LET'S TALK MONEY®

November/December 2019

Watch Those Withdrawals!

With the holidays coming soon, it may be hard to resist the temptation to take a retirement plan loan or an outright distribution from your company 401(k) plan to pay for your holiday shopping. Here's why you shouldn't:

Disincentives

The most obvious disincentive to taking an outright distribution from your qualified retirement plan is the tax penalty if you are under a certain age. That's 10% on the amount you withdraw, not counting ordinary income tax that would be due on the amount. Exceptions to the tax penalty rule include distributions taken for qualified first-home, higher education and medical expenses, or for any reason by account owners at least age 59 1/2. You'll notice holiday shopping is not one of the exceptions.

Another reason not to take an outright distribution is it will cost you much more than the amount you withdraw, even beyond current taxes and the penalty.

For example, let's say you take only $2,000 from your account. You might think this isn't a big sum, but look what would happen if instead the amount withdrawn earned 6% annually, compounded daily, for 30 years. After 30 years, that $2,000 would have grown to more than $12,000! That's six times the amount you thought you wouldn't miss.

Plan Loans

If your only choice is between a retirement plan loan or an outright distribution and you absolutely need the money, choose the loan. Although it is a better choice, a loan comes with its own drawbacks. One is that no matter how low the interest rate is – and it will likely be lower than other alternatives – it will still be higher than 0%. This means your $2,000 loan will cost you more than $2,000 over time.

You will also miss potential earnings growth of the outstanding loan amount, while you will likely have to begin payments immediately, lowering your take-home pay. One last note: If you leave your job, the balance of the loan will become due almost immediately. If your plan uses funds in your retirement account to pay off the loan, you may owe a penalty and taxes on that amount.

Spend Wisely

Armed with information about the pitfalls of taking money from your retirement plan, you might take another look at your holiday budget before you begin spending. Don't make saving for retirement a casualty of holiday spending.

The sender and LTM Marketing Specialists, LLC are unrelated. This publication was prepared for the publication's provider by LTM Marketing Specialists, LLC, an unrelated third party. Articles are not written or produced by the named representative.

FINRA Reference FR2019-0725-0074/E RETIR

Karen Petrucco
Account Manager

LTM Client Marketing
125 Wolf Road, Suite 407
Albany, NY 12205

Tel: 518-870-1082
Fax: 800-720-0780
kpetrucco@ltmclientmarketing.com
www.ltmclientmarketing.com

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.

Retirement Version

LTM Client Marketing

Partners in your marketing success

Five Ways to Stay Safe Online During the Holidays

If you're among the increasing number of consumers who will make holiday purchases online this holiday season, it makes sense to learn how to protect your identity and other personal information. Consider the following steps to make your online shopping more secure.

1. Trust Matters – Shop only on retail sites you know and trust. If you're not sure, check for independent reviews of a company and its products.

2. Safeguard Your Vital Info – Strong passwords are a must, especially if you store credit card information on an online retailer's website.

3. Make Sure the Site is Secure – Anytime a website accepts or stores your financial and other identifying information, it should be secure. A website won't be private if it doesn't have a lock icon or an "s" after the "http" that begins its address.

4. Use a Credit Card – Use a credit card from a company that will work for you to resolve disagreements with retailers and offers your money back if the card is misused. Debit cards typically don't offer the same security.

5. Stay Private – Don't use public Wi-Fi for any purchases and don't offer any information a retailer will not need, such as your social security number.

What to Look for in Travel Insurance

If you book a vacation package or cruise trip for the holidays, you may want to protect your financial investment with travel insurance. All travel insurance, however, is not the same, so you should look for certain features that you may want as part of any travel protection you buy.

What Qualifies

Examine the events a policy will recognize as qualifying for insurance benefits, such as trip cancellation due to illness or a death in the family, a missed connecting flight or a natural disaster. Many policies will not, however, insure your trip's cost if you cancel because your boss needs you.

What's Covered

It pays to understand what's covered by your travel insurance. Will it reimburse you for lost luggage? How about medical costs incurred overseas (because your health insurance may not cover them) or even a medical evacuation? You may need to buy a separate health insurance policy to pay for medically-related costs incurred abroad, but talk with your existing health insurer first to see if you're already covered.

What's Not

When buying travel medical insurance, make sure all of your stops are included if you are visiting multiple countries. Also check to ensure any coverage includes preexisting conditions.

Some policies will reimburse you for other events, such as theft involving your belongings and your identity, and a few will reimburse you if you cancel a trip for any reason. Read your travel insurance policy's fine print to make sure you get the coverage you want.

Giving to Charity Still Matters

With the most recent federal tax changes including a much larger standard deduction, charity watchers wondered if the resulting smaller number of taxpayers itemizing deductions would hurt charitable giving. The jury is still out.

Mixed Results

In 2018, charitable giving rose modestly, but the number of donors actually decreased, according to the Fundraising Effectiveness Project. The increase was due to a greater number of donations of at least $1,000, according to the organization.

Give More

If you itemize deductions on your tax return, you can deduct even more charitable cash donations. Deduct qualified gifts up to 60% of your adjusted gross income (AGI). That's up from 50%. Rules differ if you donate appreciated assets, but they can potentially lower your capital gains. Talk to your tax professional to learn how.

If you might otherwise take the standard deduction and you contribute to a donor-advised fund, consider bunching two or three years of donations into one, and then itemize all of them on your tax return and take the standard deduction in subsequent tax years.

Give Regardless

Even without the tax deduction, the main reason most people give to charity still exists: to make a difference. Remember that charitable contribution tax changes will expire with many other individual provisions after 2025 unless made permanent before then.

Avoid These Money Mistakes!

Millennials, many who came of age during the last recession and have record amounts of student debt, are sometimes hesitant to make financial decisions. However, they shouldn't let their hesitation lead to these money mistakes:

Being Too Extreme

With time on their side, Millennials can afford to be aggressive financially. This doesn't mean they should put all -- or any of – their money into questionable investments. At the other extreme are Millennials who won't accept any risk, no matter how small. Explore your financial opportunities and make the appropriate choices.

Operating Without a Net

If you don't have an emergency fund, you are living without a financial safety net. Put a few dollars into a separate fund each paycheck to help cushion potential financial shocks, including unemployment and expensive home or auto repairs.

Not Saving Enough

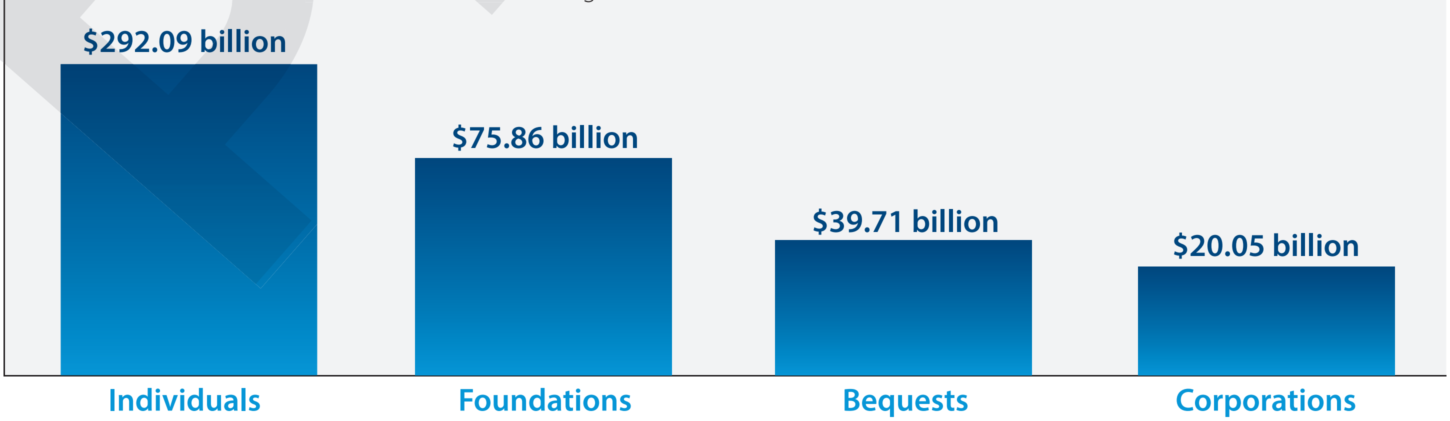
Your savings will grow exponentially with the time you give them to grow, so save something – anything – starting today. Your older self will appreciate your early efforts.

Ignoring Your 401(k)

If you have a company-sponsored 401(k) plan and you're not contributing to it, you're missing a big opportunity. Contributions are tax-deferred and potential earnings grow tax-free until withdrawal. Plus, you're really missing out if you don't contribute at least what your employer will match.

How We Give

In 2018, Americans gave more than $400 billion to charities and favorite causes.
The breakdown from Giving USA Foundation (of 2018 contributions) is as follows:



Understanding Medicare

If you're nearing age 65, one rite of passage will include making your way through the health insurance maze known as Medicare. Here are some basics you'll need to know.

Sign-up Periods

If you are getting benefits from Social Security or the Railroad Retirement Board, you'll automatically get Medicare Part A and Part B starting the first day of the month you turn 65. Otherwise, you can sign up for Medicare from three months before the month you turn 65 to three months after the month you hit that age.

If you are at least age 65 and you have insurance through your employer or your spouse's, you generally don't have to sign up until you lose that insurance. You can opt to sign up for Medicare anytime you have union or employer health coverage or during a special eight-month enrollment period beginning the month after employer or union group health plan coverage ends or when employment ends, whichever comes first.

If you don't sign up for Part A or Part B when first eligible and you don't qualify for a special enrollment period, you may have to wait until the Medicare general enrollment period, which is from January 1 through March 31. This coverage would then start July 1 of that year. In most cases, you'll have to pay a permanent late enrollment penalty for as long as you have Part B.

Perusing the Parts

Medicare Part A is considered primarily hospital insurance and is free for most former workers who have paid into Social Security. For most people in 2019, Part B cost $135.50 per month. This includes coverage for doctor visits, lab work and other outpatient services. Part D is Medicare prescription drug coverage and has a separate cost.

Additionally, you will likely want to explore buying a Medigap policy, which pays for services not covered by Medicare such as eye exams and dental work, while paying for at least a portion of often-high Medicare deductibles and coinsurance.

Alternatively, you can combine your coverage through Medicare Advantage, an HMO offered by private insurance companies. Work with a qualified health insurance professional to learn more.

We Value Your Input...

Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

Recyclable
RETIR

FINRA
Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

August 14, 2019

Reference: **FR2019-0725-0074/E**

Org Id: 8408

1. 2019 LTM Nov/Dec Retirement
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Senior Analyst

aec

This year's Advertising Regulation Conference will be held on October 24-25 in Washington, D.C. For more information and to register, please access the conference webpage at www.finra.org/2019adreg.

NOTE: *We assume that your filed communication doesn't omit or misstate any fact, nor does it offer an opinion without reasonable basis. While you may say that the communication was "reviewed by FINRA" or "FINRA reviewed," you may not say that we approved it.*

Please send any communications related to filing reviews to this Department through the Advertising Regulation Electronic Filing (AREF) system or by facsimile or hard copy mail service. We request that you do not send documents or other communications via email.

Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568