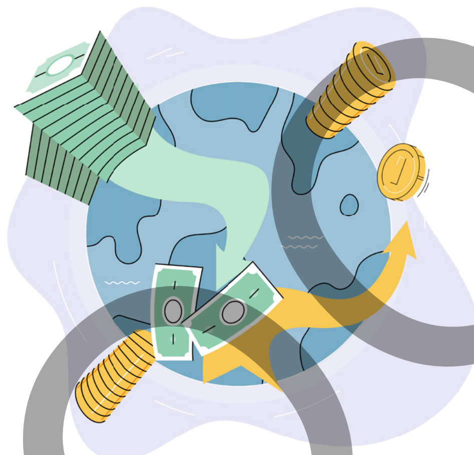
LET'S TALK FINANCIAL WELLNESS®

March/April 2025

INVESTING THE WORLD 'ROUND

If you want to diversify[1] your investment portfolio further, international stocks[2] may be an appealing option. While investing in stocks overseas has advantages and disadvantages, the potential for higher returns and greater portfolio diversification makes it a compelling consideration.



On the Plus Side

By tapping into the growth of emerging markets or the stability of established global companies, you may benefit from opportunities not available solely in U.S. markets. This diversification can also hedge against domestic economic downturns and currency risk.

On the Minus Side

Investing in international stocks comes with its own set of challenges. Political instability, currency fluctuations, and varying regulatory environments can introduce additional risk and complexity to your investment strategy. It's essential to thoroughly research and understand the geopolitical landscape and economic conditions of any country you're considering investing.

Avenues To Explore

When starting with international stock investments, you have several avenues to explore. One approach is to invest in American companies with overseas operations. Many well-known U.S.-based companies have substantial international exposure, allowing investors to participate indirectly in foreign market growth. Additionally, you might consider investing directly in foreign stocks traded on global exchanges. This option provides exposure to specific countries and industries that may not be well-represented in domestic stock markets.

Another popular option for international stock exposure is through mutual funds and exchange-traded funds (ETFs)[3] focused on global markets. These investment vehicles offer diversification across multiple international stocks and can be a convenient way to gain

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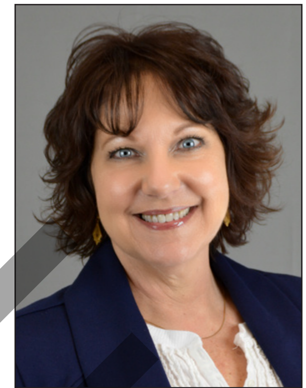
Among individuals with more than $5 million in investable assets, nearly 50% are bullish on international stocks compared to 37% of those with less than $5 million.
Source: WSJ Intelligence survey, 2024



Karen Petrucco
Account Manager

The Prudential Insurance Company of America
45 Prospect Ave
Albany, NY 12206

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

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High Net Worth Version

Prudential

PROTECT ASSETS AND HELP MINIMIZE ESTATE TAX

A Crummey Trust is known for leveraging the annual gift tax exclusion to minimize gift tax on assets passing to children, particularly minors and other loved ones in the future. The exclusion lets you give a certain amount to any number of people outright or in a trust gift-tax-free each year.

Creating and Funding a Crummey Trust

People commonly fund Crummey trusts with life insurance. You can purchase a new policy or use an existing one. The goal is to prevent the insurance proceeds from being included in your taxable estate and have benefits managed to avoid misuse by beneficiaries or being subject to their creditors. Crummey trusts are irrevocable.

What makes a Crummy trust different from other trusts is that you designate a set period during which your beneficiaries can withdraw assets. For example, choose a withdrawal period within 30 days after you create and fund the trust. New withdrawal notices must be sent whenever assets are added to the trust.

More Uses

Any financial gifts you designate to make will be distributed to each beneficiary according to your terms and timeline. You might, for example, specify terms that the trust assets be used to pay for your child's college. Another idea is to direct that the assets be distributed when the child accomplishes a goal, such as completing college, or for a specific purpose, such as buying a house or starting a business.

A Crummey trust is complex. To accomplish gift-tax and protection goals, you need the guidance of your trusted legal and financial professionals.

WATCH OUT FOR THESE RETIREMENT MISTAKES

The stakes in retirement planning are higher for affluent individuals. So, to have the retirement you want, be mindful of common mistakes, such as not:

- Regularly meeting with your trusted professional to update your portfolio to meet current needs,
- Reviewing and revising estate goals or estate documents to reflect current net worth and concerns,
- Updating insurance,
- Keeping current with the cost of healthcare.

By staying informed and proactive, you can navigate the complexities of retirement planning with confidence and peace of mind.

HOW BONUSES ARE TAXED

Many employers typically pay annual bonuses in the first quarter of the year. If you received a bonus for the first time this year, you may be surprised at the net amount of your "windfall."

Why the Surprise?

Work bonuses are classified as supplemental wages subject to federal income tax withholding. They are also subject to Social Security and Medicare taxes, and in some cases, state taxes apply. The IRS provides employers with specific guidelines outlining the methods for calculating federal income tax on supplemental wages.

The default rate for federal income tax withholding on bonuses less than $1 million is 22% and employers can withhold that amount. Alternatively, the employer can combine regular and supplemental wages to calculate the tax amount. That means your bonus may be taxed at your highest individual income tax rate, not to mention any state tax. You may receive some of the withheld amount back as a tax refund. Check with your tax professional.

Handling the Influx of Cash

So, now that you're over the tax sticker shock, what will you do with your windfall? Consider rewarding yourself in some small way, such as a weekend away or that electronic device you've wanted.

Contributing the rest to tax-advantaged accounts such as a 401(k) or IRA is a good move. By contributing at least part of your bonus to these accounts, you save for your future and may offset some of your tax bill for the year.

Another way to minimize the tax impact is to consider charitable contributions. Donating a portion of your bonus to qualified charitable organizations not only supports meaningful causes but also provides a deduction that can lower your taxable income.

While it won't reduce taxes, you may want to use some of your bonus to pay off a high-interest credit card or student loan.

Be careful not to become reliant on annual bonuses. In tight economic times, bonuses can be reduced or even suspended.

The choice is yours, but being strategic with your bonus can lead to substantial financial benefits.

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exposure to various countries and industries.

Taxes

Also, consider potential tax implications and foreign withholding taxes that could impact your investment returns.

Some countries impose withholding taxes on dividends and capital gains, which can affect the overall performance of an international investment. Your tax professional can provide guidance.

By carefully evaluating the options available with your trusted financial advisor, understanding the associated risks, and staying informed about global market conditions, you can decide whether investing in international stocks is right for you.

[1]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.

[2]The risks of investing internationally include changes in currency rates, foreign taxation, and differences in auditing and financial standards.

[3]Investors should read the prospectus and consider the investment objectives, risks, charges, and expenses of the fund before investing.

Because mutual fund values fluctuate, redeemed shares may be worth more or less than their investment. Past performance won't guarantee future results.

Index*	Represents	Sample Of Companies Listed
Hang Seng (HIS)	65% of the Hong Kong Stock Exchange, the most powerful in Southeast Asia	HSBC, China Construction Bank, Industrial and Commercial Bank of China, and Bank of China
FTSE 100	80% of the total value of the London Stock Exchange	HSBC, Royal Dutch Shell, and BP make up the bulk of this index
DAX 30	German Stock Market, characterizes the state of the economy of its region	BMW, Deutsche Bank, Allianz, Deutsche Post, Henkel
CAC 40	Euronext Paris Stock Market	L'Oreal, Renault, and Michelin
Euro STOXX 50	50 largest Eurozone Companies (France and Germany account for almost 70% of capitalization)	Deusche Post, Deutsche Bank, AXA, BMW, Siemens, and Volkswagen Group
Bovespa (IBV2!)	San Paulo Stock Exchange, 50 of the largest blue chip companies in Brazil, a major macroeconomic indicators in Latin America	Petrobras, Itau Unibanco, AmBev, Vale, and Telefonica Brazil

Source: WSJ Intelligence survey, 2024

LOOKING TO THE UPSIDE

According to the recent Wall Street Journal Intelligence's Consumer Confidence and Economic Monitor survey, affluent Americans feel better about their financial situations. Fifty-three percent of respondents with more than $5 million in investable assets said they are better off today, while 38% of those with assets below $5 million said the same. About 40% of both groups reported they expect to be better off financially one year from now.

On Stock Investments

Nearly three-quarters (73%) of respondents said it was a good time to invest in stocks, a seven-point increase from the previous survey and the highest percentage since October 2022, when only 50% felt that way. More survey findings: 61% continue to be bullish on stocks (the same percentage as the previous survey), and 47% are bullish on commodities, a significant 10-point increase from before. Wealthier respondents were more likely to be upbeat about international stock investments than less affluent ones.

Passion Investments

The most affluent have more discretionary income to invest in so-called passion investments. They were less interested in buying a second home (a drop of eight points from the previous survey). Other high-net-worth respondents (21%) were looking to buy, which is the same percentage as the last survey.

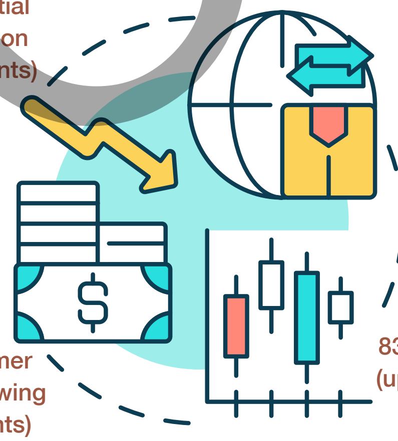
In contrast, the percentages more likely to invest in jewelry held strong over time at 28% (most affluent) and 17%. Respondents reported they were more likely to invest in art and collectibles, which grew to 27% from 23% for the most affluent and 20% from 18% for other respondents.

Investing in Charity

The survey also found that 41% of wealthier respondents were more likely to support charitable events such as galas and dinners (although that figure is down two points from the last survey) and to direct their philanthropic giving through donor-advised funds (down six points from the last poll). Other respondents were slightly more likely to donate directly to a nonprofit (91% compared to 90% for the wealthier segment), a switch from the previous year when 93% of wealthier readers donated directly compared to 90% of those with fewer assets.

Continuing Concerns

Despite being more upbeat, the respondents still had these primary concerns:



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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

November 05, 2024

Reference: **FR2024-1017-0208/E**

Org Id: 23568

1. Lets Talk Money HNW - March/April 2025
   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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