LET'S TALK FINANCIAL WELLNESS®

March/April 2025

Survivorship Policies: Filling a Need

A survivorship policy—also called a second-to-die policy—can be a valuable estate-planning tool.* It insures two lives, typically a married couple (or business partners), with the death benefit paid out after the second person's death.

The Strategy

The unlimited marital deduction allows one spouse to leave an unlimited amount of assets to the surviving spouse without owing estate or gift taxes. The assets become part of the survivor's estate at the first spouse's death. When the second spouse dies, proceeds from the life insurance policy are available to pay expenses.

Cost Advantages

Because the premium on a survivorship policy is based on the joint life expectancy of the insured, the cost may be significantly less than the cost of buying two single-life policies. Qualifying for a joint policy may also be easier since the survivor will continue to pay the premiums, and the death benefit isn't paid until the second spouse dies.

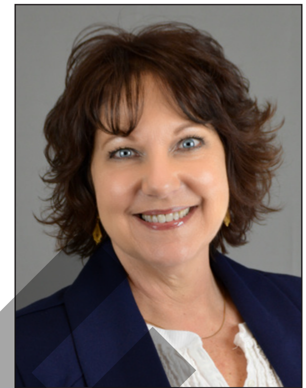
Multiple Uses

A survivorship policy is often purchased by couples who want to preserve more of their wealth for heirs. Additionally, survivorship policies can be used to:

- Provide support for a special needs child after both parents have died.
- Leave a legacy to support a charitable organization.
- Provide the funds needed to pass on a family business while providing cash value for heirs that aren't involved. The policy also can help fund a buy-sell agreement upon the death of a business owner.

Survivorship policies are often used in conjunction with a trust. Talk to your financial and legal professionals for more information.

**Applications for life insurance are subject to underwriting. Insurance coverage exists only if the premium is paid to put the policy in force. Accessing cash values may result in surrender fees and charges and may require additional premium payments to maintain coverage, and will reduce the death benefit and policy values. Guarantees are based on the issuer's ability to pay claims.*



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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.
1020924-00002-00

Insurance Version

Prudential

The Lowdown on Excise Tax

Generally, federal excise tax is imposed on the sale of specific goods, services, or particular uses. Some examples include fuel, airline tickets, heavy trucks and highway tractors, tires, tobacco, alcohol, indoor tanning services, and other goods and services. The tax may be imposed at the time of import, sale by the manufacturer, sale by the retailer, or use by the manufacturer or consumer.

Reporting and Paying

You generally must file an IRS Form 720, Quarterly Federal Excise Tax Return to report and pay the tax. Excise taxes are in addition to any sales tax on items and independent of income tax. States may levy excise tax as well. A similar state or local form is on the tax authority's website. You can pass the cost of excise tax onto your customers.

Deductible?

You can deduct federal excise taxes paid for goods or services on your small business taxes. Excise taxes collected from customers are not deductible. Consider consulting a tax professional to help you with reporting and filing.

Heirs or Beneficiaries?

The terms heirs and beneficiaries are interchangeable – right? Not necessarily when it comes to distributing your property after death. So, knowing the difference between the two is essential in estate planning.

The Definition of Heirs

An heir is a legally identified person entitled to your estate property when no will or trust dictates distribution. In that case, state law dictates how an estate is distributed and which heirs are entitled to assets.

Generally, your heirs, in succession order are:

1. Your spouse,
2. Your children,
3. Your parents,
4. Your siblings,
5. Your grandparents,
6. Your next of kin.

If there is no next of kin, your property will revert back to the state.

Beneficiaries Defined

A beneficiary is a person you've specifically named to receive proceeds and assets from:

- Life insurance,
- Employer-provided qualified retirement plans,
- Individual retirement accounts,
- Trusts, and
- Annuities, as well as property distributed under your will.

A beneficiary may or may not be an heir and vice versa. Understanding a beneficiary's role in your estate plan and their rights to your assets or property is key in planning. If you don't name beneficiaries with a will or other planning tools, they'll be chosen for you.

Home Sweet Home Renovations

It's spring, and for many homeowners, thoughts are turning to home renovations. If this describes you, be aware that some qualified home improvements are eligible for tax deductions.

Tax Credit
For starters, the federal income tax credit available through 2032 allows you to deduct up to 30% or $3,200 annually for energy-efficient home renovations. The tax credit covers improvements such as installing heat pumps, heat pump water heaters, insulation, doors, and windows, as well as electrical panel upgrades, home energy audits, and more. You may claim the credit for your existing primary residence only.

If you use your home partly for business, the full credit is available for business use up to 20%. For more than 20% of business use, the credit is based on the share of expenses allocable to nonbusiness use.

In addition to the energy efficiency credit, homeowners can also take advantage of the modified and extended Residential Clean Energy credit, which provides a 30% income tax credit for clean energy equipment, such as rooftop solar, wind energy, geothermal heat pumps, and battery storage through 2032, stepping down to 22% for 2033 and 2034.

Rebates for Energy-Efficient Upgrades
The inflation Reduction Act of 2022 provided $8.8 billion for home energy efficiency and electrification improvement rebates. You may be able to save money on energy bills, improve in-home comfort, and reduce indoor and outdoor air pollution.

Household savings can range from hundreds of dollars for single items such as an electric cooktop or dryer to $8,000 for a heat pump or cutting home energy use by 35% or more. Rebates will vary based on your household income and where you live since each state will administer the program separately. Rebates may be stacked on top of existing tax credits. For 2025, check with your tax professional as post-election tax changes are expected.

Where to Put Your Emergency Fund

Like everything else, the costs of emergency repairs are increasing. Some alternative options that may pay more for liquid savings are:

- High-yield bank savings accounts
- Money market bank or mutual fund accounts

Each has advantages and disadvantages you should discuss with your financial professional before investing.

Protect Your Money
When considering any alternatives, find out if the account or fund is backed by the Federal Deposit Insurance Corporation (FDIC) or covered by the Securities Investor Protection Corporation (SIPC). Both FDIC and SIPC insurance have limits but are crucial in safeguarding your investment.

Claiming Deductions for Volunteer Work

Volunteering helps others and gives you a feeling of satisfaction. And it may give you a tax deduction. To qualify for a deduction, your expenses must directly relate to a qualified charity where you volunteer. Additionally, you must itemize deductions that have not been reimbursed for those volunteering expenses.

Incidental Expenses
You may deduct expenses like postage, paper, printer ink, or other out-of-pocket costs incurred while volunteering. The cost of gear, a uniform, and possibly cleaning services may also be deductible.

Travel
If you use your car for volunteer work, you can deduct milage for the cost of your unreimbursed gas but not your car's maintenance. Other reasonable travel expenses will be tax deductible if tied to your volunteer work. Meals for volunteer service are 100% deductible.

Record Keeping
As with any deductible expense, keep accurate records of your volunteer expenses. Retain any paper and electronic receipts and keep a mileage log. This will help make tracking expenses and providing the details to your tax professional more manageable at tax time.

Estate Planning Basics Protect Your Family

Your will is a primary estate planning document that specifies how you want your assets distributed when you die and names a guardian for any minor children. Additional essential documents most people should have include a financial power of attorney, which allows someone to make financial decisions for you, and a health care proxy, which designates another person to make health care decisions on your behalf when you cannot do so yourself.

Your Personal Representative
You will have to name a personal representative (formerly called executor) in your will to carry out your final wishes. The person you choose will be responsible for cataloging assets, paying final bills, settling debts, overseeing your financial and investment accounts, and distributing property. Settling an estate can be complex and time-consuming, so you want to be sure the person you name is willing and able to undertake this task.

Making a Choice
What are some things you should consider when naming a personal representative? Consider whether the person you want to name will have time to settle your affairs. Someone with a young family or a demanding work schedule may not be a good choice. And, if cataloging items in your home and arranging for their disposal or distribution is necessary, you should select someone who lives close to you.

Avoid Arbitrary Choices
Choosing your personal representative based on arbitrary factors, such as the age or gender of one of your children, may not be a wise decision. Consider more than birth order if you plan to appoint a child. While you can name multiple children to serve as co-representatives, doing so can lead to disagreements and delays in settling your estate.

Naming an Institution
If you don't have family members or friends who are experienced enough in financial matters to undertake the tasks of a personal representative, you might consider naming an institution as representative or co-representative with a loved one. However, most institutions charge a hefty fee for this service and may not accept the position unless your estate is large.

An estate planning attorney can help you explore all your options.

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

November 05, 20241

Reference: **FR2024-1017-0209/E**

Org Id: 23568

1. Lets Talk Money Insurance - 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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