

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

January/February 2024

## Add a Retirement Plan to Your Employee Benefits Package

As a small business owner, you recognize the need to recruit and retain talent. While good wages and health insurance typically are the most important benefits for workers, business owners shouldn't discount the advantages of helping their employees save for the future.



### Benefits for Both

Offering a retirement plan as an employee benefit can give you an edge in hiring and retaining talented workers and help your business stand out among the competition. Morale and work ethic may improve when employees feel your business has a stake in securing their future. And, you may be able to save for your own retirement at the same time. Meanwhile, here are three plans to consider:

### Some Plan Options

Business owners have several options for offering a retirement plan. Your financial professional can help you choose one that works for your business. Meanwhile, here are three plans to consider:

#### 1. SIMPLE (Savings Incentive Match Plans for Employees) IRA or 401(k)

are limited to businesses with 100 or fewer employees. Employers make non-elective contributions of 2% of compensation to each eligible employee; or match individual contributions up to 3% of compensation. The plan is easy and inexpensive to set up and operate and has no filing requirement.

#### 2. SEP (Simplified Employee Pension Plans)

are available to any size business to set aside money in retirement accounts for the owner and employees. The business owner contributes up to 25% of compensation to a SEP IRA. Employee contributions are not allowed. The plan is easy to set up and operate and administrative costs are low. There are no filing requirements, and annual contribution amounts are flexible.

3. 401(k) Plans enable employees to contribute a portion of their wages to individual accounts. Salary deferrals are excluded from taxable income (with the exception of designated Roth deferrals, which are made after tax). Employers can contribute to employees' accounts. The employer must file paperwork every year to show the plan is in compliance with IRS regulations.

#### Tax Savings

Employer contributions to a retirement plan are deductible from business income, lowering your annual tax liability. You also may be able to claim a tax credit for some of the necessary costs of starting a SEP, SIMPLE IRA, or qualified plan.



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1052403-00003-00

FINRA Reference FR2023-1010-0122/E SMBUS

Small Business Version



# Replacing Income if You Can't Work

Short-term disability insurance replaces a portion of your income if you have a temporary disability, such as an illness, injury, or pregnancy, that prevents you from working. Call your insurance professional to learn more.



## The Basics

Short-term disability generally replaces 40 to 70 percent of your monthly income until you can return to work or your benefit period ends, typically three to six months. Coverage applies only to injuries or illnesses that are not work-related.

There are two types of short-term disability policies. One covers you if you're unable to perform the duties of your own occupation, while the other covers you if you cannot work at any job.

## Pregnancy Coverage

Sometimes, disability coverage starts two weeks before a woman's due date and continues for six weeks after the birth. The beginning date of coverage can be amended with updated medical information. The Family and Medical Leave Act (FMLA) provides 12 weeks of unpaid maternity leave.

## Buying a Policy

The cost of a short-term disability policy depends on your age, gender, occupation, and overall health. Before purchasing a policy, look for the insurer's definition of disability, the length of the waiting and benefit periods, and the coverage amount.

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# Tax-favored Savings for Disabled Individuals

Achieving a Better Life (ABLE) accounts are tax-advantaged savings accounts for individuals with disabilities and their families. Funds in the account can be used to pay for various qualified expenses without losing eligibility for government benefits, such as Supplemental Security Income (SSI). Be sure you work with your legal and tax professionals to avoid any missteps.

## Who Is Eligible?

To be eligible for an ABLE account, individuals must have been diagnosed with a significant disability before age 26 (This limit will raise to age 46 in 2026). The beneficiary, the beneficiary's family, and friends can contribute to the account. Contribution limits are tied to the annual gift tax exemption amount (currently \$17,000). Disabled individuals who earn income can contribute that income to their ABLE accounts above the gift tax exemption limit.

## What Are Qualified Expenses?

Funds in an ABLE account are invested and potentially grow tax-free. Money can be used to pay for expenses such as basic living costs, education, housing, transportation, employment training, health care, assistive technology/services, financial management and administrative services, and legal fees.



# What Does a Happy Retirement Look Like?

You might think not having a steady paycheck will be what you'll miss most once you retire. But if you've successfully accumulated enough savings in a retirement account or you're one of the fortunate people with a pension, paycheck loss might not be the most critical change in your life.

## Once You Were, Now You're Not

While working, you interact daily with coworkers with common goals. What happens to those social interactions once you're no longer working? They stop, and their loss can lead to feelings of isolation you didn't anticipate.

## You Couldn't Wait for the Day

No rushing in the morning. No traffic jams. No projects that should have been done yesterday. Just the freedom to do what you want. Retirement should bring joy, but it sometimes brings an identity crisis. Who are you now that you're no longer a teacher, a doctor, a construction worker?

## A Harvard Study

The Harvard Study of Adult Development began in 1938 at Harvard University. Researchers originally collected data on the physical and mental health of 268 Harvard sophomores over their lifetimes, with the study eventually expanding to include their offspring and other subjects. Researchers' findings: Close relationships with a spouse, family, friends, and social circles are what keep people happy throughout their lives.

## Keys to a Happy Future

Of course, money is important. You can't enjoy retirement if you're struggling financially. But money alone won't guarantee a successful retirement. Happiness comes from maintaining close personal connections. Volunteering with an organization whose work is important to you can help you meet like-minded people. Joining clubs, getting involved in your community, or pursuing a hobby with friends, family, and new acquaintances can help you forge lasting relationships and make your retirement an enjoyable chapter in your life.

# Digital-only Banks: Yay or Nay?

Digital-only banks — banks that have no physical locations but exist only online — are making some inroads into the banking industry. A recent Harris Poll found that 39% of respondents had opened a bank account with an online-only institution.

Consumers said they'd consider these major factors when deciding whether to open an online-only bank account. (See adjacent image.)

Source: The Harris Financial Services Poll, December 2022

# Cashless Payments on the Rise

Cash is out. Peer-to-peer (P2P) payments are in. P2P services allow an individual to send money to another person's bank account through a third-party website or mobile app after linking a bank account or credit/debit card. Since contactless transactions became popular during the pandemic, consumers have begun using P2P systems instead of cash or cards, and many small businesses, nonprofit organizations, and vendors offer that option.

## Popular Apps

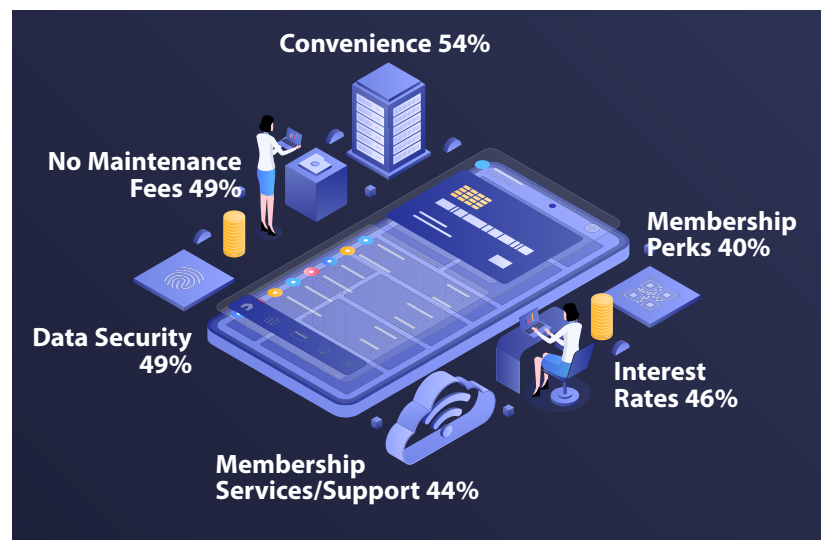
There are several peer-to-peer payment services, and each one may work a little differently. Zelle is provided by a bank



and accessed directly from the bank's website. Other P2P services, such as Venmo, PayPal, and CashApp, can be accessed through a mobile app when both users have linked their bank account information. Google Pay and Apple Pay Cash are other popular options.

## Cost

P2P services are generally free for transfers between bank accounts. However, fees may be charged for linking a debit or credit card.



# Prepare Your Business for a Profitable Year

Your business isn't static; it changes over time. Assessing where you are and where you want to be should be an annual activity. As the new year begins, consider whether any of the following aspects of your business could benefit from an update. Then consult your financial and tax professionals to learn more about how you can increase profitability.

## Cash Flow Projections

Running low on cash can jeopardize your business's ability to meet expenses and achieve goals. By estimating monthly cash inflows and outflows, you will have a realistic picture of your business's financial outlook. Follow through by tracking income and expenses throughout the year and making adjustments when needed.

## Help from Technology

You may be able to increase your business's productivity and profits by using business software. Automating key activities, such as customer relations, finance, inventory and human resources, saves time and allows you to focus your energy elsewhere. A website that drives business is also essential in today's business climate. Engaging professional help with website design, content generation and social media presence may make your business more competitive.

## Performance Goals

Bringing employees on board with company goals is the purpose of a performance management plan. Establish criteria for linking an employee's work performance and earnings to specific milestones that reflect the goals of your business. The plan also can help you identify training needs, make objective staffing and compensation decisions and spot talented employees.

## Written Procedures

Your business may have an unwritten set of procedures that you and your employees follow automatically. But what about new employees who join your company? Standardized written procedures can serve as a guide for both new and current employees. If your company doesn't have its business practices in written form, consider making this a priority in the new year.

## A Strategic Plan

The new year is a good time to develop a strategic plan or to review and update an existing one. A strategic plan outlines your business's future goals and describes concrete actions you can take to achieve them. At a minimum, your plan should include a description of your business, a mission statement, an analysis of your company's strengths and weaknesses, and your vision for the future.



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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 24, 2023

Reference: **FR2023-1010-0122/E**

Link Reference : FR2023-0714-0059

Org Id: 23568

1. LTM Jan-Feb 2024 Business  
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

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