

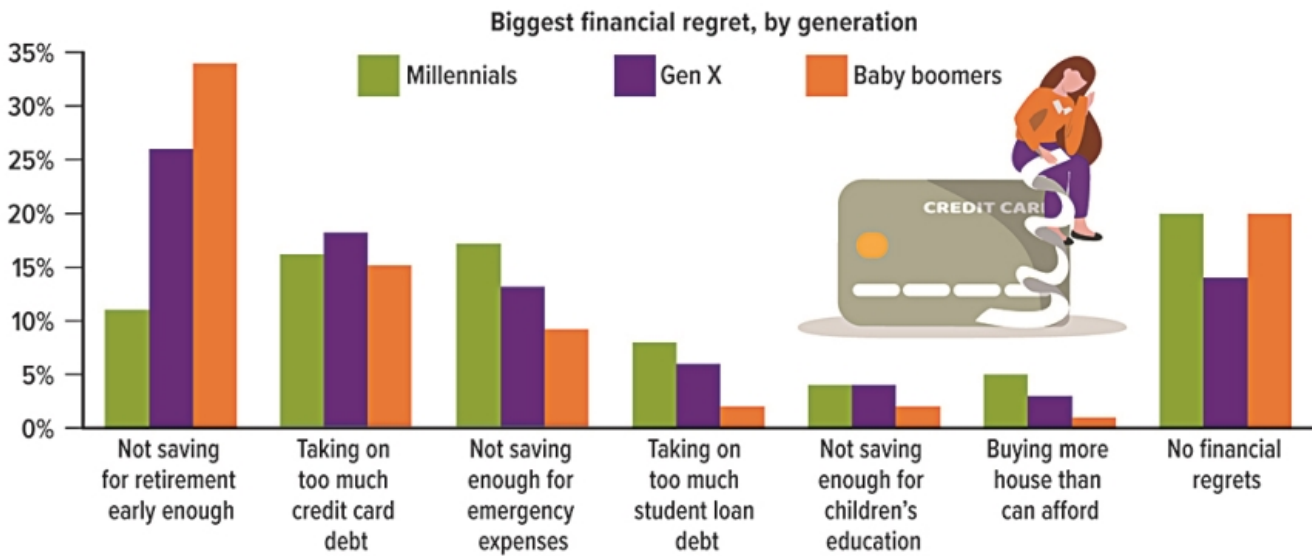


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Financial Regrets

A 2023 survey found that about three out of four U.S. adults had a financial regret. The most common were not saving for retirement early enough, taking on too much credit card debt, and not saving enough for emergency expenses. It's probably not surprising that the weight that people placed on these and other regrets varied by generation — and regret about not saving early enough for retirement was higher for those closer to retirement age.



Source: Bankrate, July 19, 2023 (categories not shown include "something else" and "don't know")

Beware of These Life Insurance Beneficiary Mistakes

Life insurance has long been recognized as a useful way to provide for your heirs and loved ones when you die. While naming your policy's beneficiaries should be a relatively simple task, there are a number of situations that can easily lead to unintended and adverse consequences. Here are several life insurance beneficiary traps you may want to discuss with a professional.

Not naming a beneficiary

The most obvious mistake you can make is failing to name a beneficiary of your life insurance policy. But simply naming your spouse or child as beneficiary may not suffice. It is conceivable that you and your spouse could die together or that your named beneficiary may die before you and you haven't named successor beneficiaries. If the beneficiaries you designated are not living at your death, the insurance company may pay the death proceeds to your estate, which can lead to other potential problems.

Death benefit paid to your estate

If your life insurance is paid to your estate, several undesired issues may arise. First, the insurance proceeds likely become subject to probate, which may delay the payments to your heirs. Second, life insurance that is part of your probate estate is subject to claims of your probate creditors. Not only might your heirs have to wait to receive their share of the insurance, but your creditors may satisfy their claims out of those proceeds first.

Naming a minor child as beneficiary

Insurance companies will rarely pay life insurance proceeds directly to a minor. Typically, the court appoints a guardian — a potentially costly and time-consuming process — to handle the proceeds until the minor beneficiary reaches the age of majority according to state law. If you want the life insurance proceeds to be paid for the benefit of a minor, you may consider creating a trust that names the minor as beneficiary. Then the trust manages and pays the proceeds from the insurance according to the terms and conditions you set out in the trust document. Consult with an estate attorney to decide on the course that works best for your situation.




Disqualifying a beneficiary from government assistance

A beneficiary you name to receive your life insurance may be receiving or be eligible to receive government assistance due to a disability or other special circumstance. Eligibility for government benefits is often tied to the financial circumstances of the recipient. The payment of insurance proceeds may be a financial windfall that disqualifies your beneficiary from eligibility for government benefits, or the proceeds may have to be paid to a government entity

as reimbursement for benefits paid. Again, an estate attorney can help you address this issue.

Life Insurance Payout Options

Most life insurance policies offer several options to the policy beneficiary, including:

 Lump sum payment	The most common choice. A one-time payment is made of the death benefit proceeds to the beneficiary.
 Lifetime annuity	The death benefit proceeds are converted to an income annuity, which makes a fixed, periodic payment to the beneficiary for the rest of his/her life.
 Fixed period annuity	Like the lifetime annuity, except the payments will be made over a specified period of time, such as 10 years, after which, payments cease.

Creating a taxable situation

Generally, life insurance death proceeds are not taxed when they're paid. However, there are exceptions to this rule, and the most common situation involves having three different people as policy owner, insured, and beneficiary. Typically, the policy owner and the insured are one and the same person. But sometimes the owner is not the insured or the beneficiary. For example, mom may be the policy owner on the life of dad for the benefit of their children. In this situation, mom is effectively creating a gift of the insurance proceeds for her children/beneficiaries. As the donor, mom may be subject to gift tax. Consult a financial or tax professional to figure out the best way to structure the policy.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications. The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased.

While trusts offer numerous advantages, they incur up-front costs and often have ongoing administrative fees. The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional and your legal and tax advisors before implementing such strategies.

Should You Buy or Lease Your Next Vehicle?

New vehicle prices have skyrocketed these past few years, with the cost averaging well over \$48,000 toward the end of 2023.¹ These increased costs, coupled with rising interest rates, mean that buying a vehicle can take a significant bite out of your budget. If you are in the market for a new vehicle, you might be wondering if leasing it would save you money.

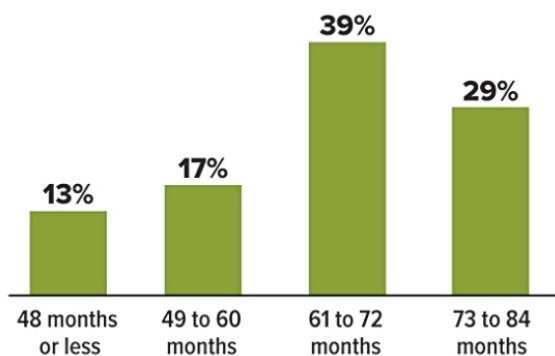
As a rule, if you plan on keeping a vehicle for a long period of time, it makes more sense to buy it. But if having the latest technology and safety features is important to you, leasing might be the best option, allowing you to drive a new vehicle every few years. To help you decide, you should also determine how each option fits into your lifestyle or budget. Here are some points to consider.

Ownership

When you buy a vehicle, you usually finance a portion of the purchase price and pay it back over time with interest. When the loan term ends and the vehicle is paid for, you own it. You can keep it as long as you like, and any retained value (equity) is also yours to keep.

When you lease a vehicle, you don't own it — the leasing company does — so you do not have any equity built up once the lease is over. At the end of the lease term, you can choose to either return the vehicle or buy it at its residual value, which is set forth in the lease. If you end up returning it early, the dealer may require you to pay a hefty fee. If you still need a vehicle at the end of the lease term, you'll need to start the leasing (or buying) process all over.

Share of new vehicle loans, by loan term



Source: Experian, 2023

Monthly payments

If you finance all or part of your new vehicle purchase, you will have a monthly payment that will vary based on the amount you finance, the interest rate, and the loan term. When comparing loans, it's important to look at the total amount of money you will end up paying over the life of the loan. While a longer loan term may give you a more affordable monthly

payment, you will end up paying more money over the loan term.

In general, monthly lease payments are usually lower than monthly loan payments since you are mainly paying for the vehicle's depreciation during the lease term as opposed to the purchase price. This means that leasing may allow you to drive a more expensive vehicle than what you could otherwise afford.

Mileage

How much do you plan on driving? When you buy a vehicle, you can drive it as many miles as you want. However, a vehicle with higher mileage may be worth less if you plan to trade it in or sell it at some point down the road.

Vehicle leases come with up-front mileage limits, typically ranging from 12,000 to 15,000 miles per year. If you exceed these limits, you can end up incurring costly penalties in the form of excess mileage charges.

Maintenance

When you sell your vehicle, condition matters, so you may receive less if it hasn't been well maintained. As your vehicle ages, repair bills may be greater, something you typically won't encounter if you lease.

Generally, you will have to service a leased vehicle according to the manufacturer's recommendations. In addition, you'll need to return your vehicle with normal wear and tear (according to the leasing company's definition). Anything above normal wear and tear may result in excess charges.

Up-front costs

When you buy a vehicle, the up-front costs you incur may include the cash price or a down payment for the vehicle, taxes, title, and other fees.

The up-front costs associated with leasing a vehicle may include an acquisition fee, down payment, security deposit, first month's payment, taxes, title, and other fees.

Additional buying vs. leasing tips

Keep the following tips in mind when determining whether or not to buy or lease a vehicle:

- **Shop wisely.** Make sure you read the fine print and fully understand all terms or conditions.
- **Negotiate.** To get the best deal, be prepared to negotiate the price of the vehicle and the terms of any loan/lease offer.
- **Run the numbers.** Calculate both the short-term and long-term costs associated with each option.
- **Consider tax implications.** This is especially important if you use your vehicle for business and/or have an electric vehicle.

1) Kelley Blue Book, 2024

Birthday Benefits Quiz

Remember when you turned 16 and rushed to get your driver's license? Or earned the right to vote at 18 and enjoyed the privileges and responsibilities of adulthood at 21? There aren't many legal changes associated with birthdays after that until you turn 50, and then there are plenty.

Can you match these ages to the related federal benefits and tax responsibilities? One age will be used twice.

50 55 59½ 62 65 67 70 73 75

___ 1. Eligible for full Social Security benefits for those born in 1960 or later

___ 2. Earliest age to make catch-up contributions to a traditional IRA or an employer-sponsored retirement plan

___ 3. Eligible for maximum Social Security benefit

___ 4. Must begin taking required minimum distributions from most tax-deferred retirement plans, for those born from 1951 to 1959

___ 5. Eligible to enroll in Medicare

___ 6. Earliest age to make catch-up contributions to a health savings account

___ 7. Earliest eligibility age to begin taking reduced Social Security worker benefits

___ 8. Must begin taking required minimum distributions from most tax-deferred retirement plans, for those born in 1960 or later

___ 9. Eligible to withdraw money from a tax-deferred IRA or employer-sponsored retirement plan (for most employees) without incurring a 10% federal tax penalty

___ 10. Eligible to withdraw money from a tax-deferred employer-sponsored retirement plan without incurring a 10% federal tax penalty, for an employee who separates from service with the employer

For further information, visit [irs.gov](https://www.irs.gov), [socialsecurity.gov](https://www.socialsecurity.gov), and [medicare.gov](https://www.medicare.gov).

Answers

1. 67; 2. 50; 3. 70; 4. 73; 5. 65; 6. 55; 7. 62; 8. 75; 9. 59½; 10. 55 (50 or after 25 years of service for qualified public safety employees)

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