LET'S TALK FINANCIAL WELLNESS®

May/June 2025

Do You Need a Trust?

While trusts are often complex, they offer high net worth families and individuals tax advantages and more control over how their assets are distributed to future generations. One of the more common and effective trusts used to accomplish these twin goals is an AB trust, which is also known as a credit shelter or bypass trust. This type of trust begins as a revocable trust, when you can make changes, and ends as an irrevocable trust.

When families and individuals want to retain some control over how their assets are distributed after they're gone while limiting the corrosive effect of estate taxes, any one of a variety of irrevocable trusts can accomplish this. Irrevocable trusts also shield assets named in these trusts from the public glare of probate court, while dictating how your estate will provide for your family going forward.

Multiple Advantages

How does this trust work? Part A of the trust provides income to the surviving spouse. When the second spouse dies, Part B kicks in for the benefit of the second spouse's estate and becomes irrevocable. By dividing asset ownership among both spouses, the trust ensures the couple receives the maximum federal estate tax exemption, or credit. This is key because a couple can lose part of one spouse's exemption if they haven't used it all.

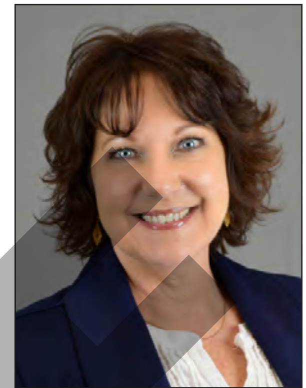
While the estate can allow the surviving spouse to use the deceased spouse's remaining exemption, it has some limits.

The AB trust provides more control, but it doesn't apply to the generation-skipping transfer tax exemption and isn't recognized by some states.

An AB Trust can offer control, maximize tax credits and help ensure that assets pass to beneficiaries as intended. If you want to leave financial means to a spouse after your death while also ensuring other beneficiaries ultimately receive the remainder of tax-advantaged assets, the AB trust is one way to achieve this.

Consult an estate planning attorney and your tax and financial professionals to learn if this type of trust is appropriate for your situation.

An AB trust is a dual-purpose vehicle that can allow you to provide income to a surviving spouse while eventually passing on tax-advantaged assets to beneficiaries.



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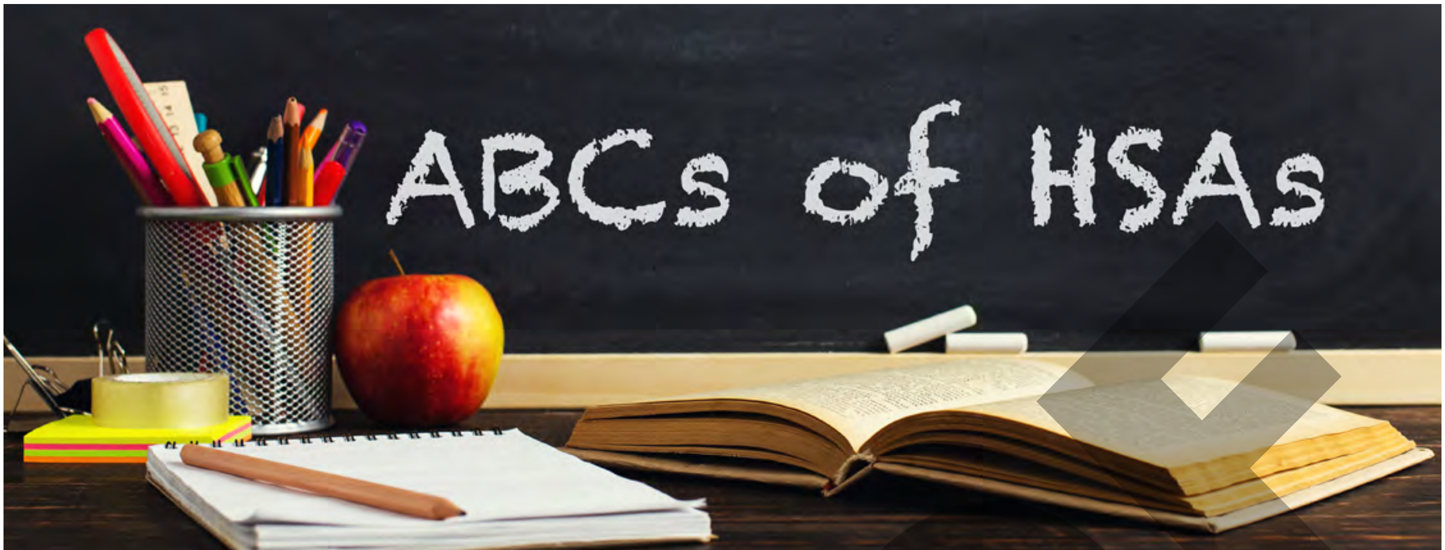

Although health insurance deductibles and other out-of-pocket costs continue to rise, one good thing has come out of this recent turmoil: Health Savings Accounts (HSAs). Consider taking advantage of this tax-saving opportunity to pay healthcare bills.

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.

Estate Planning: More Than a Will

Your will is a basic 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 gives someone the ability 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 are not able to 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? Think about whether the person you want to name will have the time to devote to settling 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 would be necessary, you might want to 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 may or may not 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 as 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 fairly large.

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

<<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: **FR2024-1231-0105/E**

Org Id: 23568

1. LTM May-June 2025 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

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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