LET'S TALK FINANCIAL WELLNESS®

September/October 2024

Investing for Retirees

Retirement is a time to kick back and enjoy doing all the things you didn't have enough time for when you were working. What retirement isn't, though, is a time to forget about investing. Continuing to invest throughout your retirement years can help protect your nest egg from the effects of inflation, rising healthcare costs and other threats to your financial well-being.

No Crystal Ball

No one, not even the experts, can predict future market conditions with any certainty. World events and changes in the U.S. economy can cause stock values to fluctuate rapidly over a short period of time. Since market volatility can wreak havoc with your portfolio, spreading your investments across a broad range of securities — diversification — can help manage risk and minimize losses.*

An Honest Assessment

The amount of risk you take with your investments depends on one thing: you. So, it's important to know your risk tolerance. Stocks present the most risk but offer the greatest potential for rewards. However, what if you're a conservative investor and the idea of taking risk keeps you up at night?

Consider U.S. Treasury Securities

U.S. Treasury Securities are low-risk investments that provide income and, in some cases, a hedge against inflation. There are several options.

Treasury bills offer a good short-term parking spot for cash. They typically mature from four weeks to one year after they're issued. Minimum purchase is $100. Treasury bills are sold at a discount, and investors receive their face value at maturity.

Treasury notes mature in two-to-10 years and pay interest every six months.

Treasury Inflation-protected Securities (TIPS) mature in five, 10 or 30 years and make regular interest payments. Investors have their principal returned, adjusted for inflation, at maturity.

Create a Strategy

Investing as a retiree can be part of a well-crafted strategy, based on your retirement goals and risk tolerance, that you and your financial professional work out together.

**Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

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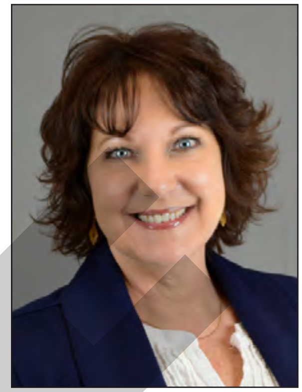

Karen Petrucco
Account Manager

The Prudential Insurance Company of America
236 Broadway
Albany, NY 12204

Tel: 800-243-5334
Fax: 800-720-0780
karen.petrucco@prudential.com
www.prudential.com

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Standard Version

Prudential

Life Insurance: Consider Your Options

Life insurance* proceeds can provide a financial lifeline for loved ones if something were to happen to you. The type of policy you choose may depend on the length of time you'll need coverage and the policy's cost.

Term Insurance
Term insurance provides coverage for a specific period, typically 10 to 30 years, although shorter and longer terms are possible. If you die during the term, the policy pays a death benefit to your beneficiaries. A term policy has no cash value. It is less expensive than permanent insurance and may be a good choice when others depend on your income.

Permanent Insurance
Permanent insurance generally remains in effect if you continue to pay the premiums. In addition to the death benefit, the policy builds cash value over time. Permanent insurance is a good option if you want lifetime coverage, access to the policy's cash value through withdrawals or loans and are comfortable with the higher premiums.

Your insurance professional can help you choose the right policy for your circumstances.

**Applications for life insurance are subject to underwriting. No insurance coverage exists unless the required premium is paid to put an issued policy in force. Accessing cash values may reduce the death benefit and policy values, trigger tax consequences, surrender fees, and charges, and may require additional premium payments to maintain the contract. Guarantees are based on the claims-paying ability of the issuer.*

Understanding Beneficiary Designations

Your will is an important document for passing assets to loved ones when you die, but it doesn't apply to everything. Life insurance proceeds, retirement accounts, annuities and similar accounts pass through beneficiary designations and are not governed by your will.

Review Your Selections
You chose a beneficiary when you initially set up your accounts. But things can change. Divorce, death of a beneficiary or even a change in your intentions can affect your selections. Revisit your designations periodically to ensure they're up to date.

Check Old Accounts
Forgetting about 401(k) or other retirement accounts held with former employers can result in outdated beneficiary designations. Remember to include these accounts in your review.

Avoid Mistakes
Take special circumstances into account when you're naming beneficiaries. Minors will not be able to claim assets until they turn 18 or 21 (depending on the state). Individuals with special needs can lose valuable government benefits if they receive an inheritance directly. Setting up a trust to receive the assets may help in both situations.

Keep in mind that godparents are not the same as legal guardians but could be a good choice to serve as trustees.

Integrate with Estate Planning
Your financial professional can help you review your beneficiary designations as an integral part of your estate plan.

The "New" Identity Theft

As if stealing your personal information to access your bank accounts or open credit in your name isn't enough to worry about, there's another form of identity theft taking hold. Deed theft is a type of identity theft that targets your residence, second home or other property.

How It Happens

Thieves target a potential property — often a vacation home, second home or vacant property. Criminals forge the owner's signature on the deed and sell the home to themselves or a third party. They then use personal information found on the Internet to assume your identity or to represent you when they record the deed with the county.

They're Not Moving In

Once thieves have the deed to your property, they can:

- Sell your home and keep the profit
- Refinance the mortgage to cash out equity
- Open a home equity line of credit
- Illegally rent out unoccupied property

Protect Yourself

You can take steps to protect yourself and your property from deed theft.

- Monitor your credit reports for loans you didn't take out or for other suspicious activity.
- Check for liens against your property from contractors, subcontractors or attorneys.
- Visit vacant homes periodically to make sure no one is living in them.
- Have your mail forwarded, kept at the post office or picked up by someone when you're away from home.
- Pay close attention to mortgage, tax, water and other home-related bills.
- Check your county recorder's office or local registry online for land records and property deeds. You may be able to set up notifications at the registry to alert you to changes.

If Something Is Amiss

Notify the register of deeds as well as law enforcement if you find evidence of deed theft or other criminal activity. Obtain a certified copy of the fraudulent document and consult an attorney.

Selling Your Home?

Homeowners who qualify may exclude up to $250,000 of gain ($500,000 for married couples) from the sale of a primary residence.

Eligibility

To be eligible for the capital gains tax exclusion, you must have owned your home and used it as your primary residence for at least two out of the last five years prior to the sale. The exclusion can be claimed once every two years. You'll pay capital gains tax on any profits exceeding the exclusion amount, so keep accurate records of the purchase price and any improvements made to the property.

Exceptions

Because the IRS doesn't consider certain transfers to be a gain or loss, the exclusion rules don't apply if you're transferring a home to a spouse or ex-spouse or the home is a factor in a separation, divorce or the death of a spouse.

Partial Exclusion

If the reason for a home sale involves a change in work location, a health issue or an unforeseeable event, the sale may qualify for a partial exclusion. Consult your tax professional for guidance.

A Decade of Home Sales

U.S. home sales are projected to pick up slightly in 2024 and 2025, following a decade low in 2023. High mortgage interest rates and high inflation are considered major factors in the current U.S. housing market.

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (projected)	2025 (projected)
5.38 million	5.75 million	6.01 million	6.12 million	5.34 million	6.02 million	6.46 million	6.89 million	5.67 million	4.76 million	5.0 million	5.54 million

Source: Statista Research Department, March 14, 2024

Saving for a Child's Education

It may seem like a long way off, but before you know it, the toddler playing in the dirt will be headed to college. With college costs rising all the time, saving for a child's education should be a priority. Here are a few ideas that can help you get started.

529 College Savings Plans

Sponsored by states, state agencies and educational institutions, 529 plans are tax-advantaged savings plans designed to help parents, grandparents and others save for a child's future education costs. There are two types of 529 plans.*

1. *Prepaid Tuition Plans* allow account holders to purchase credits at today's prices toward future tuition and fees at participating institutions, generally, public in-state colleges and universities. Plans typically are sponsored by state governments.

2. *Education Savings Plans* allow parents, grandparents or others to open an investment account to save for a child's qualified education expenses, including tuition and fees and room and board. Funds may be used at any college or university, or to pay tuition at a public or private elementary or secondary school if the state allows. Earnings used to pay education expenses generally aren't subject to federal, and sometimes state, income tax. However, funds in a 529 plan might affect the student's eligibility for need-based financial aid.

Annual Gift Tax Exclusion

The annual gift tax exclusion allows you to give $18,000 ($36,000 if your spouse joins in the gift) annually to as many beneficiaries as you choose without paying gift tax on the amount. Money can be used to pay education expenses, with no restrictions on how it is used. The exclusion amount is adjusted periodically.

Direct Gifts

Tuition payments can be made directly to an educational institution without being subject to gift tax or reducing the annual gift tax exclusion.

UTMA/UGMA Custodial Accounts

Assets saved in a custodial account remain under the control of a custodian until the child reaches a certain age (generally, 18, 21, or 25). While funds in the account may be intended for college expenses, there is no guarantee the child will use them for that purpose.

Your financial professional can help you create a college saving strategy.

**Certain requirements may apply. Before investing, read the program offering statement and consider the investment objectives, risks, charges, and expenses associated with 529 plans. 529 Plans are not guaranteed by any state or federal agency. Consider whether the investor's or beneficiary's home state offers 529 plan-related tax or other benefits. Discuss 529 tax rules with a tax professional.*

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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

June 10, 2024

Reference: **FR2024-0521-0096/E**

Org Id: 23568

1. Lets Talk Money September October 2024 Standard
   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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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568