

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

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## Split Interest Trusts: The Basics

Split interest trusts are created to provide for both charitable and non-charitable beneficiaries. Donors can support an organization or a cause while still arranging for themselves or their loved ones to benefit from the assets placed in the trust.

### How It Works

The trust is called a split interest trust because the assets ultimately benefit both a charitable organization and a named beneficiary. The donor transfers assets into the trust and receives a charitable contribution tax deduction in the same year. Transferred assets can include cash, securities, or real estate. Once assets are placed in the trust, the donor no longer has control of them. A trustee manages the assets according to the agreement that established the trust. The IRS generally recognizes three types of split interest trusts.



the chosen charity(ies) for a specified time. At the end of that time, the remaining assets are distributed to the donor's heirs or other beneficiaries.

### Charitable Remainder Trust

The most common form is a charitable remainder trust (CRT). The donor contributes assets to the trust, which then pays income to the donor or other beneficiary(ies) for a specified time — often, the donor's lifetime. Any assets remaining in the trust after the specified period are distributed to one or more charitable organizations.

### Charitable Lead Trust

A charitable lead trust (CLT) is designed to support charitable causes while still benefiting the donor's heirs. The donor contributes assets to the trust, which then pays income to

### Pooled Income Fund

A pooled income fund (PIF) is established and maintained by the qualified nonprofit organization that benefits from it. The fund receives irrevocable contributions from one or more donors, which may be individuals, families or a corporation. The funds are invested and donors receive distributions from the fund's income, making them beneficiaries of the trust. When donors die, their share of the fund is distributed to the charity as a donation.

### Is It for You?

Keep in mind that you no longer have control of assets placed in a trust. Your financial professional can discuss the pros and cons.



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Insurance 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



# Saving on Funeral Costs

As with everything else, funeral and burial costs have risen over the years. Even a simple service and burial can cost more than expected. Pre-planning can prevent your loved ones from having to make decisions about your final wishes and help lower some of the costs.

## The Funeral Rule

The Federal Trade Commission (FTC) requires funeral homes to disclose prices for the products and services they offer and provide customers with an itemized list. The funeral rule allows you to compare prices of funeral homes and choose only the services you want. Knowing the costs can help you make an informed decision without feeling pressured to choose expensive options you may not want.

## Purchase Burial Insurance

Also called final expense insurance, burial insurance helps cover the costs of funeral arrangements, burial or cremation, medical bills, outstanding debts and legal issues. When you buy a policy, you typically choose the amount of coverage you want and name a beneficiary who will use the proceeds to pay your funeral and other costs. Coverage is generally available for people between the ages of 50 and 85 (75 in some states).

## Pre-need Insurance

Pre-need insurance is a contract with a specific funeral service provider. You select the products and services you desire. The insurance payout goes directly to the funeral service provider instead of to designated beneficiaries. Your insurance professional can explain burial insurance in more detail.



## Cutting Funeral Costs

There are several ways to save on the cost of a funeral.

- Cremation is less expensive because it does away with the need for embalming, a casket, and a cemetery plot.
- A simple wake and service that family members, rather than the funeral director, manage can save money.
- Arranging for direct burial eliminates embalming costs and the cost of facilities for a wake and service.

## A Different Option

You may want to consider donating your body to a medical facility or research center. There is no cost to donors, and your donation helps researchers learn more about the body and certain diseases.

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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

February 05, 2024

Reference: **FR2024-0118-0316/E**

Org Id: 23568

1. LTM May-June 2024 Insurance  
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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