LET'S TALK FINANCIAL WELLNESS®

January/February 2027

Revocable Or Irrevocable? Choosing The Right Trust For You

The new year is a natural time to revisit your estate plan, and one of the first decisions many people face is whether a revocable or an irrevocable trust better fits their goals. Both can help you pass on wealth efficiently, but they work in very different ways.

Revocable Trusts

A revocable trust — sometimes called a living trust — lets you retain full control of your assets during your lifetime. As the grantor, you can amend, add to, or dissolve the trust at any time, and you continue to manage the assets as you did before.

The biggest benefit is probate avoidance: assets held in a revocable trust pass directly to your beneficiaries without going through the often lengthy, public probate process. A revocable trust can also keep your affairs private and provide for asset management if you become incapacitated.

It won't protect your assets from estate taxes or creditors because the law still considers them yours while you're alive.

Irrevocable Trusts

An irrevocable trust asks you to give something up: once assets are transferred in, you generally can't change the trust's terms or reclaim the assets. A trustee manages those assets on your beneficiaries' behalf.

That trade-off has real advantages. Because the assets are no longer legally yours, they're typically removed from your taxable estate and protected from creditors and lawsuits. Irrevocable trusts are often used for larger estates, charitable giving, or to protect assets for a beneficiary with special needs.

Which Is Right for You?

If flexibility and simplicity matter most, a revocable trust may be the better starting point. If your priority is to reduce estate taxes or protect assets long term, an irrevocable trust could serve you better. Many people ultimately use both, layering strategies as their estate and goals evolve.

Because trusts intersect with tax law, family circumstances, and your broader financial picture, consult your estate planning attorney and financial advisor before deciding which structure or combination is right for you.





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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.

Insurance Version

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Can't Work? Your Paycheck Can Still Show Up

Illness, injury, and pregnancy don't wait for a convenient time. Short-term disability insurance helps replace part of your income while you're out — call your insurance professional to learn more.

The Basics

Short-term disability typically replaces 40 to 70 percent of your monthly income until you return to work or your benefit period ends, usually three to six months. It covers only nonwork-related injuries or illnesses.

Short-term disability policies typically use an "own occupation" definition of disability, meaning you're covered if you can't perform the duties of your current job. A stricter "any occupation" definition — which applies only if you're unable to work in any job — is more common in long-term disability policies. Check your policy's specific definition of disability before you need to rely on it.



Pregnancy Coverage

Sometimes, disability coverage begins two weeks before a woman's due date and lasts six weeks after the birth. You can amend the start date of disability coverage with updated medical information. The Family and Medical Leave Act (FMLA) provides eligible employees with up to 12 weeks of unpaid, job-protected leave for the birth or care of a child — the same right applies to mothers and fathers alike. FMLA generally applies to employees who've worked at least 12 months and 1,250 hours for an employer with 50 or more workers nearby. Note that FMLA protects your job, not your paycheck — that's what short-term disability coverage is for.

Buying a Policy

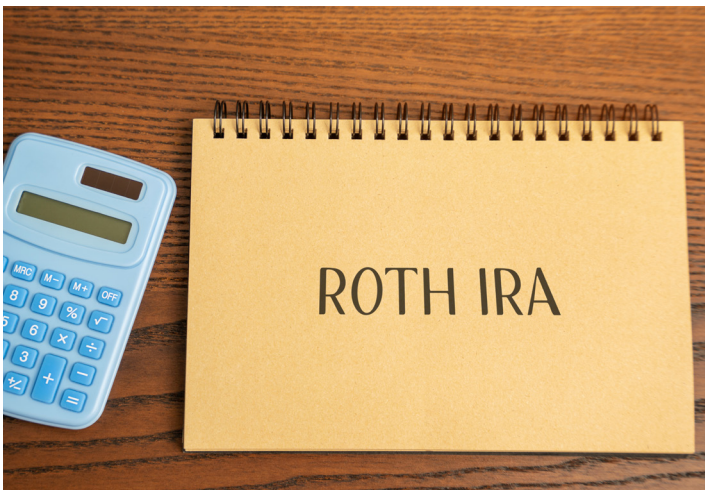
The cost of a short-term disability policy depends on your age, gender, occupation, and overall health. Before purchasing a policy, review the insurer's definition of disability, the length of the waiting and benefit periods, and the coverage amount.

Roth For Tax Diversification

A retirement plan is a strong start, but you'll still owe income taxes on much of what you withdraw in retirement. Tax-free retirement income from a Roth account can help offset taxes on withdrawals from a tax-deferred account, giving you more control over your tax bill.

How a Roth Can Help

- If you plan to retire to a lower-tax state but circumstances change and you end up staying put, you'd pay more state tax on traditional withdrawals than expected.
- Required minimum distributions (RMDs) from tax-deferred accounts could push you into a higher bracket. Roth accounts aren't subject to RMDs, so they won't add to that risk.
- A surviving spouse typically shifts to single-filer status, where tax rates climb more quickly, and RMDs grow larger with age — a combination that raises your tax bill further.



Consult your tax and financial professionals to learn more about planning for taxes in retirement.

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The Holiday Bills Are In — Now What?



The gifts are unwrapped, and the credit card statements have arrived. Tackling holiday debt is one of the best ways to start the new year on solid footing.

Know What You Owe
Add up all holiday balances — including credit cards, buy-now-pay-later plans, and store financing.

Pick a Payoff Strategy
The avalanche method targets your highest-interest balance first to save more money, while the snowball method pays off the smallest balance first for quick wins. Either way, keep paying at least the minimum on the remaining balances.

Know the Difference
Credit card balances from holiday shopping are high-interest "bad" debt that should be paid off quickly. A mortgage, education loan, or business loan is typically "good" debt that builds your future.

Plan for Next Year
Once you pay off the holiday debt, open a dedicated savings account and contribute monthly to prevent a repeat next year.

Your January Money Reset

The holidays are behind you, and so is the spending that came with them. January is the natural time to see where your money actually went and to reset before old habits creep back in.



Compare Plan to Reality
Review your December statements and compare what you actually spent with what you budgeted. Look closely at categories that ran over — gifts, travel, dining out — and note why. This gap is where next year's budget should start.

Try a Spending Freeze
Consider a one-month freeze on non-essentials: no dining out, no new clothes, and no impulse buys. Keep it simple — pay bills, buy groceries, cover essentials, and pause everything else. A short freeze breaks the momentum of a high-spend season and makes it easier to see what you truly value versus what was just habit.

Get A Head Start On Tax Season

A new year means tax season is coming. Gathering your documents now, rather than in April, can save you time, reduce stress, and possibly save money.

What to Collect

- Income statements: W-2s, 1099s for freelance or investment income, and any distributions from Social Security or retirement plans.
- Deduction records: mortgage interest statements, property tax bills, charitable donation receipts, and medical expense receipts.
- Business and investment records: expense logs, mileage logs, and year-end statements from brokerage or retirement accounts.
- Life changes: notes on marriage, a new child, a home purchase, or a job change, since each can affect your filing status.



Keep It Organized
Create a single folder, either physical or digital, for everything as it arrives. Include last year's return for reference, as many figures carry over.

Starting early gives your tax professional more time to identify deductions and credits rather than rushing to meet the deadline.

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Beneficiary Rules Most Families Have Never Heard Of

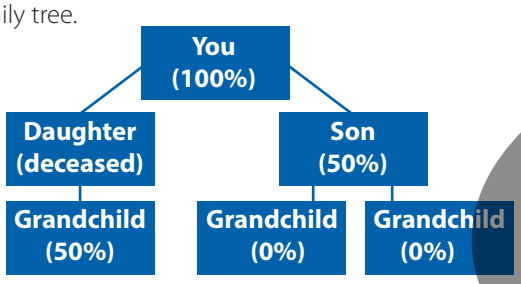


When it comes to your estate strategy, understanding how your assets will be distributed can spare your family confusion and potential conflicts. One key distinction is between "per stirpes" and "per capita."

Per Stirpes

Per stirpes is a Latin term meaning "by branch." This distribution method means that if a beneficiary passes away before you do, their share isn't lost. Instead, it's passed down to their children.

Hypothetical #1: You have a son and a daughter. Your daughter has one child, and your son has two. Unfortunately, your daughter passes away before you. Here's how your assets would pass, ensuring you maintain representation for each branch of your family tree.



Per Capita

On the other hand, "per capita" translates to "by head." This method divides your estate equally among living beneficiaries, regardless of any deceased beneficiaries.

Hypothetical #2: Assume the same facts as Hypothetical #1, except that you designate per capita that your $50,000 in assets should go to your children (perhaps assuming they will later pass to your grandchildren). Your son would receive the full $50,000, and your grandchildren would receive nothing.

Other Differences

Per stirpes accounts for relationships among beneficiaries, whereas per capita does not. With per stirpes, you can leave a greater share of assets to your children than to your grandchildren, if you so choose. Per capita gives each beneficiary an equal share of assets, regardless of relationship. Also, per capita distribution can trigger the generation-skipping transfer tax if an estate is large enough. This tax applies to transfers of property to those who are two or more generations younger than you.

Choosing between per stirpes and per capita can significantly affect how your assets pass to the next generation. Consider your beneficiaries and how you want to provide for them. Then, consult your legal advisor to ensure your estate strategy aligns with your wishes and helps your family avoid potential disputes down the road.

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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 5, 2026

Reference: **FR2026-0828-0136/E** Org Id: 23568

1. LTM 180 Jan Feb 2027 Insurance
   Rule: FIN 2210
   5 Pages

The communication submitted appears consistent with applicable standards.

Reviewed by,

William W. Brill
Principal Analyst

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