

LET'S TALK FINANCIAL WELLNESS[®]

May/June 2024

Building a Successful Partnership

Going into business with someone else requires more than just sharing good ideas. For a partnership to succeed, partners must make mutual decisions about the business's structure, financing and conflict resolution.

On the Same Page?

As a first step, you and your partner should discuss your visions for the business. This might include a timeline for growth and potential changes in the business over time. Shifting goals and priorities may result in the need to restructure responsibilities and compensation in the future.

Where Will the Money Come From?

Partners should discuss sources of funding for the business, as well as strategies for raising money in the future. While taking out a business loan may be a viable option, both partners must agree to it. In some instances, one partner may have the personal resources to make a loan to the business. Partners should decide on the terms and draw up an agreement for repayment.

Choosing a Business Structure

Review the possible options for structuring your business. An LLC, S corporation and C corporation all have advantages and disadvantages. Your tax and legal professionals can help determine the best business structure for your situation. Also

consider whether your business will be structured so that partners share expenses equally, while profits are divided based on each partner's contributions.



What if Partners Disagree?

Differences of opinion are bound to occur, so consider having a plan for resolving disagreements. You may decide to designate one partner to make the final decision. Or you may want each partner to have final say in their area of expertise

and then come together to make all major financial decisions.

Make Sure You're Covered

Partners should invest in an umbrella insurance policy that includes liability, property and casualty coverage. Coverage for errors and omissions also protects you against claims of mistakes in professional services. Key person life insurance typically is purchased on the life of the owner(s) or another critical employee. The company is the beneficiary and uses the proceeds to cover the costs of hiring and training a replacement for the deceased person or to pay off debts and close the business.



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Small Business Version



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Down the Aisle for Less

Beginning life as a married couple with significant debt can place a strain on your finances and your relationship. Wedding costs can be exorbitant, but, with a little ingenuity, you can find ways to control them. In addition to setting a wedding budget, consider these ideas for trimming costs.

Invite fewer people. Of course, you want everyone you know to share your special moment, but trimming the guest list means the food, drinks and venue will cost less. Consider hosting a special brunch later at your home for people you left off the list.

Choose a different time and place. Wedding venues typically cost more on weekends. Having your wedding during the week may save you money. Winter months (January through March) are considered off-season for weddings, so you may find low-cost venue options then. Holding the ceremony and reception in an attractive backyard is also something to consider, as is getting married at town hall, followed by dinner at a restaurant.

Save on wedding clothes. Shop sample sales and trunks shows for a wedding gown and bridesmaids' dresses. Check thrift stores for nearly new tuxes.



Let flowers do double duty. Bridesmaid's bouquets and flowers from the ceremony can be used to adorn tables at the venue.

Forgo travel. Destination weddings may be all the rage, but you'll save a bundle by sticking close to home.

Help with Summer Camp Costs

Parents who send their child to summer camp may be able to deduct some of their expenses. The Child and Dependent Care Credit provides a tax break to working parents or guardians of children age 13 or younger or a dependent who is disabled. Parents who are full-time students or who are unemployed and looking for work may also qualify for the credit.

How Much?

You can claim expenses for the cost of sending your child to a day camp or summer camp. Sports camps are included, but overnight camps are not eligible. The credit is calculated based on your income and a percent of the expenses you incur to work,

go to school or look for employment. The credit covers up to a maximum of 35% of \$3,000 of qualifying costs for one child or up to \$6,000 for two or more children.

To Claim the Credit

You must be the parent or primary caregiver of the dependent you're claiming. You also must have earned income and require daycare services to either work, seek employment or attend school.

Eligible Expenses

You can claim expenses for more than just summer camp. Also eligible are:

- Babysitting and daycare center costs
- The cost of home help when the provider is involved in caring for a qualifying child or dependent
- Before and after school care
- Cost of a nurse, home care and other services for disabled dependents

The child care provider cannot be a dependent, spouse or parent, even if you pay them a salary.



Your Summer Financial To-Do List

Summer activities can take a toll on your finances, so it's important to take control from the outset. The suggestions below can help keep your spending plan intact.



Create a Vacation Budget

Decide how much you can afford to spend on vacation and research your options. Flexible dates may help you find the best deals. If you're planning to fly, check for cheap flights on the airlines that service your destination. Consider using a travel agent, who may have information on vacation packages that fit your budget.

Check Your Emergency Fund

Are you covered in case of unexpected expenses or job loss? You should have three to six months' worth of living costs saved in a fund that you can access without paying a penalty.

Automate Your Savings

Overspending on summer activities can leave you without the funds to add to your savings or retirement accounts. Automating your contributions can prevent you from cutting back on savings to compensate for higher summer spending.

Put Your Bills on Autopay

When you're on vacation or busy with summer activities, it's easy to overlook payment due dates. Forgetting a payment can result in late fees and dings to your credit score. Set up automatic bill pay online to avoid missing payments while you're on vacation. The convenience may encourage you to use this option even after summer is over.

Raise the Thermostat

Adjusting your thermostat upward by a few degrees can save you money while keeping your home at a comfortable temperature. Remember to raise the thermostat when you're at work or away from home for more than a short time — and especially when you go on vacation. Consider investing in a "smart thermostat" that you can program to raise and lower the temperature in your home at different times of the day or night.

Remember, practicing good financial habits is the key to long-term financial success.

Should You Prepay Funeral Costs?

There is no right or wrong answer, but you'll want to review the pros and cons of prepaying funeral expenses.

The Pros:

- When you prepay, you lock in today's prices. Even if costs increase, the money you've given the funeral home is guaranteed to cover the goods and services you've selected.
- Your personal arrangement with the funeral home guarantees you'll have the funeral you want.
- Your loved ones won't have to make decisions about the details of your funeral.

The Cons:

- The money you use to prepay expenses is controlled by the funeral home director, not by you.
- The funeral home you have chosen could go out of business or change ownership.
- You usually can't transfer your prepaid plan to another funeral home if you move or die in another location.

If you decide to prepay funeral expenses, make sure you have a written document outlining the products and services you're entitled to receive. Keep it with your will, and tell loved ones about the arrangement.



The Average Cost of a Funeral

According to the National Funeral Directors Association, the average cost of a funeral with burial is \$7,848 — \$9,420 if a vault is included. At \$6,971, cremation costs slightly less. Here's a cost breakdown of select items.



Casket
\$2,500



Embalming
\$775



Funeral Service Fee
\$2,300



Hearse
\$350



Cremation Casket
\$1,310



Cosmetic Preparation
\$275



Cremation Fee
\$368



Burial Plot
\$1,000 - \$4,000

Diversify to Mitigate Risk

Small business owners may find that most of their net worth is tied up in their business. But what happens if your business takes a downturn? This can happen if, for example, your business's market sector experiences a decline. Diversification is the key to reducing risk to your personal and business wealth.

Be Cautious with Investments

If you reinvest all your profits back into your business, you aren't protected against a reversal of fortune. Similarly, if the investments you choose for your portfolio are in the same sector or industry as your business, any downturn will affect them as well. To diversify and reduce risk to your net worth, choose investments that are in different industries from your business. That way, if your business suffers a decline, you'll have unrelated investments to help protect against losses.

Diversify Your Business

Consider strategies that expand your business's operations into new products or markets and complement your current offerings. By expanding into an industry that is related to your existing operations, you will be able to leverage your existing resources and expertise. If you have excess resources or capacity in your current business, you may also want to take advantage by entering a new market or industry that is unrelated to current operations but shares similar characteristics.



Reasons for Diversifying

Diversifying helps you build wealth and reduce risk by ensuring that your revenue is not tied to a single product or service. When you diversify, you can spread investments across a wide range of products, services, markets, industries and geographical areas. Diversification can help you take advantage of emerging trends that may expand your customer base. It can also protect your business against market downturns and changes in consumer preferences.

Diversification Pitfalls

Building wealth takes a dedicated effort on the part of the business owner. It requires a steady investment of time, money and resources, so make sure you weigh the potential cost against the benefit you're likely to receive. Spreading your resources too thin may cause you to lose focus on your primary business. While staying ahead of competitors is a worthy goal, be certain your existing operations are your priority.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

February 05, 2024

Reference: **FR2024-0118-0318/E**

Org Id: 23568

1. LTM May-June 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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