LET'S TALK FINANCIAL WELLNESS®

May/June 2025

The Work Opportunity Tax Credit Extended

Hiring people with significant barriers to entering the workforce could earn a tax credit for your business. The credit is for each qualifying hire and is available through the Work Opportunity Tax Credit (WOTC), which was extended through 2025.

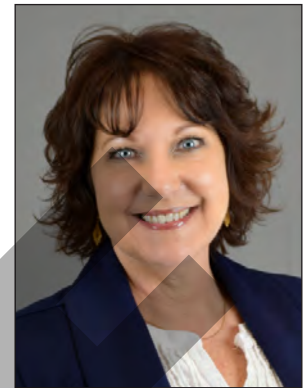
Targeted Groups to Hire
The purpose of this program is to entice business owners to hire people from 10 target groups. You can usually obtain a list of potential applicants through your state workforce agency.

- **Temporary Assistance for Needy Families recipients**
- **Qualified unemployed veterans, including disabled veterans**
- **Formerly incarcerated individuals**
- **Designated community residents living in Empowerment Zones or Rural Renewal Counties**
- **Vocational rehabilitation referrals**
- **Summer youth employees living in Empowerment Zones**
- **Supplemental Nutrition Assistance Program recipients**
- **Supplemental Security Income recipients**
- **Long-term family assistance recipients**
- **Long-term unemployment recipients**

There is no limit to the number of new team members you can hire to qualify for the credit. However, there is a requirement that the new hires work a specified number of hours. Your tax professional can provide more information.

How to Qualify a Worker
Before claiming the credit, employers must apply for and receive a certification, verifying that the new hire is a targeted group member. This is done by completing IRS Form 8850 and a Federal Department of Labor Form 9061, which is then submitted to your state workforce agency. Keep in mind that both the potential new hire and the employer must sign these forms, and they should be forwarded to your state within 28 days of the employee's start date. If your new hire qualifies for the WOTC targeted group, you'll receive a certification from the state workforce agency.

Apply for the Credit
Once an employee is deemed qualified, you must submit an application for the credit to the IRS along with the business's or owner's tax return. The credit amount is based on the category of workers, the hours worked and wages paid to them in their first year. Most employers will then claim the WOTC as a general business credit against their income taxes.



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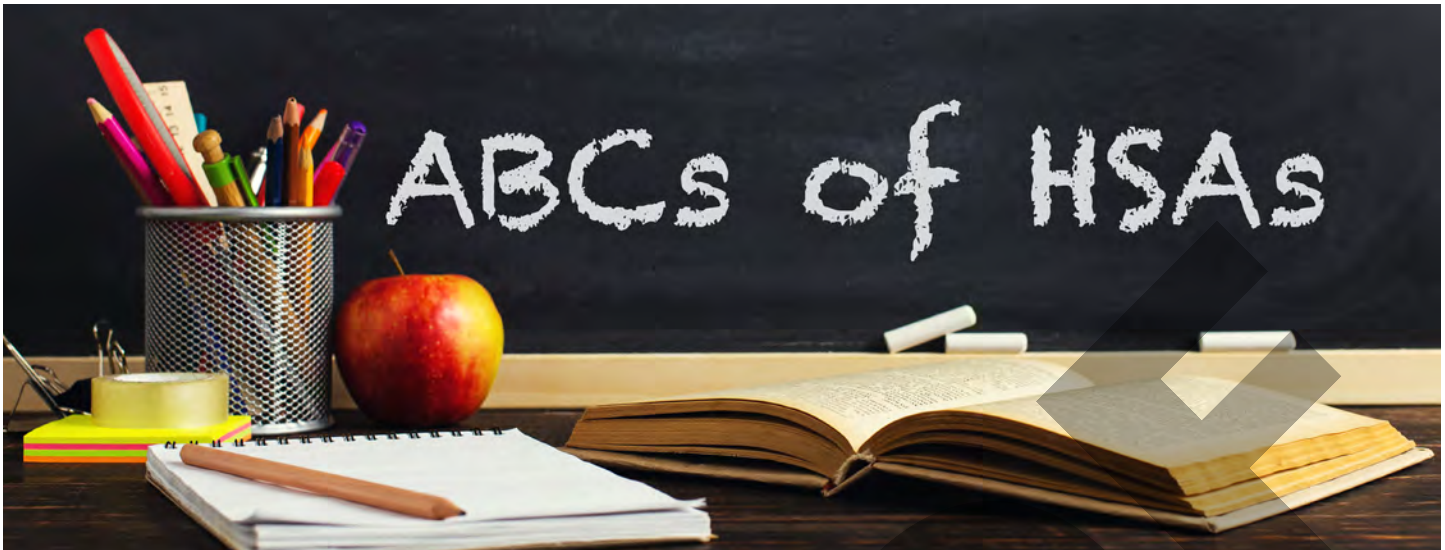
Small Business Version

Prudential



Although health insurance deductibles and other out-of-pocket costs continue to rise, one good thing has come out of this recent turmoil: Health Savings Accounts (HSAs). Consider taking advantage of this tax-saving opportunity to pay healthcare bills.

Triple Tax-Free
The bold-faced headline about HSAs is they are triple tax-advantaged. Contributions are deducted from your pay pre-tax, earnings and any earnings on your investment accumulate tax-deferred and distributions for qualified medical expenses are tax-free. You can use your HSA to pay for co-payments, deductibles, prescriptions, lab work, imaging and physical therapy today, next year and even in retirement.

Extra Help
The ability to roll over an HSA account balance from year to year can be especially helpful in retirement, when healthcare expenses can consume more of your budget. Beginning at age 65, you can take distributions for non-health reasons and pay income tax on the amount withdrawn. However, distributions for a non-medical reason before age 65 would be subject to income tax and an additional 20% federal tax.

How Much to Invest in an

While more people are using Health Savings Accounts (HSAs) to help pay for rising healthcare costs, many of them are not familiar with the investing options they may have available to them. Should you put all your money into a cash option or into more aggressive 401(k)-plan types of investments? A lot depends on your health.

Invest the Max
If you put away the maximum your employer's HSA allows, you could have money left over each year after satisfying health plan deductibles, coinsurance and co-payments. In that case, you might consider investing the remainder.

Health Matters
If you consume little more healthcare than an annual physical and occasional blood work and you contribute the max, you may take a more aggressive investing approach. If, however, you use whatever you contribute to an HSA in any given year, you might want to stay with an approach where you don't risk your funds.

Time for Your Insurance Audit

Summer is around the corner and wind, rain and firestorms will follow. Even if you understand the need for protection like property and health insurance, you may find yourself uninsured or underinsured for certain events.

Natural Disasters
Start with flood insurance. If you live in a flood plain, this is a necessity. If you don't, you may still need the coverage. According to the Federal Emergency Management Agency (FEMA), more than 20% of flood claims come from properties outside the high-risk flood zone.

If you live in an area prone to damaging windstorms like hurricanes or tornadoes, you may need additional property insurance. The same is true for earthquake zones, where you may have to buy separate insurance for this peril.

Also consider carrying general liability and property insurance for general risks around your home, and use umbrella insurance to fill coverage gaps. Talk to your agent to see if you're fully insured.

Personal Insurance
Next, consider your current personal insurance and learn if it is too little, too much or non-existent. Start with disability income (DI) insurance. The younger you are, the more likely it is that you'll become disabled for a period of time than experiencing an early death. If you couldn't fund your needs without your income, you probably need DI insurance. If DI is offered through work, consider buying it.

Life Insurance
If your family has grown or added goals, such as a child's college education, you may find you need more life insurance. Conversely, if your financial obligations have lessened as you age, you may learn you don't need all the life insurance you presently own. Talk to a financial professional to learn more.

Major Reasons Gen Z and Millennials Have Life Insurance

	Millennials	Gen Z
Cover burial and final expenses	53%	38%
Transfer wealth or leave an inheritance	38%	35%
Help replace lost wages/income of wage earner	33%	28%
Supplement retirement income	36%	31%
Employer provides it to me	41%	26%

Source: LIMRA and Life Happens, 2023

May is Older Americans Month

A Presidential Proclamation designates May as the month for honoring older people in our communities. It can also serve as a reminder to ask older relatives about their health and finances. Consider talking with loved ones about:

Estate Planning
At a minimum, make sure your relative has a will and up-to-date beneficiary designations on retirement accounts and insurance policies.

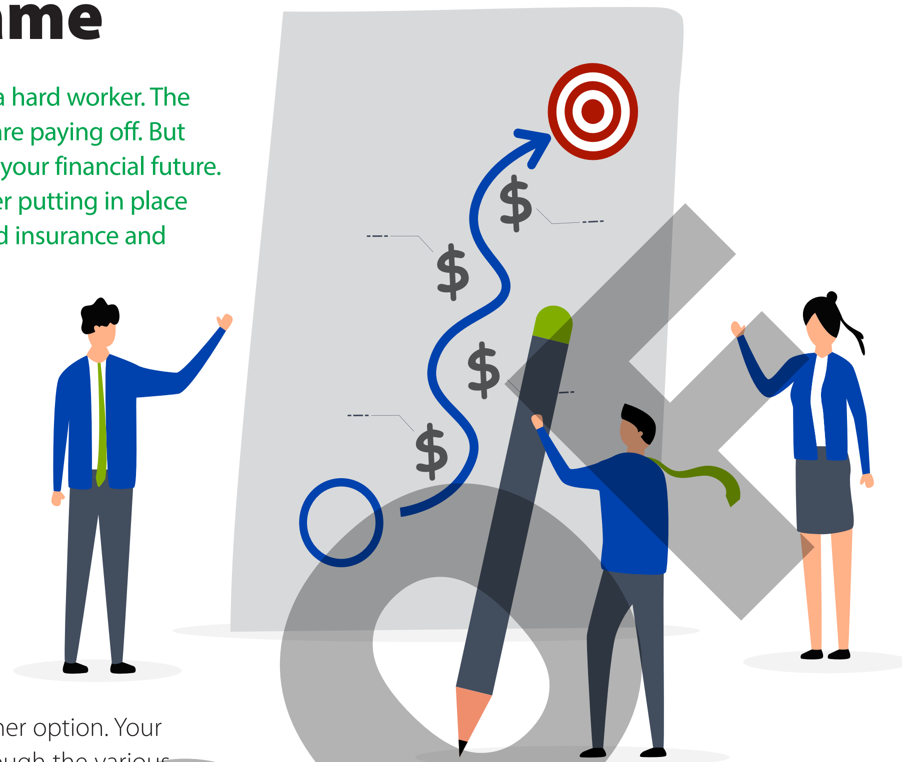
Long-term Care Insurance
Most people will require some form of care as they age. Long-term care insurance can help pay the high costs.

Will, Health-care Proxy and Durable Power of Attorney
These documents, respectively, specify end-of-life treatment and appoint someone to make medical and financial decisions when a person is incapacitated and can't make these decisions on his or her own.

Downsizing
Moving into a smaller home or apartment or one without stairs encourages older relatives to clear years of clutter and can make upkeep easier to manage.

Play the Long Game

As a successful business owner, you're obviously a hard worker. The time and effort you've invested in your business are paying off. But with so much to do, it is often difficult to plan for your financial future. If you haven't already done so, you might consider putting in place certain strategies that use business dollars to fund insurance and retirement benefits.



Fund a Retirement Plan

One way you can use money from your business to provide personal benefits is to create and fund a retirement plan. If you consistently contribute the maximum amount to your retirement plan, you could potentially accumulate a significant amount over time.

Two possible options are the 401(k) plan and the SIMPLE individual retirement account (Savings Incentive Match Plan for Employees).
A Simplified Employee Pension (SEP) plan is another option. Your financial professional will be able to walk you through the various features and benefits of each option.

Plan Your Exit Strategy

Selling your business is another opportunity to transfer capital. If you plan to sell your business outright, there are tax and succession issues that you will need to manage. For example, if you sell your business for a large profit, you may face a significant tax bill.

However, by selling your business in installments, you may be able to spread the tax burden out over time. The risk, of course, is that if the business falters or fails after the new owners take over, you could end up with merely a fraction of the total you had expected.

A succession plan can help provide a structure for the future transfer of your business. Just make sure to include a funding mechanism in your succession plan, especially if a family member is expected to assume ownership upon your death.

Life insurance is often used as a funding mechanism for such an eventuality. Your financial professional can provide details on how this approach works.

<<Approved Broker/Dealer securities disclosure to be added>>

The attached has been given an 'Approved As Is' status by the Corporate Advertising Compliance Team. Advisors who are interested in using and/or customizing pre-approved materials should ensure an understanding of the **Pre-Approved Communications** section of the **Advisor Compliance Manual** posted on the Resource Center. This section of the compliance manual includes instructions on how to use pre-approved materials and meet the necessary Books and Records requirements.

FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 13, 2025

Reference: **FR2024-1231-0108/E**

Org Id: 23568

1. LTM May-June 2025 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

Reminder: The fee charged for Regular filings submitted to the Advertising Regulation Department on January 1, 2025 and after, will increase from $125 to $300 (for the first 10 pages/minutes). The fee of $10 per additional page/minute has not changed. The filing fee for expedited filings will remain at $600 (for the first 10 pages/minutes) and $50 per additional page/minute. Please see https://www.finra.org/media-center/blog/funding-finras-mission-111224 for more information.

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