LET'S TALK MONEY®

November/December 2019

Harvest Time for Your Investments

With the New Year just around the corner, many people will look at their investment portfolios for capital losses to deduct from their 2019 tax bill. But even when you own securities and mutual fund shares* that have experienced rough sledding the past 12 months, selling may not be the right response, despite the tax advantages.

The Basics

There are two types of investment gains or losses when it comes to federal taxes. You pay ordinary income tax for gains on investments owned for a year or less, just like your work income. Investments held for more than one year incur capital gains taxes when you sell them. For most taxpayers, this capital gains tax rate is lower than rates for ordinary income.

A capital gain or loss is the difference between your basis – what an asset or investment cost – and what you get for selling it. If realized capital losses are greater than your capital gains, you can deduct up to $3,000 a year, or up to $1,500 if married and filing a separate return. You may carry forward any losses over this annual cap to the next tax year. Using these losses as a deduction is sometimes called "tax-harvesting."

Considerations

Because gains or losses affect taxes only when "realized" after investments are sold, you will need to look at your entire investment approach. If you have a long-term investment strategy, selling an asset that has lost value during the past tax year isn't necessarily a slam dunk, especially if it provides steady income, has strong long-term prospects and fits well into a diversified portfolio.

Likewise, you might sell an investment, even if it has gained in value, because it no longer fits into your long-term investing approach. Talk to a financial professional to learn more.

** Investors should consider the investment objectives, risks and charges and expenses of the fund carefully before investing. Contact the issuing firm to obtain a prospectus which should be read carefully before investing or sending money. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in mutual funds may result in the loss of principal.*

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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.

Standard Version

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

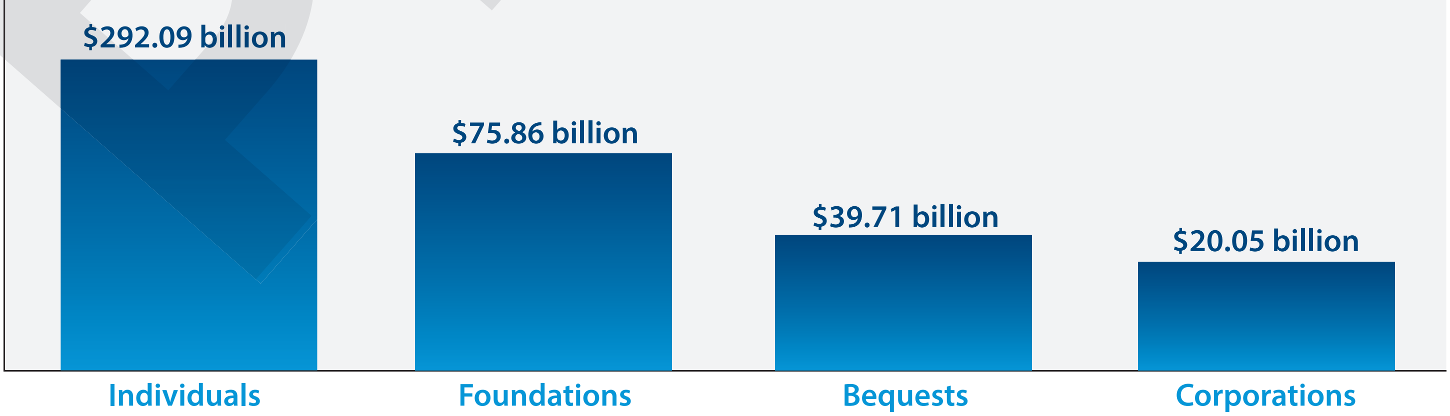
Your savings will grow exponentially with the time you give them to grow, so save something – anything – starting today. Your older self will appreciate your early efforts.

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 Fixed Income Yield

Investors who own shares of fixed income or bond mutual funds* do so for their relative safety compared to equities and for an expected rate of return, or yield. Because economic conditions affect yield, it can vary from one market cycle to the next. Here's what you need to know if you are or will soon become an income investor.

The Certainties

When you buy U.S. Treasury securities directly, their rates are guaranteed by the full faith and financial strength of the United States government as long as you hold them until maturity. Other types of fixed income securities will also pay you a predetermined rate of return when you hold them until maturity, although lacking the ironclad guarantee of Treasury securities.

Just as with equities, the higher the return promised by issuers of bonds, bills and notes, the more risk buyers will assume. In this case, it's interest rate risk. This holds true whether you buy bonds issued by county and state entities, or you buy those issued by corporations.

The Misconceptions

Securities with longer maturity dates typically offer higher rates of return, but not always. In times of short-term economic uncertainty, two things can happen. One, the demand for certainty – such as in 10-year U.S. Treasury bonds – becomes greater, pushing yields down. Meanwhile, economic uncertainty can push the yield on two-year bills up. When short-term yield surpasses long-term yield, you have an inverted yield curve. This curve will right itself as economic certainty returns.

Remember that while direct ownership of Treasury securities offers certain guarantees, the same doesn't hold true for mutual funds that include them.

One Approach

So, what can a fixed income investor do to ensure greater income stability over time? Laddering offers one approach that may minimize risk and ensure liquidity over time. A laddered portfolio might include shares of mutual funds specializing in fixed income securities of two years or less, others between five and 10 years and others consisting only of longer maturities. A financial professional can show you how.

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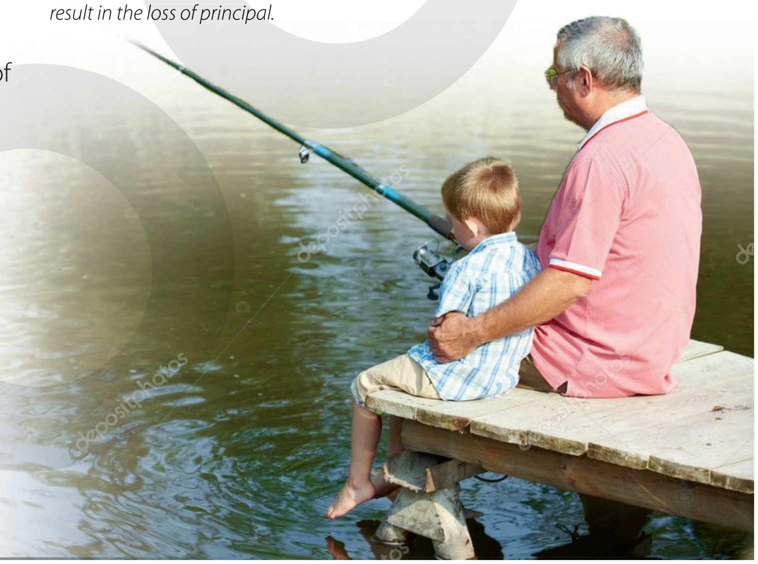

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Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure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

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

August 14, 2019

Reference: **FR2019-0725-0066/E**

Org Id: 8408

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

The communication submitted appears consistent with applicable standards.

Reviewed by,

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Senior Analyst

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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.

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