

- Provide support for a special needs child after both parents have died.
- Leave a legacy to support a charitable organization.
- Provide the funds needed to pass on a family business while providing cash value for heirs that aren't involved. The policy also can help fund a buy-sell agreement upon the death of a business owner.

Survivorship policies are often used in conjunction with a trust. Talk to your financial and legal professionals for more information.



**Applications for life insurance are subject to underwriting. Insurance coverage exists only if the premium is paid to put the policy in force. Accessing cash values may result in surrender fees and charges and may require additional premium payments to maintain coverage, and will reduce the death benefit and policy values. Guarantees are based on the issuer's ability to pay claims.*

Claiming Deductions for Volunteer Work

Volunteering helps others and gives you a feeling of satisfaction. And it may also give you a tax deduction. To qualify for a deduction, your expenses must directly relate to the charity where you volunteer. Additionally, you must not have been reimbursed for those volunteering expenses and must itemize deductions.

Incidental Expenses

You may deduct expenses like postage, paper, printer ink, or other out-of-pocket costs incurred while volunteering. The cost of gear, a uniform, and possibly cleaning services may also be deductible. However, any expenses the nonprofit reimburses are not deductible.

Travel

If you use your car for volunteer work, you can deduct 14 cents a mile or the cost of your unreimbursed gas but not your car's maintenance. Other reasonable travel expenses will be tax deductible if tied to your volunteer work. Meals for volunteer service are 100% deductible.

Record Keeping

As with any deductible expense, keep accurate records of your volunteer expenses. Retain any paper and electronic receipts and keep a mileage log. This will help make tracking expenses and providing the details to your tax professional more manageable at tax time.

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Still Time: Reduce Your 2024 Tax Bill

One simple move can lower your tax bill and increase your retirement savings. Contributing to an eligible retirement account by the April 15, 2025, income tax deadline will reduce your 2024 taxable income by the amount you contribute.

Individual Retirement Account (IRA)

An IRA offers you the flexibility to choose various investments to hold in your account. For 2024, you can contribute up to $7,000 to an IRA – $8,000 if you're age 50 or older. You must have "earned income," including money from wages, salaries, tips, bonuses, commissions, or self-employment, to contribute to an IRA. Your spouse can contribute to an IRA as well.

SIMPLE IRA

A "Savings Incentive Match Plan for Employees," or SIMPLE IRA, is a retirement savings plan designed for small businesses with 100 or fewer employees. Employers must match employee contributions dollar for dollar – up to 3% of an employee's compensation – or make a fixed 2% contribution for all eligible employees, even if an employee chooses not to contribute. As with a traditional IRA, you can contribute to a SIMPLE IRA until April 15, following the end of the tax year, and benefit from the tax deduction.

Solo 401(k)

Solo 401(k) plans are designed to cover a business owner with no employees and his or her spouse. You can make elective deferrals of up to 100% of your earned income, up to the annual contribution limit, plus employer nonelective contributions of up to 25% of compensation. Contributions can be made until the company's tax return deadline, including extensions.

Financial and tax professionals can help you determine which plan is right for you.

Home Sweet Home Renovations

It's spring, and for many homeowners, thoughts are turning to home renovations. If this describes you, be aware that some qualified home improvements are eligible for tax deductions.

Tax Credit

For starters, the federal income tax credit available through 2032 allows you to deduct up to 30% or $3,200 annually for energy-efficient home renovations. The tax credit covers improvements such as installing heat pumps, heat pump water heaters, insulation, doors, and windows, as well as electrical panel upgrades, home energy audits, and more.

You may claim the credit for your existing primary residence only. If you use your home partly for business, the full credit is available for business use up to 20%. For more than 20% of business use, the credit is based on the share of expenses allocable to nonbusiness use.

In addition to the energy efficiency credit, homeowners can also take advantage of the modified and extended Residential Clean Energy credit, which provides a 30% income tax credit for clean energy equipment, such as rooftop solar, wind energy, geothermal heat pumps, and battery storage through 2032, stepping down to 22% for 2033 and 2034.

Rebates for Energy-Efficient Upgrades

The U.S. Department of Energy will provide $8.8 billion in rebates for home energy efficiency and electrification projects as part of the Inflation Reduction Act. You may be able to save money on energy bills, improve in-home comfort, and reduce indoor and outdoor air pollution.

Household savings can range from hundreds of dollars for single items such as an electric cooktop or dryer to $8,000 for a heat pump or cutting home energy use by 35% or more. Rebates will vary based on your household income and where you live since each state will administer the program separately. They may be stacked on top of existing tax credits.

Check with your tax professional to see what credit and rebates are available.

Where to Put Your Emergency Fund

Like everything else, the costs of emergency repairs are increasing, so having enough money available when those surprises happen is important. Some alternative options that may pay more for liquid savings are:

- High-yield bank savings accounts
- Money market bank or mutual fund accounts*

Each has advantages and disadvantages you should discuss with your financial professional before investing.

Protect Your Money

When considering any alternatives, find out if the account or fund is backed by the Federal Deposit Insurance Corporation (FDIC) or covered by the Securities Investor Protection Corporation (SIPC). Both FDIC and SIPC insurance have limits but are crucial in safeguarding your investment.

**Investors should read the prospectus and consider the investment objectives, risks, charges, and expenses of the fund before investing. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their investment. Past performance won't guarantee future results.*

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Heirs or Beneficiaries?

The terms heirs and beneficiaries are interchangeable – right? Not necessarily when it comes to distributing your property after death. So, knowing the difference between the two is essential in estate planning.

The Definition of Heirs

An heir is a legally identified person entitled to your estate property when no will or trust dictates distribution. In that case, state law dictates how an estate is distributed and which heirs are entitled to assets.

Generally, your heirs, in succession order are:

1. Your spouse
2. Your children
3. Your parents
4. Your siblings
5. Your grandparents
6. Your next of kin.

If there is no next of kin, your property will revert back to the state.

Beneficiaries Defined

A beneficiary is a person you've specifically named to receive proceeds and assets from:

- Life insurance,
- Employer-provided qualified retirement plans,
- Individual retirement accounts,
- Trusts, and
- Annuities, as well as property distributed under your will.

A beneficiary may or may not be an heir and vice versa.

Understanding a beneficiary's role in your estate plan and their rights to your assets or property is key in planning. If you don't name beneficiaries with a will or other planning tools, they'll be chosen for you.

Are You Saving Enough?

When you think about retirement, what is foremost in your mind? Freedom from work? The chance to spend your time the way you want? The amount of money you will need to save to live comfortably?

The "M" Factor

It's probably safe to assume that money will be essential to your retirement plans. Whether your goal is to retire early or to keep working past your full retirement age (the age at which you are eligible to claim 100% of your Social Security benefit), knowing how much you will need to save to pursue the retirement lifestyle you want is essential.

More Than a Number

The age at which you plan to retire will impact the years you have to accumulate retirement savings. The earlier your retirement age, the more aggressive you need to be with the amount you're saving. Conversely, the longer you work, the more time you'll have to accumulate savings. Since no one can predict how long you'll live in retirement, saving as much as possible is wise.

Your Retirement Lifestyle

Thinking about what you want to do once you retire will give you an idea of how much savings you'll need to maintain your lifestyle. If extensive travel or a move to a new location is among your goals, you may need to save more than if you plan to stay close to home. Your savings may stretch further if you plan to work part-time during retirement.

Consider Withdrawal Methods

Many retirees withdraw earned interest or 4% of their portfolio yearly. While this provides a predictable income, it has drawbacks. If the bulk of your retirement savings are subject to market volatility, your monthly income could drop, too.

Invest Wisely

Putting savings in a low-interest bearing account may not compound much more than hiding it under a mattress. Instead, diversify your investments keeping in mind the need for growth.

Your financial professional can help you create a saving strategy considering your goals, risk tolerance and time horizon.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 04, 2024

Reference: **FR2024-1105-0139/E**

Org Id: 23568

1. Loose Change March/April 2025
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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.

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