

# LET'S TALK FINANCIAL WELLNESS<sup>®</sup>

## Article Summaries

January/February  
2025

See the articles  
that will be featured  
in the **High Net  
Worth Version!**

## Important Date

If you wish to order copies of the  
*Let's Financial Wellness* newsletter,  
make changes to your existing newsletter,  
please inform LTM Client Marketing by:

**November 8, 2024**  
for new subscriptions

**November 15, 2024**  
for existing subscriptions

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## Standard Financial Topics

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[COVER PAGE]

### Target Your Investments

Most Americans have better things to do other than study the markets. That is why target date funds continue to be so popular. Also known as age-based, lifecycle and target-risk funds, target-date funds are designed to follow an investing path that changes when risk tolerance and time horizons change.

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### Stick to the Basics

As the new year kicks off, we all hope for a prosperous year. But we also know that markets are fluid, and their performance cannot be predicted or timed, which is why it is important to cling to these well-known basics that can help you stay on track toward achieving your goals.

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## Retirement Planning

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### Revive Your Retirement Strategy

Many of us either don't start saving for retirement, take time off from contributing, or abandon this strategy altogether when financial obstacles hit. But most people can revive their retirement savings strategy at almost any age by making a few changes in how they deal with money.

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### Get Retirement Planning Right

It's easy to put things off until tomorrow, especially when that tomorrow is years away. This attitude is just one of many ways we can derail or delay saving for retirement. Here are some mistakes to avoid.

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## Small Business Needs

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### Fast Track Profits

Every business owner wants a leaner company with increased profits, but finding areas where you can cut costs can be difficult, but not impossible.

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### Disability Insurance

You may be aware that disability income insurance can protect your employees' ability to earn an income should a long-term disability keep them from work. But do you know there is also a type of insurance that may protect a business financially in the same circumstances?

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## Legacy/Insurance Planning

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### Unmarried with Children

According to the 2023 U.S. census, one in four parents were unmarried, a sharp increase in recent years. More parents also have unmarried partners, which doesn't change the fact that most parents — especially single — should have life insurance.

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### Guaranteed Retirement Income

Are you looking for some measure of assurance in retirement in a financial world where few guarantees exist? While there are many different annuities, one type — a fixed annuity — offers the security many people want.

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## Inside Articles

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### Healthy Financial Habits

Resolving to get financially fit is a great way to start 2025. Learn some ways to develop healthy money habits in the new year.

### How Americans Define "Financially Successful"

Americans usually travel during the holidays; even with thoughtful planning, it can cost a lot. Whether traveling by ground or air, there are ways to save.

### 6 Ways to Find More Money to Budget

Whatever your financial goals may be, finding the money to help pursue them can be challenging but not impossible.

### Money Hacks to Simplify Your Life

Life is busy, so we often can't find the time to execute financial tasks, whether big or small. There are ways to save time.

### Organize Your Documents

Is financial paperwork piling up on the dining room table or kitchen counter? Setting up a filing system can help you save time, reduce stress and avoid late fees and misplaced tax records.

**THERE'S MORE!**



# THE FOLLOWING ARTICLES WILL BE FEATURED IN THE HIGH NET WORTH VERSION OF THE NEWSLETTER. ADD IT TO YOUR MIX!

## High Net Worth Topics

[COVER PAGE]

### Yes, A Retirement Portfolio Can Be Too Aggressive

Having a portfolio that is too heavily weighted in aggressive stocks is a concern, especially for anyone nearing retirement. With the start of a new year, it may be a good idea to review your total investments to make sure that they align with your objectives and timeline.

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### Secure Act Provisions Effective For 2025

Your home is your castle, and you don't want to risk anything that might diminish its value or comfort. However, many people are at risk because they do not know that their homeowners' insurance policy may not cover everything, so they inadvertently underinsure their property.

## Inside Articles

### A Roth IRA For Your Child

You might think individual retirement accounts (IRAs) are only for adults, but a Roth IRA can be a smart way to give your child a head start in building wealth.

### A Win-Win Planning Solution

Looking for a tax-efficient way to support your favorite charities while providing for your heirs? A charitable lead trust (CLT) may be a solution. With a CLT, you can make a meaningful impact on causes you support while potentially reducing your tax burden.

### Many Underestimate The Importance Of An Estate Strategy

Many Americans of all ages, even higher earners, don't have an estate strategy. In fact, among higher-than-average earners, the percentage dropped from 2023 to 2024.

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**Investing Missteps to Avoid**

A disciplined investing strategy, whether for a child-college costs or your retirement, can help you potentially grow your savings over time. However, success depends largely on avoiding obstacles that can trip you up, and understanding your strategy is always a part of investing. When investing for the long haul, beware of these obstacles:

- 1. Starting Late**  
Time is one of the most important factors in investing success, so use it to your advantage.
- 2. Underestimating Time**  
Time may seem to fly, but all our older persons know quickly it seems to go. Don't put off or postpone what you can start today.
- 3. Overreacting**  
The coronavirus outbreak sent stock and bond markets into a dizzy spin as investors fled investments. Those who long-term investors who stay the course may have benefited from the previous market trading events.
- 4. Under-Reacting**  
'Buy and hold' should not apply to every investing scenario. If your investments have poor long-term prospects or no longer fit your strategy, consider selling them.
- 5. Investing Too Aggressively**  
If you're in your retirement, you may not have the time to recover from down markets.
- 6. Investing Too Conservatively**  
With enough time, you may see some market downturns, so invest for growth when you have time.
- 7. Paying Too Much**  
High investment fees and charges detract from net earnings, so make sure your returns are worth the cost.
- 8. Staying Too Long**  
Local employees may like owning their employer's stock, but too much of a good thing is bad. Check your portfolio.
- 9. Duplicating Efforts**  
You have target-date and balanced mutual funds, plus your own asset allocation mix.
- 10. Following the Herd**  
Jumping into one hot investment bandwagon can be a costly mistake.
- 11. Timing the Market**  
Even the professionals can't do it, so don't try your investing portfolio.
- 12. Avoiding Help**  
Use a financial professional to help with your investing portfolio.

**Standard Version**  
Prudential

**5** and individuals

**Affluent households that gave to charity** 85.1%

**Affluent individuals who volunteered their time** 38.8%

**Affluent households' average charitable donation** \$34,917

Source: 2023 Bank of America Study of Philanthropy

**YEAR-END TAX PLANNING**

**SWAP REAL ESTATE TO DEFER CAPITAL GAINS TAXES**

**DON'T BE YOUR OWN WORST INVESTING ENEMY**

**Defer or Accelerate Income**

Prudent whether you have higher taxable income in 2024 or 2025, it's 2025, investors re-evaluating your employer bonus, investment and business income, etc., this year.

Do the opposite, for example, you expect to lose a department, have a secure savings plan after business losses, etc., and call your tax-able income in 2025.

**Batch Deductions**

For instance, if medical expenses for 2024 year exceed the adjusted-gross-income threshold of 7.5% of adjusted-gross-income (AGI), you can elect to deduct medical expenses for 2025 to increase tax 2024 savings.

**Review Your Charitable Giving Program**

Reviewing your 2024 charitable giving effectiveness and potential tax benefits may increase 2024 taxes and help significantly impact 2025.

Make sure your 2024 expectations were reasonable based on your and the charity's financial performance and the nature of the work. Consider how giving more might increase impact and reduce taxes.

**Top Of Your Health Savings Account**

You have until the April 15, 2025, tax filing deadline to make Health Savings Account (HSA) contributions for the year. If you haven't already maxed your contributions, do so. HSA contributions and earnings are generally excluded from taxable income.

	2024	2025
Individual	\$4,100	\$4,200
Family	\$8,300	\$8,500
Additional Catchup (for those 50 and older)	\$1,000	\$1,000

**HSA Contribution Limits**

For getting business, compare the 2024 and new 2025 inflation-adjusted limits.

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**SWAP REAL ESTATE TO DEFER CAPITAL GAINS TAXES**

The change can broaden your property portfolio by type and location and help you report to charity real property markets, as your needs may require.

A 1031 exchange could potentially build wealth. However, understanding the complexities requires one to consult with a professional investor to enter professional help.

**DON'T BE YOUR OWN WORST INVESTING ENEMY**

Many investors aim to have their gains match or beat a standard investment benchmark. According to Databricks' annual Quantitative Analysis of Investor Behavior, 2024, the average investor falls short, earning 5.0% less than their targeted stock benchmark and 2.03% less than their chosen bond income benchmark.

**Behind the Statistics**

Often, investors' emotional behavior and personal recommendations too heavily impact the knowledge and experience of investment professionals. Look at the checklist to see if it could be you.

- **When deciding whether to sell a stock**, you may be emotionally tied to the price you paid for it and avoid selling if you don't regret having made a "bad" investment and profiting if recoverable.
- **Herd investing**, using your gains, can make you hesitant to sell an investment that had significant gains but now has more modest gains.
- **Paper losses stress people more than gains** in the sense that you often prematurely sell an investment with gains or liquidate and possibly reinvesting former gains.
- **Being too quick to jump on the latest trend** or "fomo" or "fear of missing out" (FOMO) recommendations without thorough research and talking with your financial professional for the best determinants to achieving your goals.