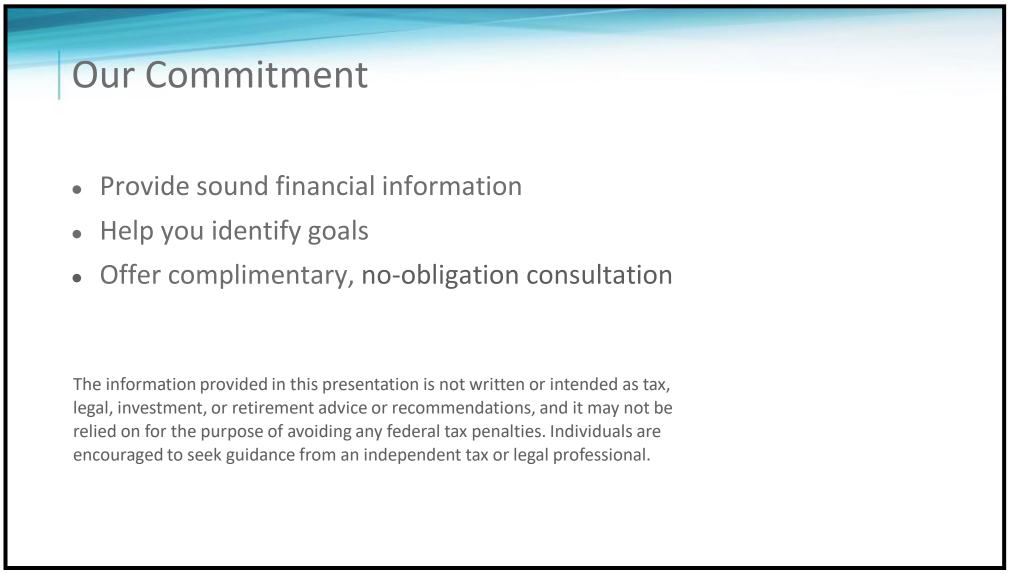
Welcome to our financial management seminar focusing on six steps to financial success. We're glad that you could join us here today.

Before we get started, I'd like to introduce myself and my company.

[Note to presenter: Give a brief personal background, then talk about your organization and give its location. If appropriate, introduce other members of your organization who are in the room and discuss any housekeeping issues.]



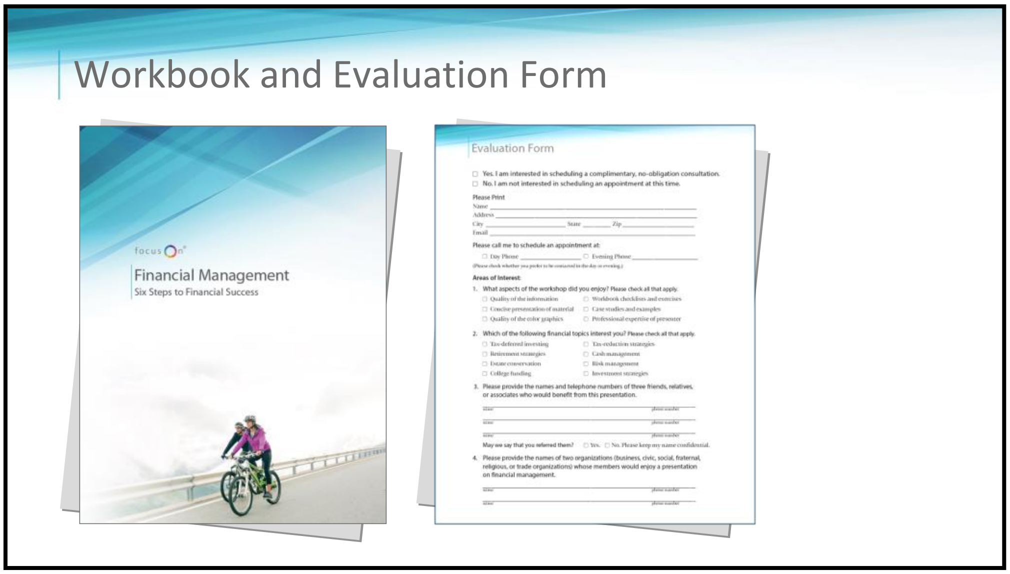
We use seminars like this one to introduce ourselves and to develop strong working relationships with members of the community like you.

Our commitment extends beyond simply offering financial services. We are committed to helping you evaluate your financial situation and giving you tools to help make informed decisions and pursue your financial goals.

We hope that after attending the seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from working with us.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.



Let's talk about the workbook you received as you entered.

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful materials that reinforce the seminar's major points and will be a valuable resource for you.

Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll find an evaluation form just like this one.

[Note to presenter: Pull out an evaluation form for your seminar participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary, no-obligation consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after the seminar.

In exchange for these two promises to you, please promise that you will fill out this form. Many seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with you, but that decision is yours.

Are you making smart decisions with your money that will help you accomplish your future goals?

Sound financial management is a process that begins with your first paycheck and continues through each stage of life. Every decision you make about money today forms the foundation for your financial future.

We've developed a six-step plan to help you achieve financial success — six steps that can take you from where you are now to where you want to be. They are designed to help you:

- Protect what you have
- Take control of your cash flow
- Invest wisely
- Manage your taxes
- Save for retirement
- Leave a legacy

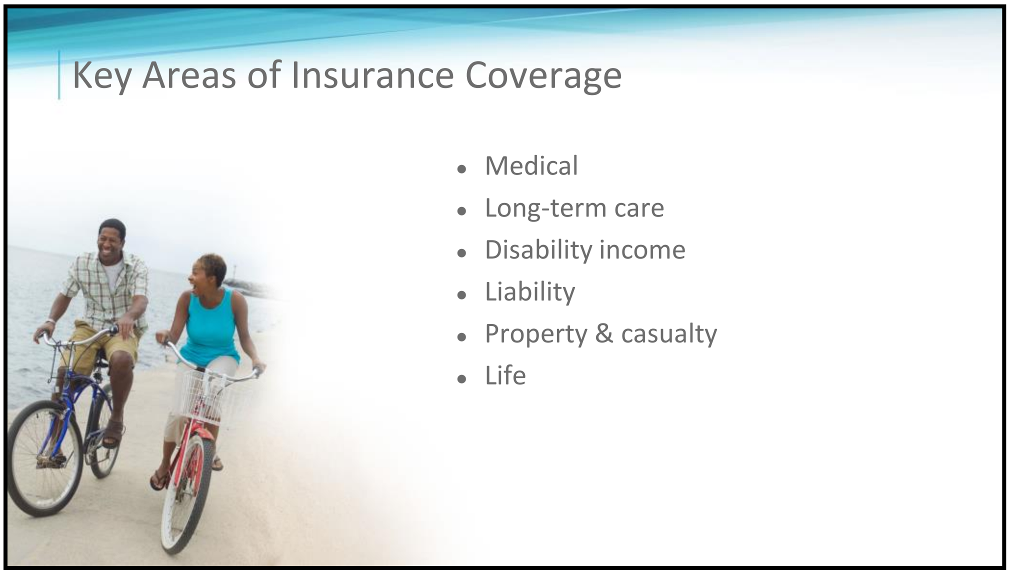
Let’s start with the first step: protect what you have.

Many individuals attempt to achieve financial success without protecting what they already have.

That can be a mistake.

A well-designed risk management program can help protect you in the event of a disaster without burdening you with payments for protection you don’t really need.

The following information regarding insurance is for educational purposes only. Please consult the appropriate professional for specific questions.



You may be concerned about having insurance protection for life's challenges, but you may not know exactly how much coverage you need.

In order to be adequately insured, you should consider six key areas of insurance coverage: medical, long-term care, disability income, liability, property and casualty, and life insurance.

Even if you have group insurance through your employer, it may not be sufficient for your family's needs. And if you ever were to leave your job, you would also lose coverage. That's why you may want to consider purchasing individual policies to enhance or supplement your group insurance coverage.

There isn't time available today to go through all six areas in any detail, so we'll focus briefly on some things we all have in common: the need for health insurance and life insurance.

[Note to presenter: Modify this slide if changes have been made to the health insurance marketplace, coverage options, and/or subsidies.]

If you don't have health coverage through an employer and are not eligible for a government plan such as Medicare, you can check out health insurance plans on the Health Insurance Marketplace, also known as the Health Insurance Exchange.

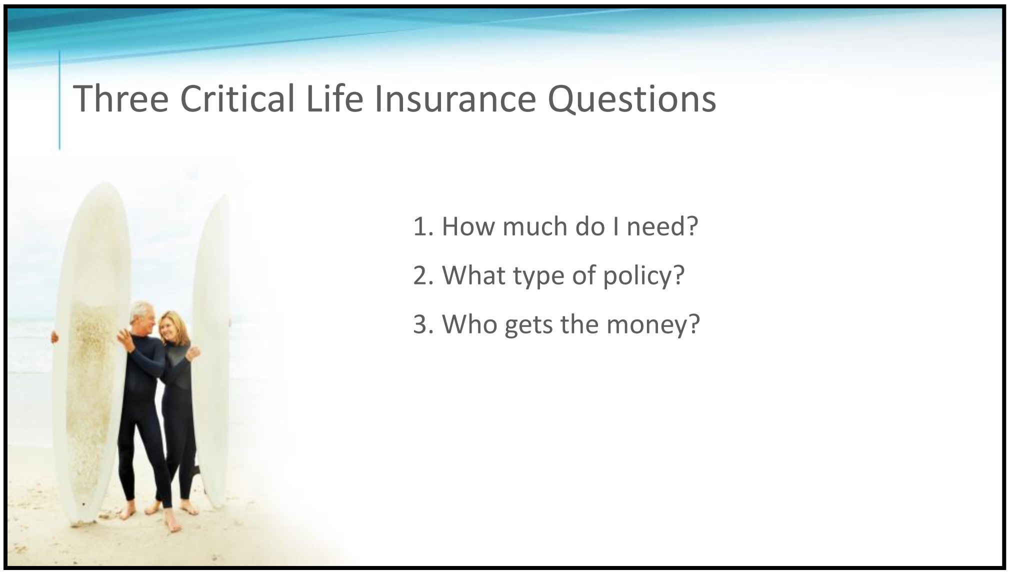
Through this one-stop health insurance outlet, you can:

- Compare private health plans based on coverage options, deductibles, and cost
- Find answers to questions about coverage options and eligibility
- Enroll in the plan that best meets your needs
- Claim a subsidy (if you qualify)

All Marketplace plans are offered by private companies and must cover a set of 10 essential benefits, such as hospitalization, physician visits, prescription drugs, maternity care, and mental health care.

Plans are grouped by tier, based on the percentage of expected health-care costs the plan is designed to pay: bronze (60% of the actuarial value of expenses), silver (70%), gold (80%), and platinum (90%). Premiums vary within each tier, as do the deductibles, copays, and coinsurance rates.

Open Enrollment for 2025 Marketplace plans ran from November 1, 2024, through January 15, 2025. If you didn't enroll by January 15, 2025, you cannot enroll in a Health Insurance Marketplace plan for the rest of 2025 unless you qualify for a Special Enrollment Period (SEP). You can learn about your options on the government's official website, ***HealthCare.gov*****.**



Although most people prefer not to think about dying, death is inevitable, so having adequate life insurance protection can be a major concern for families.

When you consider your life insurance coverage, you need to ask yourself three critical questions.

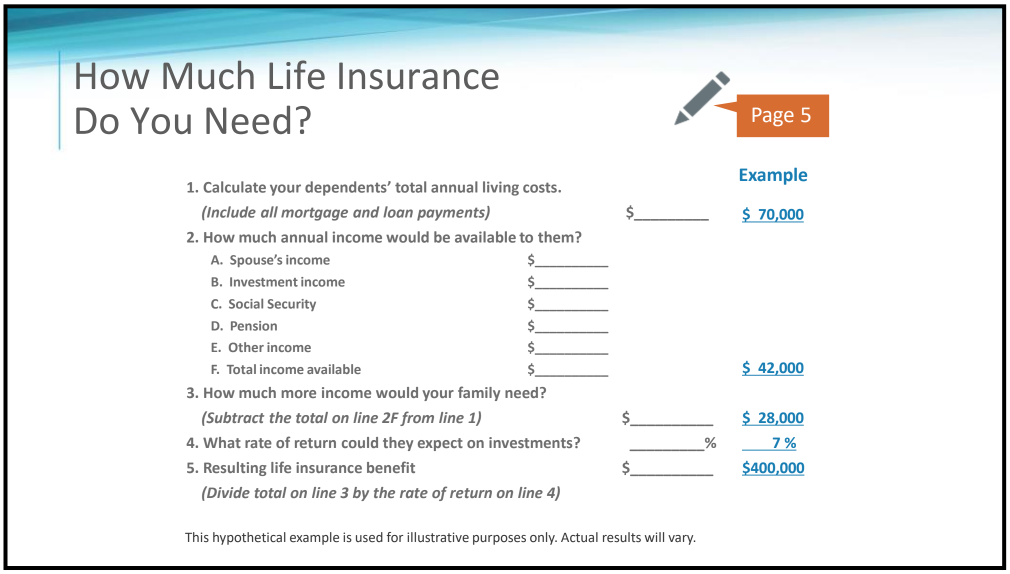
First is “How much life insurance do I need?” It’s not quite as simple as calculating two to five years of your annual salary — or even 10 years. It’s important to do an in-depth analysis of your situation, taking into account your family’s lifestyle, future needs, and other sources of income.

Second is “What type of policy will meet my family’s needs?” Would I be best served by term insurance, or should I buy a permanent life insurance policy?

And third, “Who will get the money upon my death?” Should the benefit pass directly to my heirs, or do I want it to accomplish other goals? Is it important to keep the benefit outside of my taxable estate?

A financial professional can help you address these concerns.

Remember, the cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable.



How much life insurance do *you* need? To help answer this question, let's turn to page 5 in your workbook.

[Note to presenter: Pause to give participants time to turn to the correct page.]

This worksheet will help you determine how much life insurance your family would need in order to maintain its lifestyle in your absence.

Let's go through a hypothetical example together so you can see how it works.

Imagine a 45-year-old couple with two children. Their annual living expenses — including mortgage payments, other loans, and taxes — are about $70,000. That number goes on line 1.

The surviving spouse would have access to a few alternative income sources, which add up to $42,000 a year. That number goes on line 2F.

By subtracting $42,000 from $70,000, we can see that the surviving spouse will be approximately $28,000 short each year. That number goes on line 3.

To estimate how much capital it would take to provide $28,000 in additional annual income for an indefinite number of years, we first need to estimate the return this family might be able to expect on a hypothetical investment portfolio. For this example, we'll say 7%. That number goes on line 4.

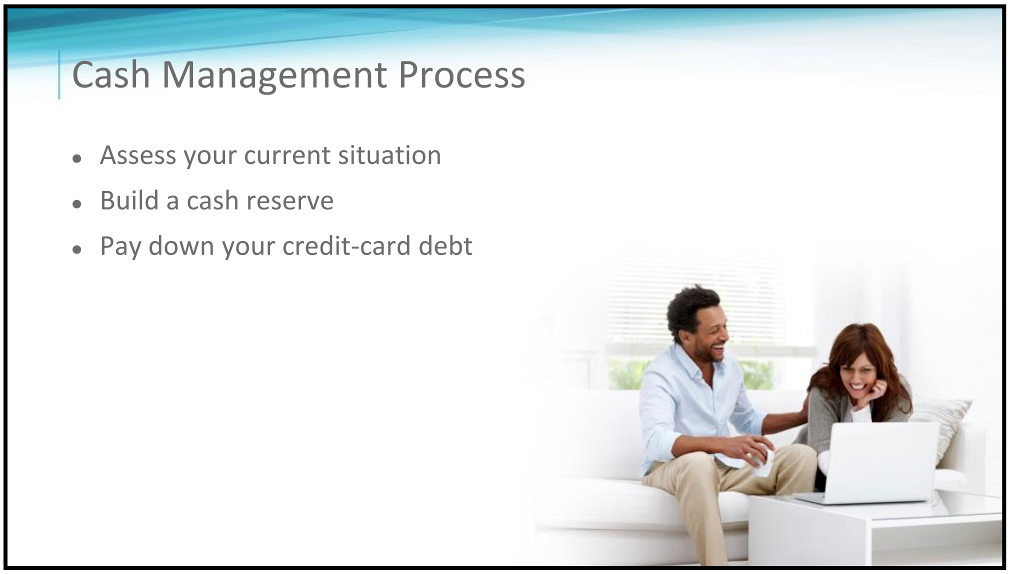
Finally, we need to know the amount of principal, or life insurance, they would need to invest at 7% to generate an annual income of $28,000. To do this, we divide $28,000 by 7%, which results in $400,000. That's how much life insurance this family would need to maintain its comfortable lifestyle for the long term. Does everyone see how this works?

Of course, if additional funds are needed for specific expenses, such a child's college education, that amount can be added to the figure on line 5.

You can complete this worksheet at home to estimate your own family's needs, or we can work on it together during the complimentary, no-obligation consultation.

Once you have taken steps to help protect what you have, your next task is to take control of your cash flow.

This step involves reviewing your budget, creating a liquidity fund, positioning your available cash, and building your net worth. Often this is easier than you think.



Effective cash management consists of three main steps.

First is to assess and take control of your current situation. You can't very well control spending if you have no idea what you're spending your money on, can you? Once you see where you are wasting capital, you could put it to work more productively.

Second is to build a cash reserve or emergency fund. This is the "rainy day" money that you set aside for life's little and not-so-little emergencies. As a general rule, your cash reserve fund should be large enough to cover living expenses for at least three to six months.

Third is to pay down credit-card debt. Credit cards are a double-edged sword. They can be powerful allies. But using credit cards can also lull you into thinking that you aren't paying all that much when you make low monthly payments over time.

To help you assess your cash flow and current situation, you can use the worksheet at the end of your workbook. Fill it out at home, when you have access to all your financial records and a calculator. Or, if you prefer, we can go through the worksheet during the complimentary consultation.

Your cash reserve fund, by definition, should be liquid and safe. Many people use savings accounts, certificates of deposit, and money market funds.

Savings accounts usually offer high safety but a relatively low rate of return. They don't require a large initial investment, and the funds in them are readily accessible. For many people, their main attraction is convenience and liquidity.

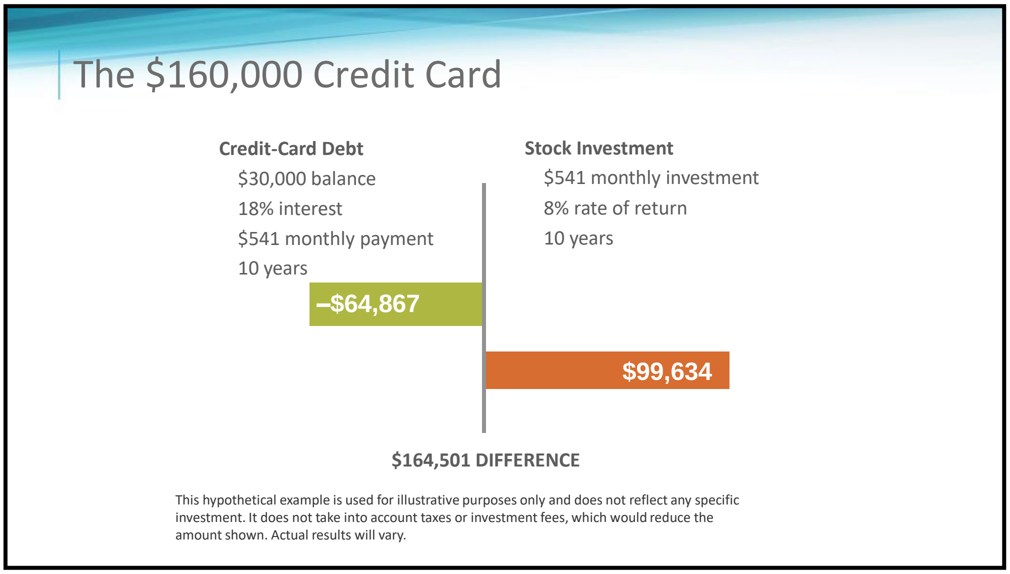
Certificates of deposit are really just short-term loans to a bank, credit union, or savings association. They offer a moderate rate of return and high safety. CDs usually require a larger initial investment than savings accounts, and you must leave your principal for a set term in order to avoid early-withdrawal penalties.

Money market mutual funds invest in a diverse portfolio of short-term financial vehicles. Their main goal is the preservation of principal, accompanied by modest dividends. Money market funds are very liquid and are considered to have low risk.

Money market funds are neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in a money market fund.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Bank savings accounts and CDs are FDIC insured up to $250,000 per depositor, per federally insured institution, and generally provide a fixed rate of return, whereas the value of money market mutual funds can fluctuate.



Most people view credit cards as a huge financial convenience. But they have a “dark” side, too, especially their relatively high rate of interest. According to the Federal Reserve, the average credit card interest rate is over 20%.[1]

Although paying off your cards may not sound as appealing as a trip to Hawaii or a new car, it could prove to be the best safe “investment” you can make.

Let me show you what I mean.

In this hypothetical example of a $30,000 credit-card debt with an 18% interest rate, if you made $541 monthly payments, it would take 10 years — and cost a total of $64,867 — to pay off the balance and interest.

On the other hand, if those same payments were invested in an account earning a hypothetical 8% rate of return, the account would grow to $99,634 in the same 10 years.

The difference between these two results — the investment opportunity lost to credit-card debt — is a surprising $164,501. When you think about it that way, it may make more sense to “invest” in paying off high-interest credit-card debt before you make any other investment.

This hypothetical example is used for illustrative purposes only and does not represent any specific investment or credit card. It assumes an 8% annual return on the stock market investment and an 18% annual interest rate on the credit cards. It also assumes a 10-year repayment schedule for the credit-card debt with no new charges added. Actual results will vary. Investments with the potential for higher rates of return also carry a greater degree of risk of loss.

1) Federal Reserve, 2024

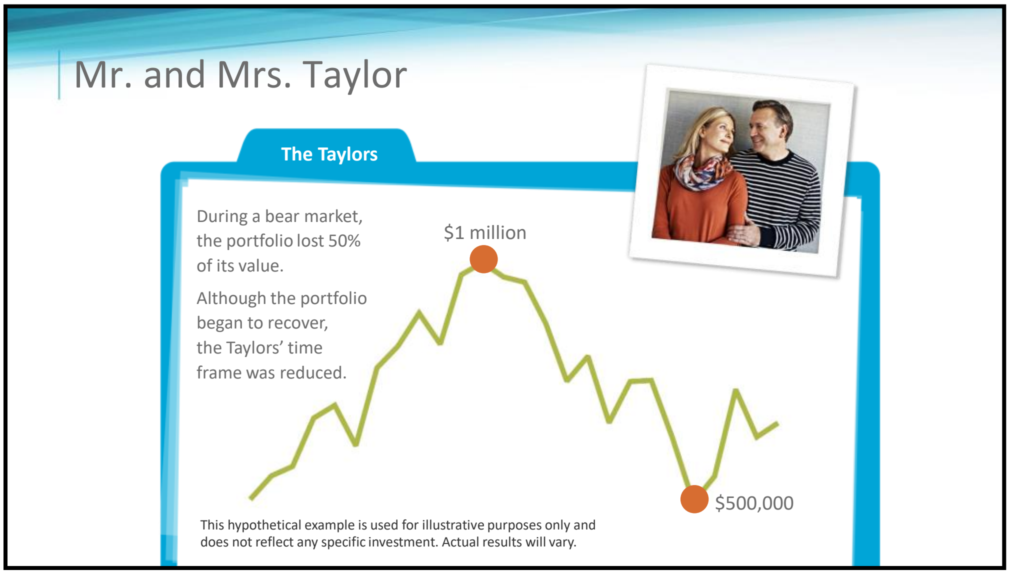
Once you have your cash-flow situation in hand, you can begin to direct that capital to more productive uses.

And that brings us to the next step: invest wisely.

A big part of your financial picture involves your personal investment plan. I'm using the term "plan" intentionally. Without one, it will be difficult to build an investment portfolio that meets your financial needs.

This hypothetical case study illustrates what can happen when you don't have a sound investment strategy.

Mr. and Mrs. Taylor, both age 50, had a $1 million portfolio invested in one type of investment. Because they believed this investment would perform better than others, they did not see the need to protect against investment risk.

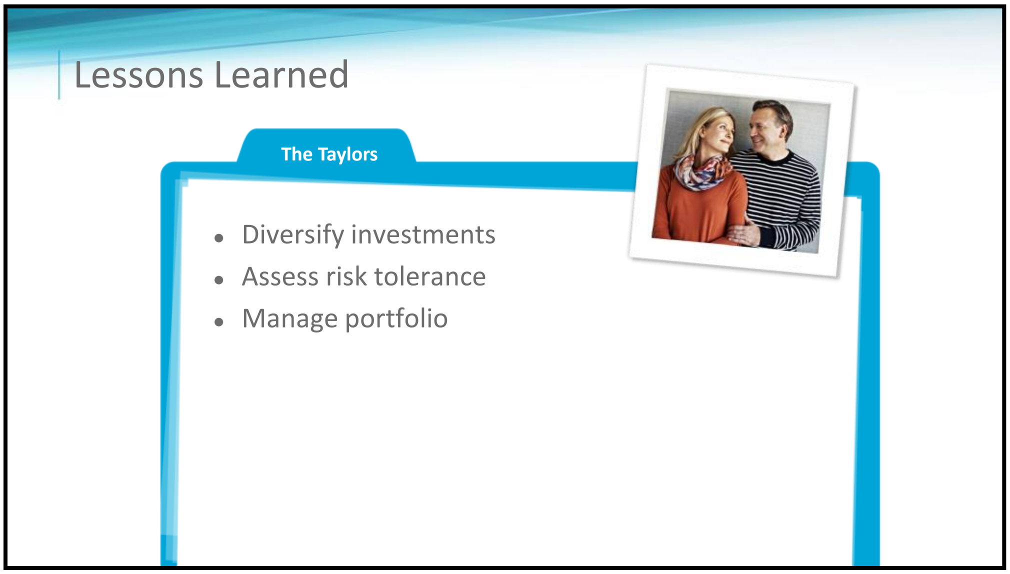


The Taylors' portfolio had been growing steadily for a while, so when a bear market hit, they were slow to react. They believed their investment would eventually rebound and didn't want to miss out on a potential rally. By the end of the bear market, their portfolio had shrunk from $1 million to $500,000.

After a period of time, the bear market subsided and the Taylors' portfolio rebounded somewhat. But their portfolio still was based on a single type of investment. The Taylors believed that the stock market would fully recover eventually — but they were four years closer to retirement now, and they didn't have as much time available for the investment to gain strength.

The bear market was a financial and emotional roller coaster for the Taylors, but they learned one thing: They didn't want to go through that again!

This hypothetical example is used for illustrative purposes only and does not reflect any specific investment. Actual results will vary.



What lessons can be learned that would have helped the Taylors protect their portfolio from the dramatic ups and downs of the market?

There are several time-tested investment tactics that might have helped the Taylors better manage investment risk as they pursued their goals.

First, it would have helped to **diversify their investments**. Diversification involves investing in different investment vehicles in an attempt to limit exposure to losses in any one sector of the market. As the old saying goes, “Don’t put all your eggs in one basket.”

Second, the Taylors would have been more comfortable if they had **assessed their risk tolerance** and designed a portfolio to match. Every investment has some risk associated with it. And putting an entire portfolio into only one type of investment subjects the principal to undue risk. The trick is to find investments that can help you achieve your goals and still allow you to sleep at night.

And finally, the Taylors might have been better off if they had **managed their portfolio** on a regular basis. Investing is not a passive process. It’s important to be realistic about the returns you might receive over time, and to realize that the market experiences good years as well as bad ones.

Diversification does not guarantee a profit or protect against loss. It is a method used to help manage investment risk.

Appropriate investment vehicles for the Taylors might have been mutual funds and/or exchange-traded funds (ETFs). These pooled investments, which may combine stocks, bonds, and other securities into one portfolio, offer many features that the Taylors' portfolio was lacking. Different funds have objectives ranging from conservative to aggressive to meet individual investors' goals.

Mutual funds and ETFs are portfolios of securities assembled by an investment company. Their underlying investments are typically selected to track a particular market index, asset class, or sector — or they may follow a specific strategy. Because these funds can hold dozens or hundreds of securities, they could provide greater diversification at a lower cost than you might obtain by investing in individual stocks and bonds. Diversification does not guarantee a profit or protect against loss; it's a method used to help manage investment risk.

In spite of their similarities, there are key differences between these types of pooled investments.

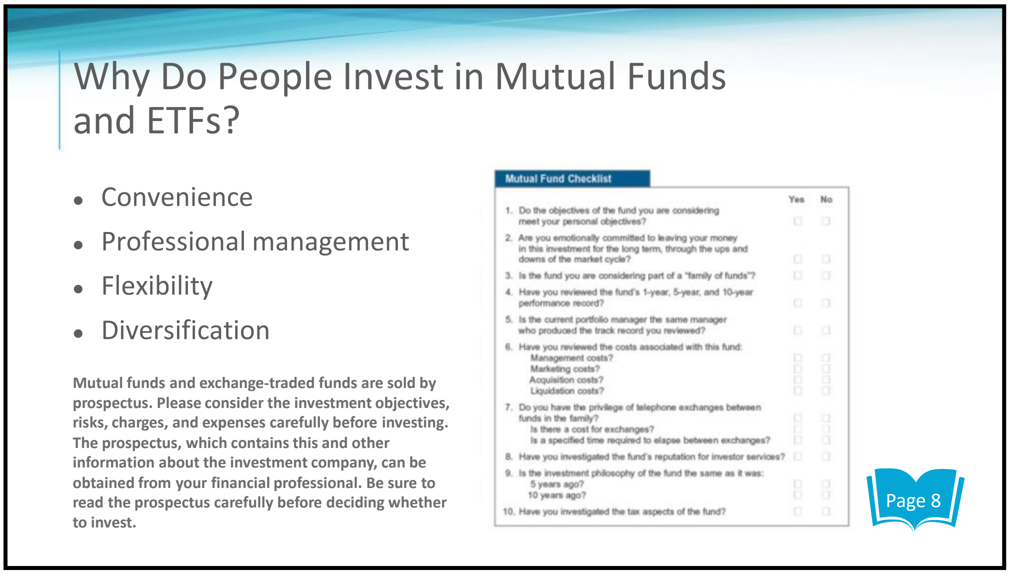
You can invest in mutual funds through investment companies and employer-sponsored retirement plans. Mutual fund shares are typically purchased from and sold back to the investment company, and the price is determined by the net asset value at the end of the trading day.

By contrast, ETFs can be bought and sold throughout the trading day like individual stocks. You often must pay a brokerage commission when buying or selling ETF shares. The price at which an ETF trades on an exchange is generally a close approximation to the market value of the underlying securities, but supply and demand may cause ETF shares to trade at a premium or a discount.

However, the ability to buy or sell ETF shares quickly during market hours could encourage investors to trade ETFs more often than might be necessary, or to make emotional trading decisions during bouts of market volatility. ETFs are not widely available to investors who participate in employer-sponsored retirement plans.

The return and principal value of mutual fund and ETF shares fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. You should be aware that bond funds are subject to the same interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.



There are a number of reasons why people invest in mutual funds and exchange-traded funds.

First, they offer **convenience**. Periodic statements describe your transactions and the details of your account. You may be able to have any dividends reinvested in additional fund shares. If you invest in a family of mutual funds, you may be able to shift your balances among funds quickly and easily over the telephone or through a website. Moving assets between ETFs requires selling and buying assets separately, and you must pay a brokerage commission whenever you buy or sell an ETF, which could make your costs higher, especially if you trade frequently.

Both mutual funds and ETFs can offer a level of **professional management**. Portfolio managers supply the knowledge and technical expertise for buying, monitoring, and selling securities on a daily basis.

Another very important advantage is **flexibility**. Mutual funds and ETFs enable you to customize your investment portfolio. You can choose from a wide variety of investment styles and objectives to suit your investing profile. You can also adjust quickly to changes in your lifestyle or your market outlook.

Finally, mutual funds and ETFs offer a measure of **diversification**. They can invest across a wide range of securities, industries, or asset classes. This may help reduce investment risk and enhance long-term return potential. Of course, you should be aware that diversification does not guarantee a profit or protect against loss; it is a method used to help manage investment risk.

On page 8 in the workbook, you'll find a Mutual Fund Checklist that will help you streamline the selection process so you can choose funds that match your needs. You can complete this worksheet at home, or we can review it together when you come to the complimentary consultation.

The investment return and principal value of mutual fund and ETF shares fluctuate with changes in market conditions. When redeemed, shares may be worth more or less than their original cost.

Mutual funds and exchange-traded funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

There are many different types of investment funds, each catering to a different group of investors and their common goals.

Money market funds are mutual funds that invest in short-term debt investments such as commercial paper, CDs, and Treasury bills. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although a money market fund attempts to maintain a stable $1 share price, you can lose money by investing in such a fund*.

Municipal bond funds generally offer income that is free of federal income tax, and income may be free of state income tax if the bonds in the fund were issued from your state. *Although interest income from municipal bond funds and some money market funds may be tax exempt, any capital gains are subject to tax. Also, income for some investors may be subject to state and local taxes and the federal alternative minimum tax.*

Income funds concentrate their portfolios on bonds, Treasury securities, and other income-oriented securities, and may also include stocks that have a history of paying high dividends. *Bond funds are subject to the interest-rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.*

Predictably, **balanced funds** and **growth and income funds** seek the middle ground between growth funds and income funds. They include a mix of stocks and bonds and seek to combine moderate growth potential with modest income.

Growth funds invest in the stock of companies with a high potential for appreciation but very low income. They are more volatile than many types of funds.

International funds invest in foreign stock and bond markets, sometimes in specific countries. **Global funds** invest in a combination of domestic and foreign securities. There are increased risks associated with international investing, including differences in financial reporting, currency exchange risk, economic and political risk unique to a specific country, and greater share price volatility.

Sector funds invest almost exclusively in a particular industry or sector of the economy. Although they offer greater appreciation potential, the risk level is also higher.

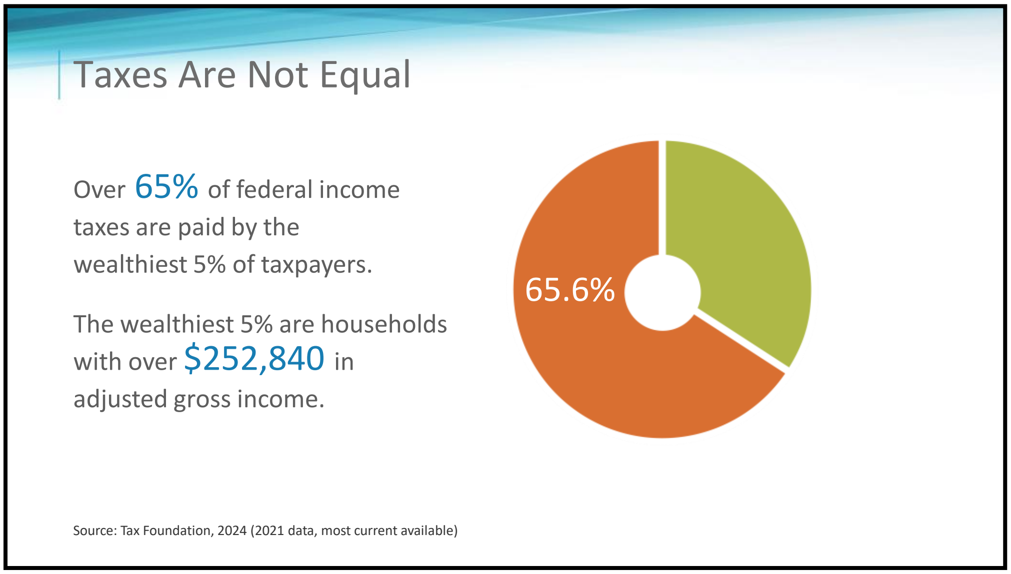
Aggressive growth funds aim for maximum growth. They typically distribute little income, have very high growth potential, tend to be more volatile, and are considered to be very high risk.

Investments seeking to achieve higher returns also carry an increased level of risk. Mutual fund and ETF shares, when sold, may be worth more or less than their original cost.

The next step to financial success is managing your taxes.

Most Americans are united in their dislike of taxes. Many people think that taxes are too high and that the tax code is too complicated.

Fortunately, there are strategies to help reduce your tax liability.



Taxes are not equal — they never have been, and they probably never will be. Put simply, the more money you earn, typically the more money you will pay in taxes.

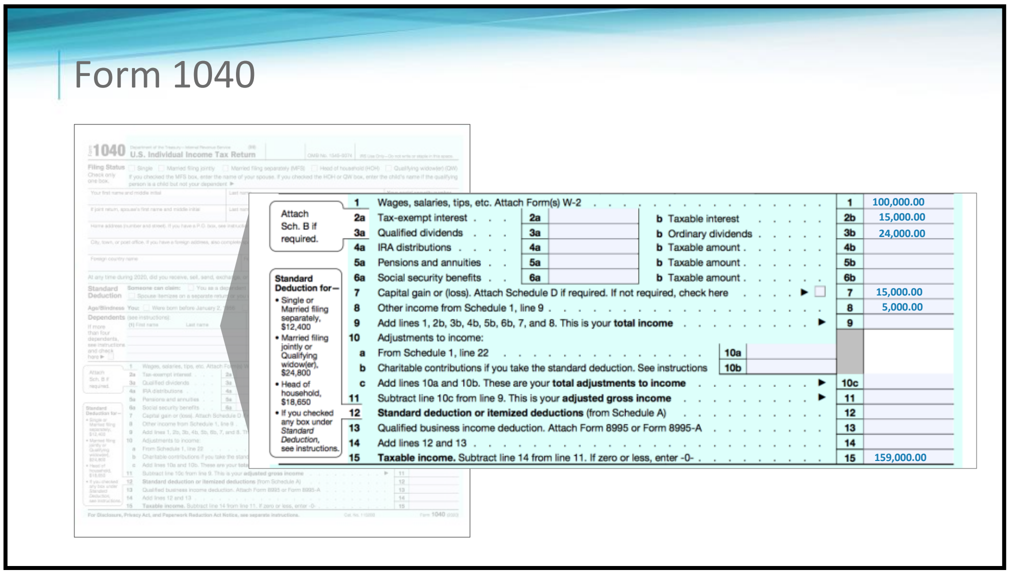
However, it might surprise you to learn that the wealthiest 5% of taxpayers pay over 65% of all federal income taxes. That means the combined taxes of 95% of the country's taxpayers amount to less than 35% of all federal income taxes.

And here's the real eye-opener for most people: The wealthiest 5% of taxpayers are households with adjusted gross incomes exceeding $252,840.

What does this mean for you? It could mean that you are paying too much in income taxes.

To find out whether this is the case, you need to take a close look at your tax return.

Source: Tax Foundation, 2024 (2021 data, most current available)

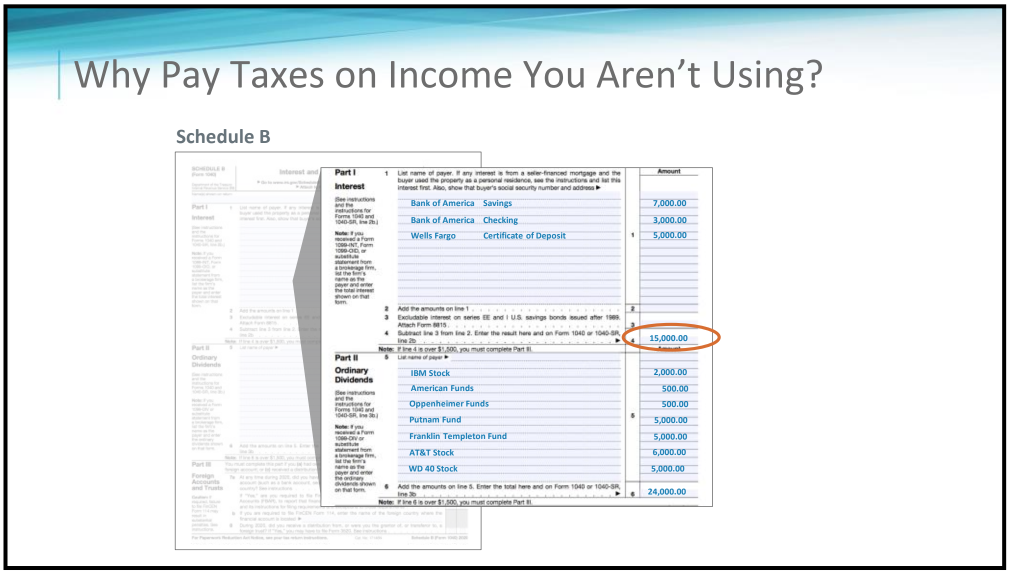


Start by taking a look at Form 1040. You're specifically interested in the section that shows income, as shown here. This section has several items over which you have some control.

Look at the 2b line for "Taxable interest."

In this hypothetical example, the taxpayer has accounts that are generating $15,000 each year in taxable interest.

Let's take a closer look and see where that income is coming from.



Taxable interest and ordinary dividends are listed on Schedule B, as shown here.

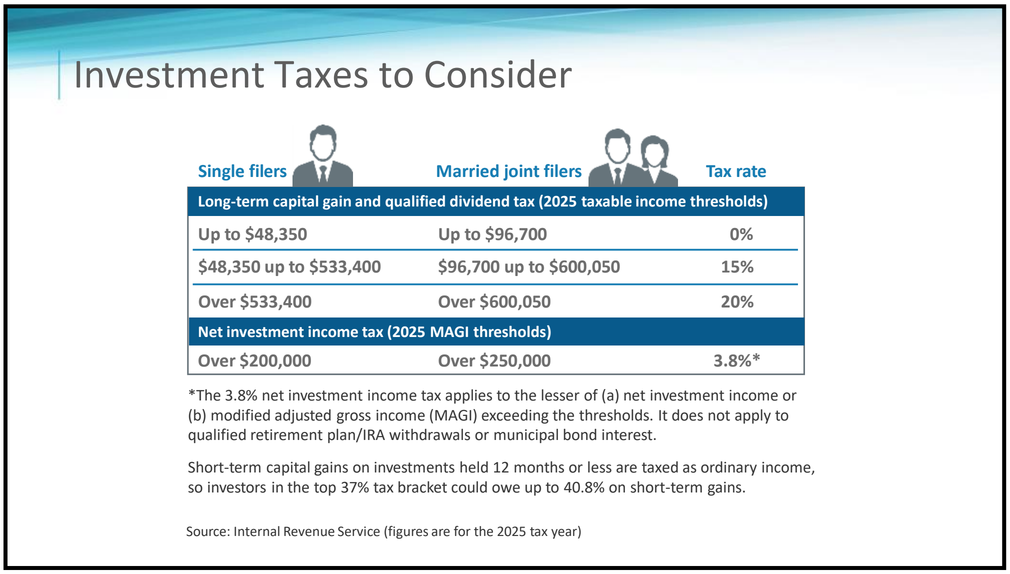
A quick look at this tax return reveals that all the taxable interest is being generated by accounts at three banks. If this taxable interest income is simply being reinvested each year, it represents a tremendous planning opportunity. It's income that isn't being used effectively.

Why pay taxes on income you aren't using?

If these assets were shifted into tax-favored investments that have the potential to grow over time, this hypothetical taxpayer could save quite a bit on his or her income taxes next April.

There's nothing illegal about this practice. In fact, the law is set up to encourage this strategy.

Of course, when making tax-related decisions, it's always advisable to seek the guidance of a tax professional.



You also need to consider the tax consequences of your investment decisions. The tax code treats **long-term capital gains** and **qualified dividends** more favorably than ordinary income (wages or interest from bonds and savings accounts). Long-term capital gains are profits realized from the sale of investments that are held for more than 12 months. Qualified dividends are those paid to shareholders from a domestic corporation or a qualified foreign corporation.

Long-term capital gains and qualified dividends are taxed at 15% for single filers whose 2025 taxable incomes range from $48,350 up to $533,400, and for married joint filers whose taxable incomes range from $96,700 up to $600,050. Lower-income filers pay zero tax on long-term capital gains and dividends. Higher-income filers, whose taxable incomes exceed $533,400 for single filers or $600,050 for joint filers, pay 20%.

Generally, dividends on stocks that are held for at least 61 days within a specified 121-day period are considered qualified for tax purposes. Distributions from mutual funds held in taxable accounts are also taxable to shareholders — as long-term and/or short-term capital gains, dividends, or interest — for the year in which they are received, even if the distribution is reinvested in new shares. Investors also trigger capital gains taxes when they sell stocks and mutual fund shares for a profit.

Nonqualified dividends and short-term capital gains (profits on investments held for 12 months or less) are taxed as ordinary income.

In addition, some high-income taxpayers may be subject to the 3.8% **unearned income tax on net investment income** — capital gains, dividends, interest, royalties, rents, and passive income — if their modified adjusted gross incomes (MAGIs) exceed the $200,000 threshold for single filers and the $250,000 threshold for joint filers. The 3.8% net investment income tax applies to the lesser of (a) net investment income or (b) MAGI exceeding the thresholds. It does not apply to withdrawals from IRAs and qualified retirement plans, nor does it apply to municipal bond interest.

Source: Internal Revenue Service (2025 tax year figures)

There are two main categories of tax-favored investments.

Tax-exempt investments offer income that is completely free of federal income taxes. Probably the most popular are municipal bonds, which are issued by state and local governments and are free of federal income taxes. They may also be exempt from state and local income taxes if you live in the jurisdiction where the bond is issued.

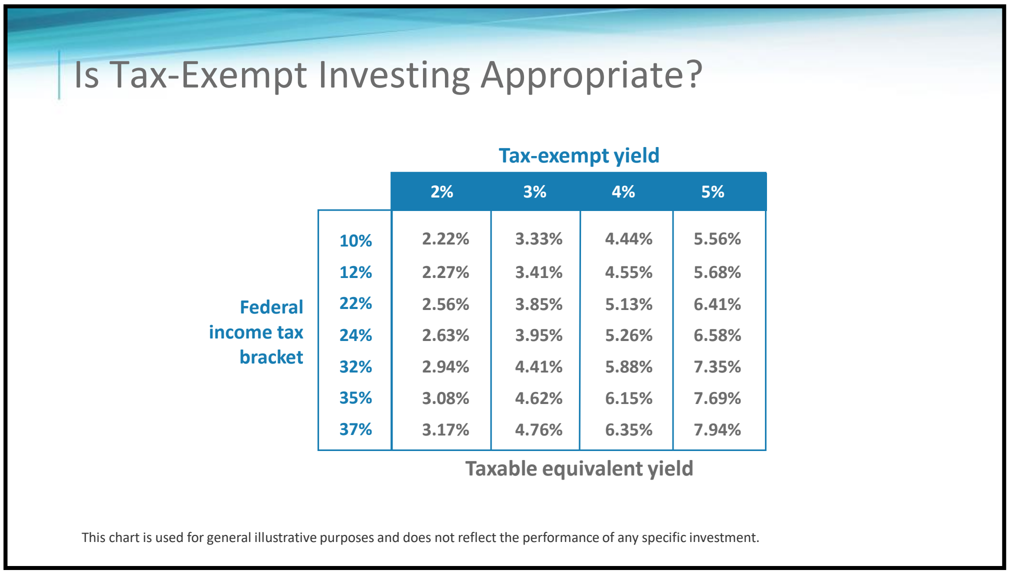
Of course, in some states you will have to pay income taxes if you buy a municipal bond issued by another state. In addition, although some municipal bonds may not be subject to ordinary income taxes, they may be subject to the federal alternative minimum tax. If you sell a tax-exempt bond at a profit, you could incur capital gains taxes. *The principal value of bonds may fluctuate with changes in market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.*

If you have earned income, you may want to invest in an IRA. The Roth IRA is funded with after-tax contributions, so there is no initial tax break, but contributions can be withdrawn tax-free at any time. To qualify for a tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet the five-year holding requirement and take place after age 59½ or result from the owner's death, disability, or first-time home purchase ($10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.

Tax-deferred investments defer taxes until funds are withdrawn (typically in retirement). Traditional IRAs and employer-sponsored retirement plans may enable you to lower your current tax liability if your contributions are made with tax-deductible or pre-tax dollars. Annuities offer another opportunity to supplement your retirement income. Assets in all these vehicles accumulate tax deferred until you begin taking withdrawals, which are taxed as ordinary income. (With annuities, only the earnings portion is subject to tax.) Withdrawals taken prior to reaching age 59½ may be subject to a 10% tax penalty.

Generally, you must begin taking required minimum distributions (RMDs) from traditional IRAs and most employer-sponsored retirement plans once you reach age 73 (75 if age 73 is reached after December 31, 2032). Annuities and Roth IRAs are not subject to this minimum withdrawal rule.

Most annuities have surrender charges that are assessed during the early years of the contract if the annuity is surrendered. Annuities generally have mortality and expense risk charges, account fees, underlying investment management fees, administrative fees, and charges for optional benefits. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.



Federal income tax bracket	2%	3%	4%	5%
10%	2.22%	3.33%	4.44%	5.56%
12%	2.27%	3.41%	4.55%	5.68%
22%	2.56%	3.85%	5.13%	6.41%
24%	2.63%	3.95%	5.26%	6.58%
32%	2.94%	4.41%	5.88%	7.35%
35%	3.08%	4.62%	6.15%	7.69%
37%	3.17%	4.76%	6.35%	7.94%

Tax-exempt investing may sound inviting, but how do you decide whether it's appropriate for you? After all, the yield on a tax-exempt investment is rarely the same as the yield on a similar taxable investment.

Fortunately, there is an easy way to compare them. You simply compare the tax-exempt yield to its taxable equivalent.

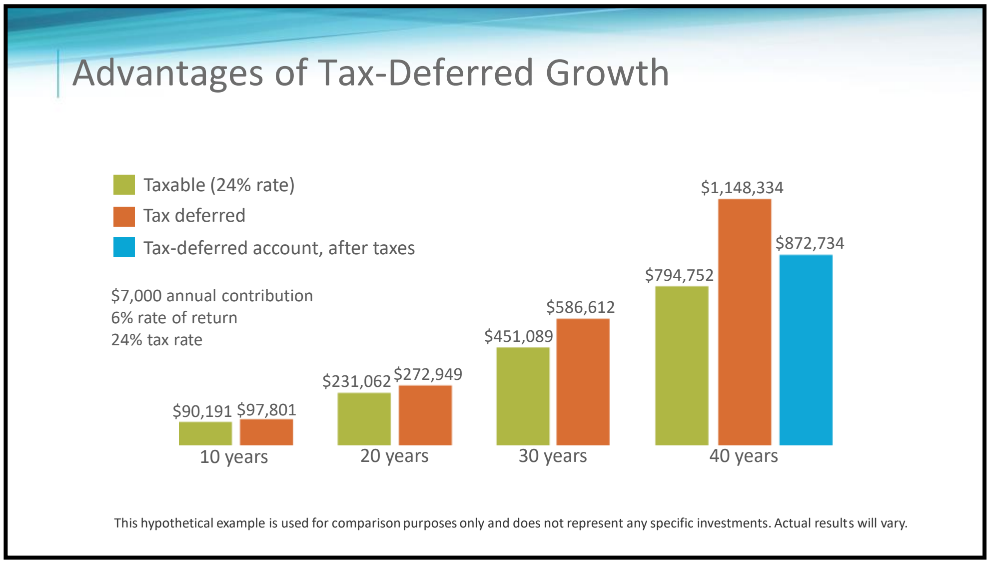
This table will help you compare the yields on taxable and tax-exempt investments. For example, in the top row, locate the yield of a tax-exempt investment you may be considering; let's say 5%. Next, locate your federal income tax bracket in the column on the left. Let's use 22%. The percentage where these two variables intersect, 6.41%, shows the taxable equivalent yield.

In other words, an investor in the 22% federal income tax bracket would have to earn 6.41% on a taxable investment to match a tax-exempt yield of 5%.

Here's another example: An investor in the 32% federal income tax bracket would have to earn 7.35% on a taxable investment to match the same 5% tax-exempt yield.

Generally, the higher your taxable income, the more you can benefit from a tax-exempt investment.

This table is used for general illustrative purposes and does not reflect the performance of any specific investment. Possible state taxes, capital gains taxes, and alternative minimum taxes are not considered. This formula is only one factor that should be considered when purchasing securities and is meant to be used only as a general guideline when calculating the taxable equivalent yields on agency and treasury securities. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.



When an investment is tax deferred, it means that current taxes aren't due until the investor takes distributions, generally in retirement. This gives pre-tax contributions and earnings the opportunity to accumulate year after year, potentially enhancing the long-term growth of savings.

Here's how tax deferral works. The chart shows the potential growth in account value of a $7,000 annual investment in a taxable versus a tax-deferred vehicle earning a hypothetical 6% return.

After 40 years, the money placed in a taxable account would be worth $794,752. During the same period, the tax-deferred account would grow to $1,148,334. Even after taxes have been deducted from the tax-deferred account (assuming a lump-sum payout and a 24% tax rate), the investor would still receive $872,734.

Generally, it's a good idea to take advantage of tax-deferred savings when possible.

This hypothetical example is used for comparison purposes only and does not represent any specific investments. Rates of return will vary over time, especially for long-term investments. Actual results will vary. Investments offering the potential for higher rates of return also involve a higher degree of risk.

Distributions from tax-deferred plans are taxed as ordinary income and, if taken prior to age 59½, may also be subject to a 10% tax penalty. Investment fees and expenses are not considered and would reduce the results shown if they were included. Lower maximum tax rates for capital gains and dividends, as well as the tax treatment of investment losses, could make the taxable investment return more favorable, reducing the difference in performance between the accounts shown. Investors should consider their investment horizon and income tax brackets, both current and anticipated, when making investment decisions.

Note: For convenience, all numbers have been rounded to the nearest whole dollar.

Potential Tax Savings on Contributions to a Traditional IRA

	Current-year tax savings by tax bracket					
Contribution	**12%**	**22%**	**24%**	**32%**	**35%**	**37%**
$7,000	$840	$1,540	$1,680	$2,240	$2,450	$2,590
$8,000	$960	$1,760	$1,920	$2,560	$2,800	$2,960

The maximum annual contribution limit to all IRAs combined is $7,000 ($8,000 for investors age 50 and older).

This hypothetical example is used for illustrative purposes only and assumes the investor is eligible to make tax-deductible contributions. The actual net savings in federal income taxes will vary.

If you are eligible to deduct contributions to a traditional IRA, you may be able to reduce your current-year tax liability and possibly reduce your state income taxes as well.*

And don't forget the potential for tax-deferred growth in your account over the coming years.

For a hypothetical 30-year-old investor in the 24% federal income tax bracket, a $7,000 contribution to a traditional IRA could provide a current-year tax savings of $1,680.

For a hypothetical 50-year-old investor in the same 24% bracket, a $8,000 contribution to a traditional IRA could provide a current-year tax savings of $1,920. The higher your tax bracket, the more you could potentially reduce from taxes.

These hypothetical examples are used for illustrative purposes only. The actual net savings in federal income taxes owed will vary.

*Deductibility of traditional IRA contributions is limited for higher-income workers who are active participants in an employer-sponsored retirement plan. In 2025, the phaseout ranges are $79,000 to $89,000 for single filers and $126,000 to $146,000 for married joint filers. (The phaseout range is $236,000 to $246,000 when only the IRA owner's spouse is covered by an employer-sponsored retirement plan.)

Employer-sponsored retirement plans such as 401(k) and 403(b) plans offer a number of benefits.

First, you can generally contribute a percentage of your salary using pre-tax funds (or after-tax funds if the plan offers a Roth account option), and you don't have to pay current taxes on contributions or any earnings until you reach retirement and take withdrawals. As we discussed, tax deferral can greatly enhance the growth potential of the investment by allowing each year's savings to build on the pre-tax accumulation of previous years.

In addition, making pre-tax contributions may help lower your current income tax liability and may enable you to contribute more each month.

Employers may offer to match a percentage of your employer-plan contributions with additional pre-tax funds. This is essentially extra money provided by your employer to help you save for retirement. Whatever your savings strategy, it is usually a good idea to contribute at least enough to qualify for the employer match, if one is offered.

One drawback of defined contribution plans is that they are subject to federal contribution limits. In 2025, workers may contribute up to $23,500 to a 401(k) or 403(b) plan, and those who are 50 and older may save an additional $7,500, thanks to the "catch-up" provision.

You should also remember that distributions from employer-sponsored retirement plans are taxed as ordinary income and may be subject to a 10% tax penalty if taken prior to reaching age 59½. (After-tax contributions are not taxable when withdrawn.)

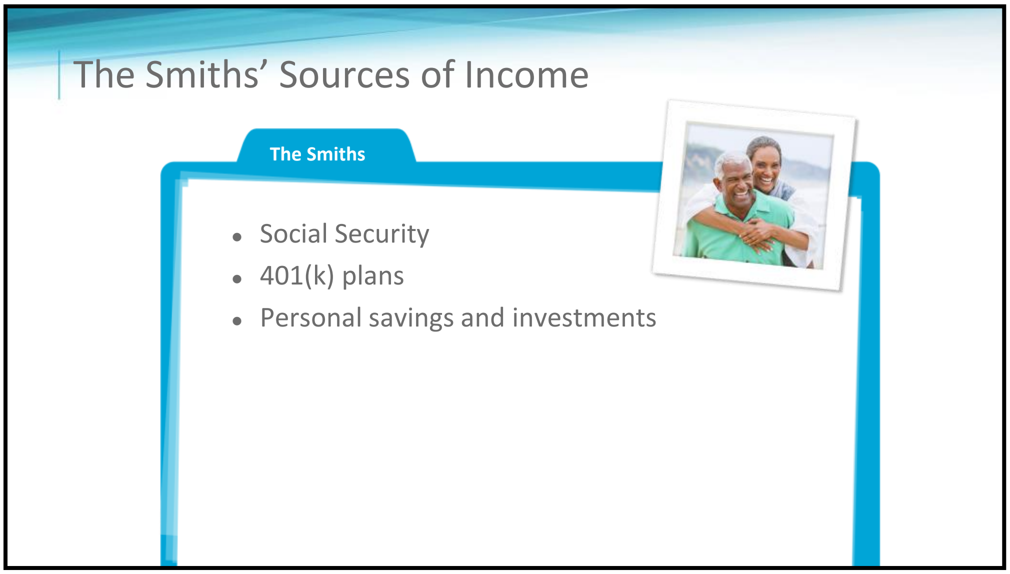
Annual required minimum distributions (RMDs) generally must begin once you reach age 73 (75 if age 73 is reached after December 31, 2032). But if you're still working for the company sponsoring the retirement plan, you can postpone RMDs from that plan until you change employers or retire.

The fifth step to financial success is saving for retirement.

An effective retirement plan identifies your retirement goals, shows you how to take advantage of all your funding sources, and accounts for the effects of taxes and inflation. Without an effective strategy, you may end up with a collection of investments and accounts that don't work together to help you achieve your objectives.

To give you some idea how important a retirement plan can be, let’s examine a hypothetical example of one couple’s expectations for retirement.

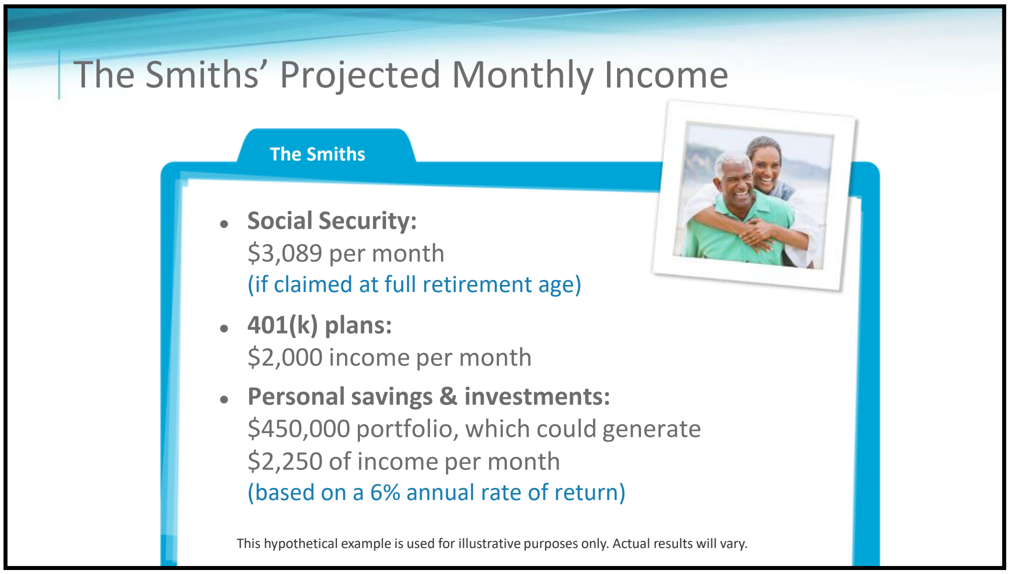
The Smiths are 64 years old and want to retire in about two years. They currently have a gross income of $12,000 per month. They figure they can live on $9,000 a month after they retire.



The Smiths will have three main sources of income during retirement.

First, they will receive Social Security. Both have contributed to an employer-sponsored 401(k) plan. And together they have accumulated a healthy portfolio of savings and investments.

Let's see how much income these sources are likely to provide.



The Smiths expect to claim Social Security benefits when they reach full retirement age. ("Full retirement" ranges from 66 to 67, depending on birth year.) Their combined benefits will be $3,089 per month.

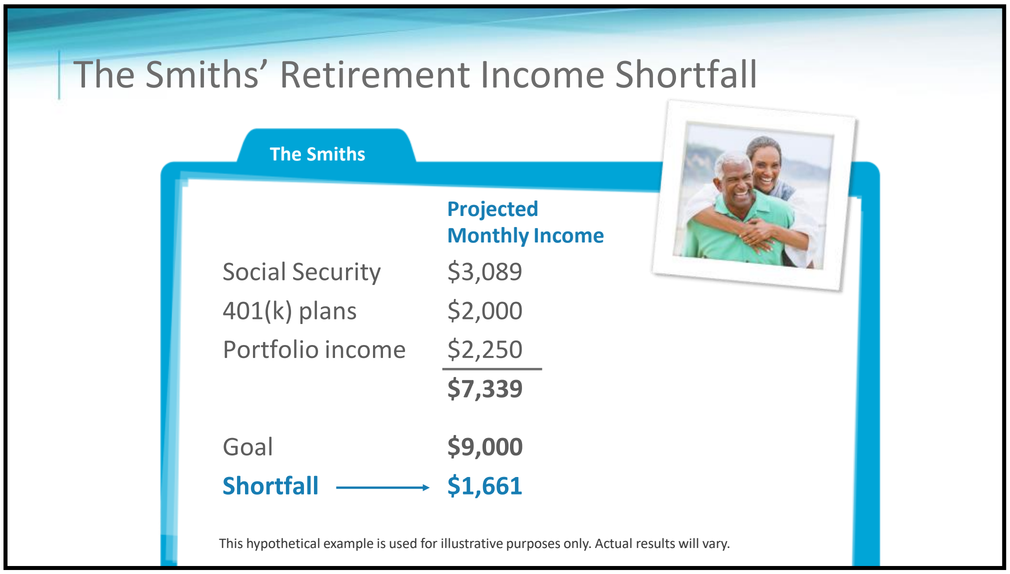
The Smiths have contributed to their company's 401(k) plans over most of their working careers. When they retire, distributions from their 401(k) plans could provide about $2,000 of income per month.

Their personal savings and investments will be worth $450,000 when they retire. If assets were shifted to income investments, the portfolio could generate another $2,250 per month without depleting their principal, assuming a 6% annual rate of return.

These projected income amounts are pre-tax. Withdrawals from 401(k) plans are generally taxed at ordinary income tax rates that currently range from 10% to 37%. (Federal income tax rates are scheduled to return to pre-2018 levels in 2026.) Up to 85% of Social Security benefits are subject to federal income tax, depending on a household's combined income.*

*The IRS defines "combined income" as adjusted gross income plus any tax-exempt interest plus 50% of Social Security benefits.

This hypothetical example is used for illustrative purposes only. It is not intended to reflect the performance of any particular investment, and it does not consider the effect of investment expenses. Actual results will vary.



Unfortunately, the Smiths' projected monthly income adds up to $7,339, compared with the $9,000 they would like to have in order to live comfortably in retirement. The shortfall is $1,661 per month!

There's not much they can do to change their Social Security benefits at full retirement age, although they could work longer (up to age 70) before claiming Social Security to receive a higher benefit. And it's a bit too late to do much about the amount they've set aside in their 401(k) plans, although they could maximize annual contributions up to retirement. They might also significantly increase the amount they are saving and investing in their personal savings and investments.

In retirement, they could spend down their portfolio's principal to maintain their retirement lifestyle, although this might prove risky if they live longer than expected, have high health-care costs, or need long-term care. Otherwise, they might have to reduce their spending in retirement.

This hypothetical example is used for illustrative purposes only. It is not intended to reflect the performance of any particular investment and does not consider the effect of taxes or investment expenses. Actual results will vary.

Developing an Effective Retirement Plan

Factors to consider:

- Retirement age
- Lifestyle
- Length of retirement
- Income sources
- Tax situation

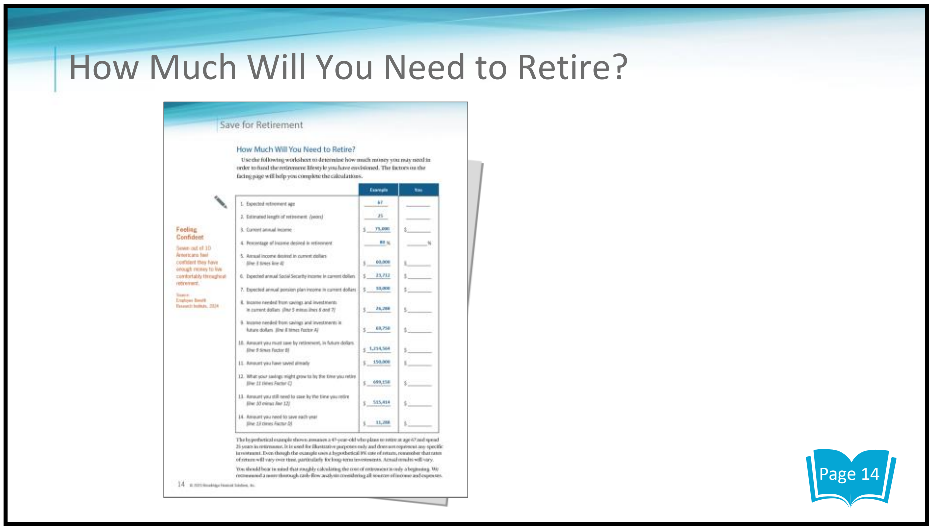
What did we learn from this example?

The first step in any effective retirement plan is to calculate the cost. That's a step the Smiths appear to have overlooked. So if you don't want to reach retirement with an income shortfall like the Smiths, you should start by calculating how much you will need to save and invest in order to live comfortably.

Factors to consider include the age when you plan to retire, the lifestyle you envision, the potential length of your retirement, your projected income sources, and your current and future tax situation.

Also remember that if you claim Social Security before reaching full retirement age (currently 66 to 67, depending on birth year), you will receive a permanently reduced benefit. On the other hand, if you delay claiming Social Security retirement benefits past full retirement age, you could receive a higher benefit amount. For each year you wait to claim Social Security after reaching full retirement age, your benefit would increase by about 8%, so your benefit at age 70 would be 24% to 32% higher than the full benefit amount!

You can view your Social Security Statement online by creating a personal account on the Social Security website, ***ssa.gov/myaccount***. Your statement summarizes your earnings and estimates your benefits based on retiring at different ages.



How much will *you* need to retire? The worksheet on page 14 in your workbook can help you estimate the cost of retirement.

[Note to presenter: Pause to give participants sufficient time to locate the worksheet. If you have time, describe how to use the worksheet using the example.]

As you can see, the first column shows an example to help you see how the worksheet works. The second column is for you to fill out after you return home and have access to your records. Use the factors on page 15, which use various assumptions for inflation and rates of return, to complete the worksheet.

Let's go through the hypothetical example together. Assume this person is 47 now and wants to retire at age **67** (the expected retirement age goes on line 1). The estimated length of retirement for this individual is **25 years** (line 2). The individual's current annual income is **$75,000** (line 3), and the percentage of pre-retirement income desired in retirement is **80%** (line 4).

To determine the amount of retirement income this person would need in today's dollars (line 5), you multiply line 3 by line 4. In this example, the individual would need **$60,000** a year in today's dollars.

Next, you estimate the income expected from Social Security in today's dollars (line 6). The average annual Social Security benefit is **$23,712**, so we've entered that value on line 6. There's also a line for the amount of income someone might expect from a pension in today's dollars. We've entered **$10,000** on line 7 for this example. Of course, this line may be blank for many people.

To determine the amount of retirement income (in current dollars) this person would need from savings and investments (line 8), subtract the amounts on lines 6 and 7 from line 5. For this example, the individual would need to withdraw **$26,288** (in current dollars) from savings and investments each year.

To find the amount of income needed from savings and investments in future dollars, you multiply line 8 by Factor A (found on page 15), based on the number of years until retirement. In this situation, we're assuming 20 years until retirement, so we multiply **$26,288** by 2.6533, which results in **$69,750** annual income needed from savings (in future dollars). To determine the amount that must be saved by retirement in future dollars, you multiply line 9 by Factor B (17.4131). For this example, the total amount that needs to be saved by retirement (in future dollars) is **$1,214,564** (line 10).

On line 11, enter the amount that has already been saved for retirement. For the example, we'll use **$150,000**. Then on line 12, to determine what this savings amount could grow to by retirement, you multiply line 11 by Factor C (4.6610), based on the number of years until retirement, which results in **$699,150** for the example.

Line 13 shows the total amount that would still need to be saved before retirement. To find this value, subtract line 12 from line 10, which results in **$515,414** for this example. Line 14 shows how much would need to be saved each year (line 13 times Factor D, 0.0219), which results in **$11,288** for this hypothetical situation.

Bear in mind that roughly calculating the cost of retirement is only a beginning. We recommend a more comprehensive cash-flow analysis considering all sources of income and expenses.

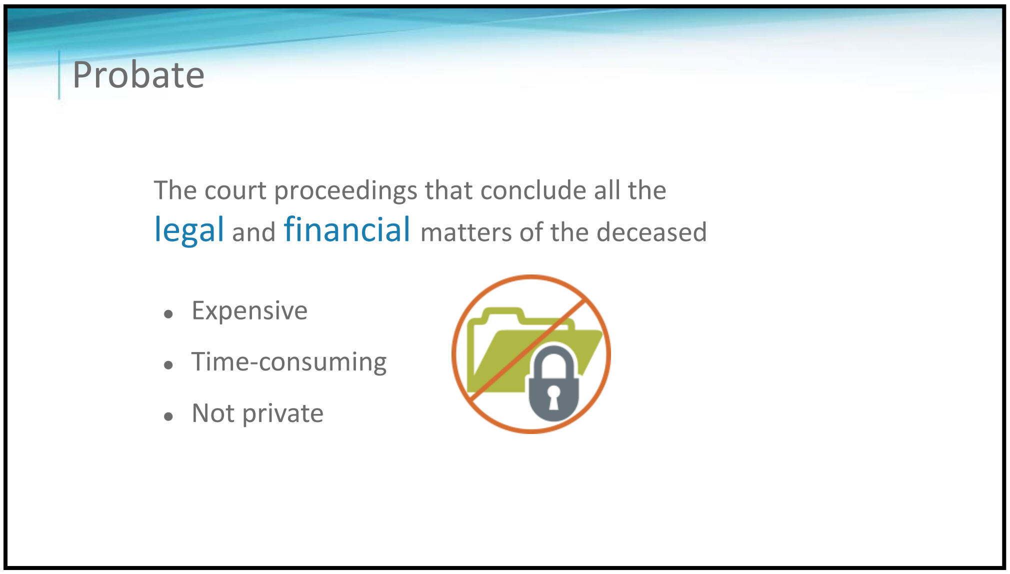
The sixth step to financial success is leaving a legacy for your loved ones.

Estate planning may be one of the most overlooked areas of personal finance. Many people put off even the most basic step such as drafting a will. Others have allowed their wills to become outdated due to tax-law changes or changes in their personal situations.

But here’s the bottom line on estate planning: If you don’t take specific action, the estate your heirs eventually receive could be significantly less than the one you thought you were leaving them, and the beneficiaries of your hard-earned assets may not be those you intended or desired.

Typically, three main challenges could stand in the way of your leaving a lasting legacy: probate, taxes, and the potential expense of long-term care.

Let’s go through them one at a time.



Probate is simply the court proceedings that conclude all the legal and financial matters of the deceased.

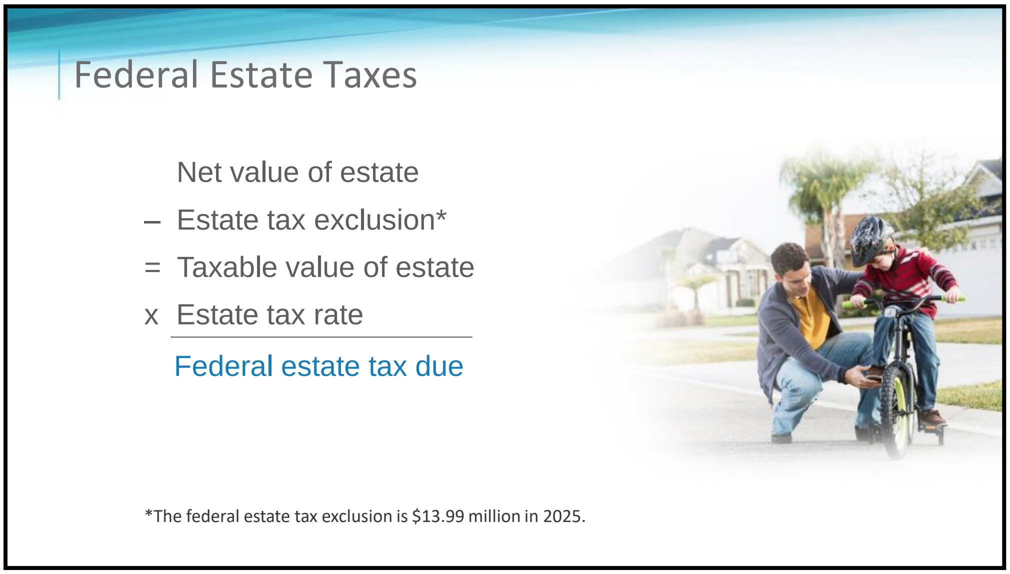
That sounds fairly straightforward, right? Unfortunately, there are some serious problems with probate. Most people would prefer to avoid it, if possible.

First, probate can be expensive. Probate costs vary depending on the state in which probate takes place. Though all states require the payment of court fees (which may only be a few hundred dollars), attorney fees could add significantly to the total cost. Typically, attorney fees are based on what is reasonable for the required tasks. These fees can rise significantly if the will is contested or when other extraordinary issues arise.

Second, probate can take a long time, often a few months to a year or more. And the more complex your estate (will, assets, and debts), the longer it could take. Your beneficiaries may have to wait until probate is concluded to receive the bulk of their inheritance.

Another problem is that probate offers no privacy. In most states, the proceedings of the probate courts are a matter of public record. This means your heirs will have no privacy. Unless you take specific steps to safeguard your privacy, almost anyone can go down to the county courthouse after your death and find out exactly how much you owned, as well as how much you owed and to whom.

In fact, some sales people actually use the probate files to obtain leads.



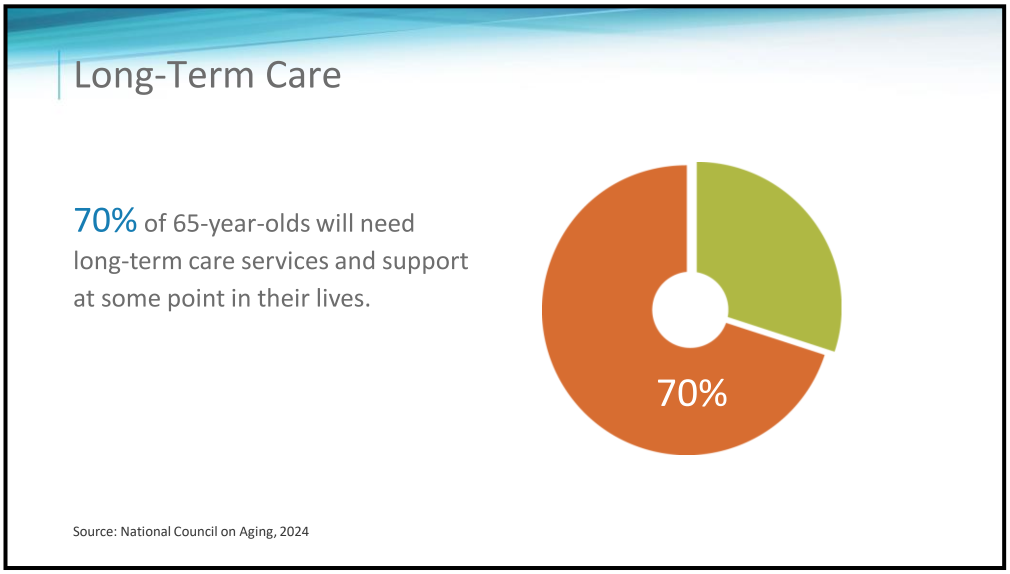
The next challenge is estate taxes. Estate taxes are levied by the federal government and several states on any property that passes from the deceased to the living.

Estate taxes are due on the total value of your estate — that means everything you own, whatever the form of ownership and regardless of whether the assets have been through probate. Your estate includes your home, stocks, bonds, life insurance, and anything else of value that you own.

This slide shows a simplified example of how federal estate taxes are calculated on an estate. Fortunately, the federal estate tax exclusion shelters a portion of an estate from federal estate taxes. If, upon your death, the total value of your estate is less than the applicable exclusion amount, no federal estate taxes will be due on your estate.

In 2025, the federal estate and gift tax exclusion is $13.99 million for an individual ($27.98 million for some married couples). Because of the high exemption amount, very few estates will be subject to federal estate taxes. However, after 2025, the exclusion is scheduled to revert to its inflation-adjusted 2017 level and be reduced by about half. The federal estate tax rate on assets above the exclusion amount remains at 40%.

Given the uncertainty of estate taxes over time, you might consider estate planning strategies to help leave more of your wealth to your heirs.



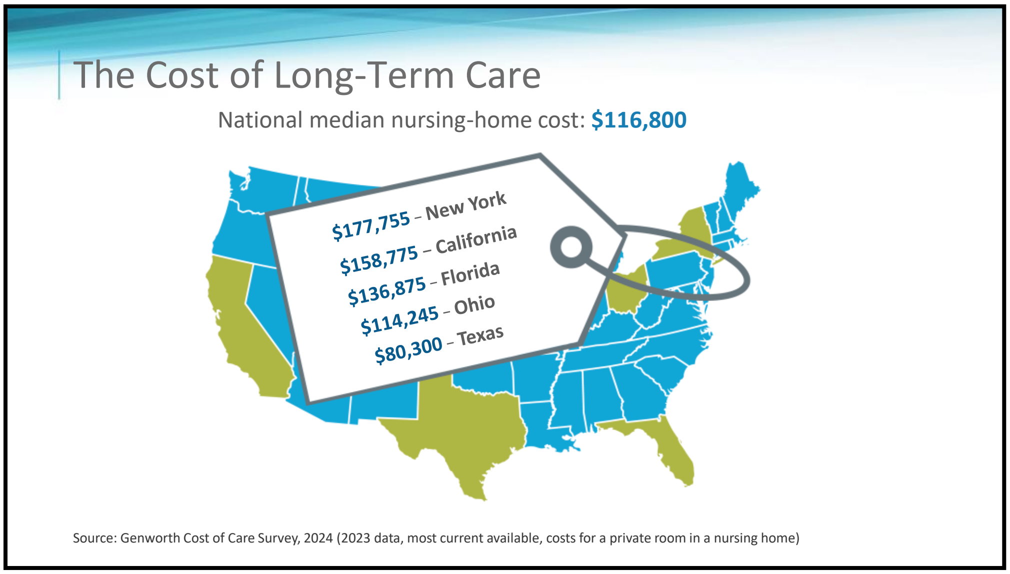
Long-term care is another challenge.

Most people don't think of long-term care as an estate planning issue, but it could become one if your estate becomes depleted as the result of expensive long-term care costs.

What would happen to your estate and intended legacy if you or your spouse needed long-term care for an extended period?

Statistically, 70% of 65-year-olds will need long-term care services and support at some point in their lives.

Source: National Council on Aging, 2024



Unfortunately, long-term care can be very expensive.

Many people mistakenly believe that a healthy retirement savings will be more than enough to cover long-term care costs — or that Medicare will cover the cost of custodial care. But, in fact, Medicare does not cover this form of custodial care.

Take a look at the median cost of a one-year nursing-home stay in these states. This random sampling shows that a private room in a nursing home can cost anywhere from around $80,000 to more than $177,000 a year.

The national median cost for a private room in a nursing home is $116,800. That’s about $9,733 a month or $320 a day.

Few people can afford to pay these costs out of pocket for very long. Perhaps that’s why many people purchase long-term care insurance or add a long-term care rider to an annuity.

Source: Genworth Cost of Care Survey, 2024 (2023 data, most current available, costs for a private room in a nursing home)

To help overcome these challenges, you can use four basic estate distribution techniques.

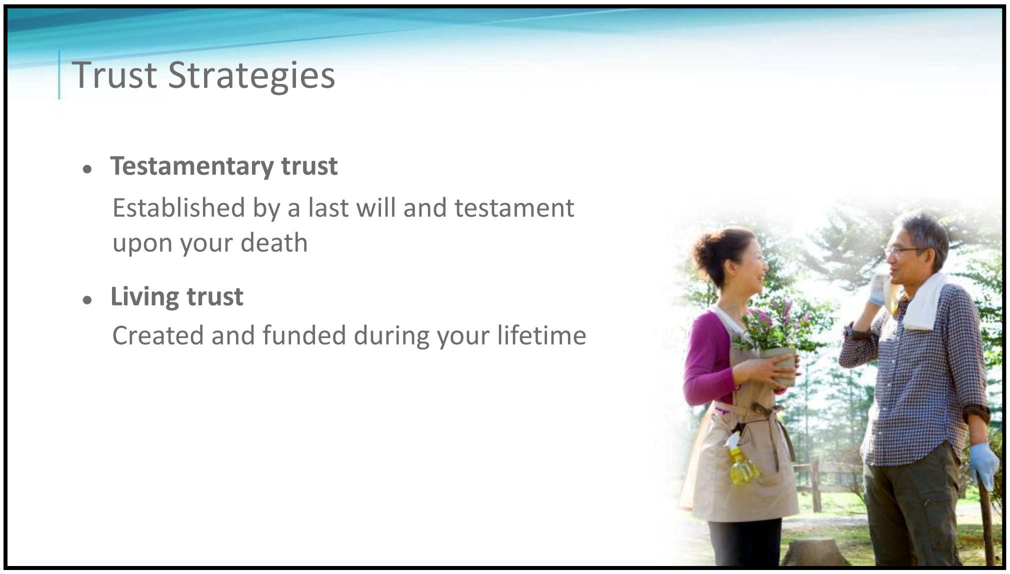
A **will** is what most people associate with estate planning. Everyone should have a will, which provides instructions detailing how you want your estate to be distributed upon your death. This is a good start, but it won't prevent your estate from going through probate.

Holding property jointly with others can affect the distribution of assets. Property held in joint tenancy with rights of survivorship or tenancy by the entirety will pass automatically to the surviving co-owners.

Using **contracts**, you can pass assets directly to your designated beneficiaries. These assets typically are not subject to probate. The assets in life insurance policies, annuity contracts, pensions, IRAs, and employer-sponsored retirement plans will pass directly to the beneficiaries you have designated on the account beneficiary forms, superseding instructions in a will. That's why it is important to keep the beneficiary forms up-to-date to help ensure that the assets go to the appropriate people.

If you plan to leave retirement assets to your heirs, you should be aware of a SECURE Act rule, effective as of 2020, that requires most nonspouse beneficiaries to liquidate inherited retirement accounts within 10 years of the original account owner's death. This could impose a significant tax burden on some beneficiaries.

And finally, you can establish a **trust**. Let's discuss trusts in more depth.



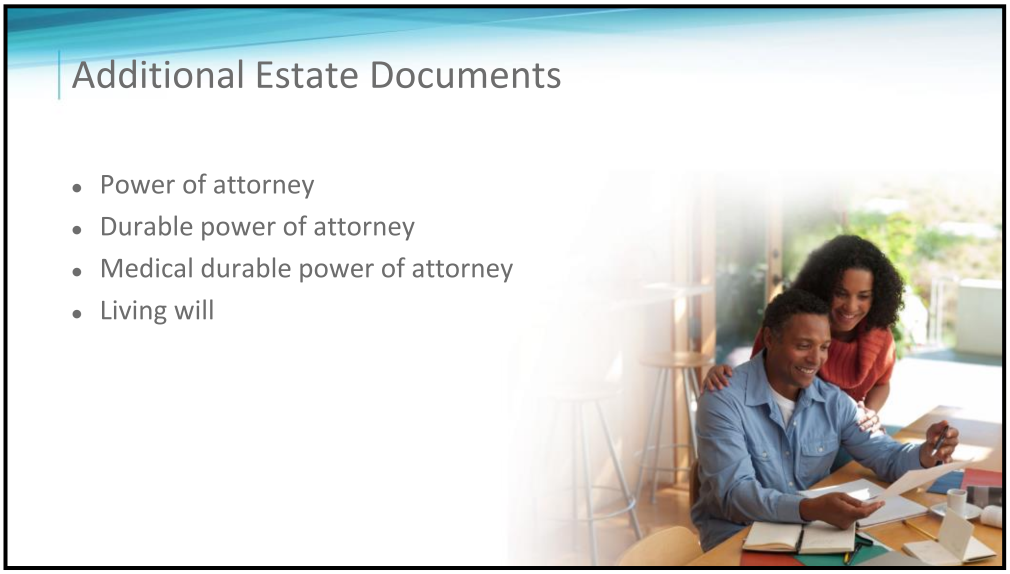
A trust is a legal arrangement under which one person or institution controls property given by another person for the benefit of a third party. Many people think trusts are only for the rich, but trusts can be very effective estate planning tools for all types of estates. Some trusts can completely avoid probate.

The two basic classifications of trusts are testamentary and living.

A testamentary trust, which is established by a last will and testament upon your death, can be used to help control the distribution of your estate and help ensure the professional management of your property after your death. Although a testamentary trust does not result in any immediate estate or income tax savings upon the death of the trustor, it can help reduce estate taxes as the property passes to successive beneficiaries. However, the assets in a testamentary trust do not avoid probate.

A living trust (also called an “inter-vivos trust”) is created and funded during your lifetime. This type of trust takes effect as soon as it is established. It can help you control the distribution of your estate and help manage many of the fees and taxes that will be imposed upon your death. A properly structured living trust completely avoids probate. Your estate will be available to your heirs without the delays associated with the probate process. However, you may have to pay a trustee and incur the costs of drafting a trust and transferring property to the trust.

A trust typically involves upfront costs and often has 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 before implementing a trust strategy.



Having additional legal documents in place not only provides a roadmap that your heirs can follow, but also offers instructions for how you want financial and medical decisions to be made on your behalf if you become unable to make them yourself.

These documents should be kept up-to-date and in a secure location that is known to family members and/or trusted professionals. Here are a few of the documents that typically make up an estate plan.

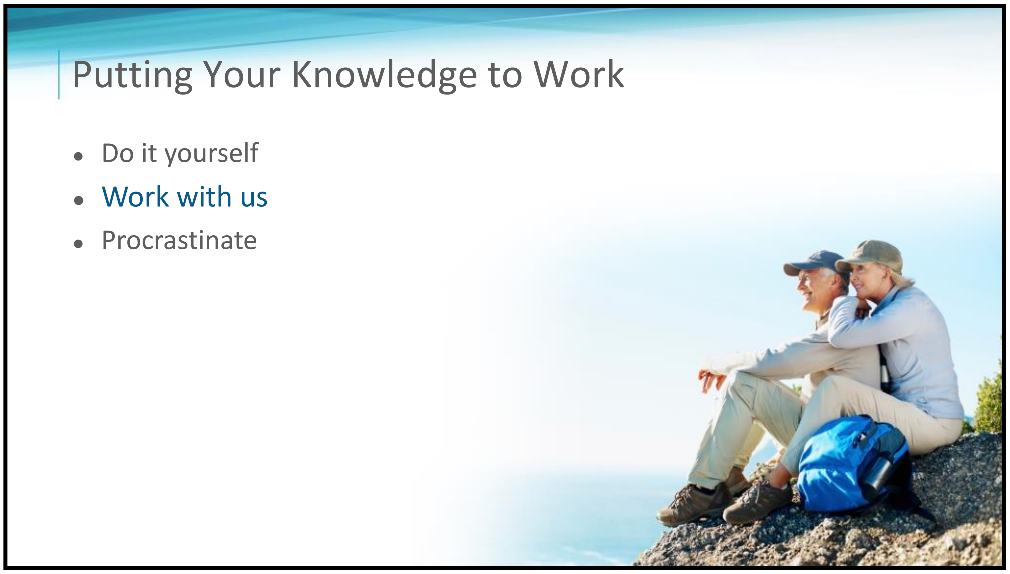
A **power of attorney** gives a trusted individual the power and authority to act on your behalf in certain legal and financial matters. Because some power-of-attorney agreements will not be applicable to a disability or an incompetency, you will need additional agreements. You should consider including one or more of them as part of your estate conservation efforts.

A **durable power of attorney** for finance enables you to name a trusted individual to act on your behalf even in the event that you become disabled or incapacitated. This person would make investment and other financial decisions that would affect your overall estate until you recover.

A **medical durable power of attorney** outlines your preferences for forms of medical treatment and gives an individual the authority to make medical decisions for you if you are unable to make them yourself.

Another widely used strategy is the **living will**. It is different from a standard will in that it outlines which medical procedures you will allow in the event of a debilitating or chronic illness. Living wills are most often used to authorize termination of artificial life support in the event of terminal illness.

Note: Laws governing a power of attorney can vary significantly from state to state. It would be wise to become familiar with the laws of your particular state concerning a power of attorney.



We've covered six steps to financial success today. I'm confident that the information we've shared will help you feel more confident when making decisions about your financial future.

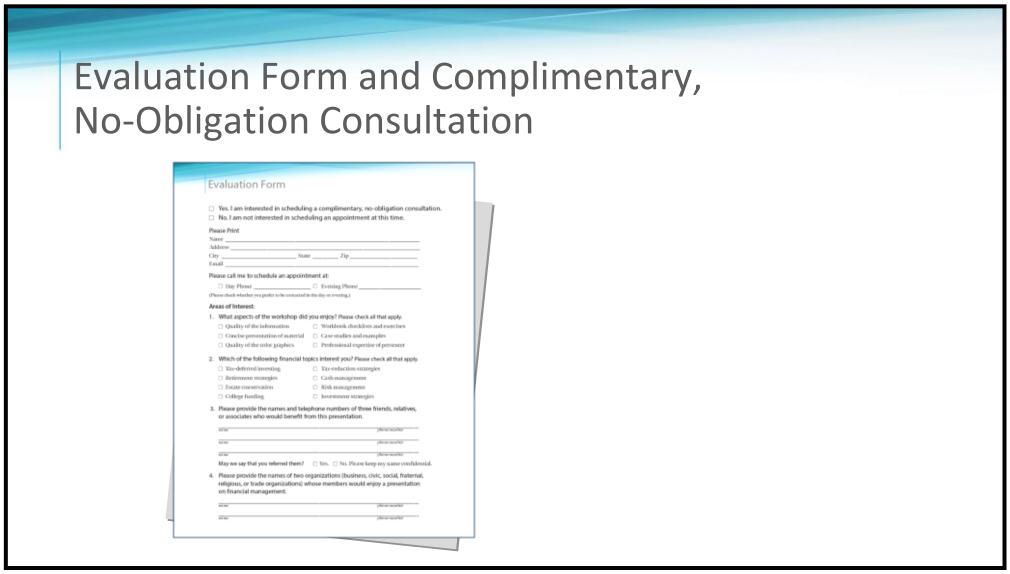
How can you put all this knowledge to work? There are several ways to proceed.

You can do it yourself, which could be a tremendous amount of work, or work with others.

You could work with us. I hope you feel comfortable with what you've learned about our professional knowledge and the approach we take with our clients.

Finally, you can procrastinate. Given the long-term ramifications of the decisions you must make, procrastination is not a prudent move.

Of course, I hope you'll decide to work with us, and I hope you'll come to the complimentary consultation. I don't expect you to make any decisions now, nor do I expect you to decide when you come to the office. I want you to decide only when you're ready. As you get to know us better, I feel confident that you'll want to work with us. But, again, the choice is totally up to you.



Would everyone please pull out the evaluation form I talked about at the beginning of the presentation?

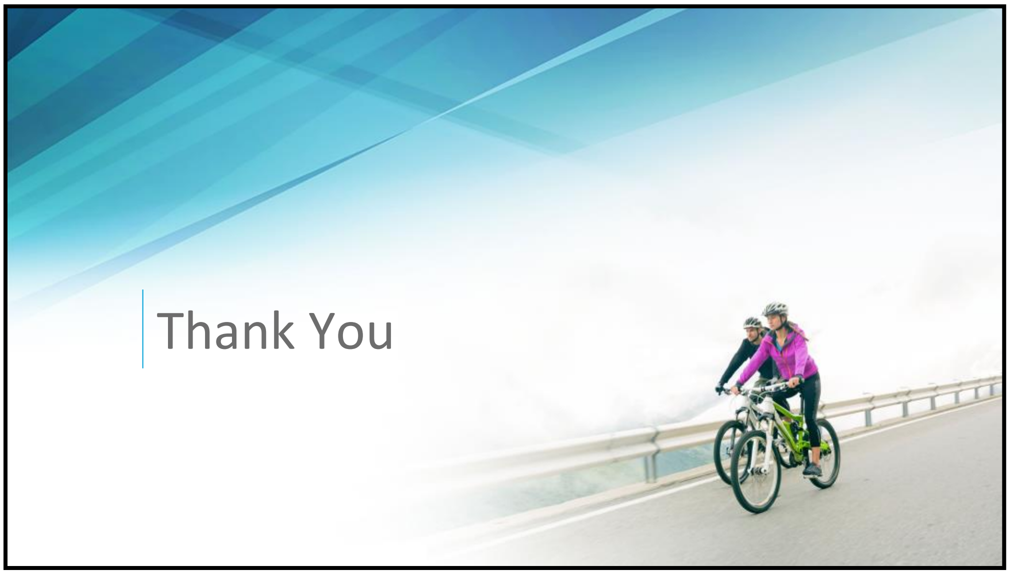
I would like each of you to fill out the form and turn it in. The evaluation form offers a way for you to comment on the seminar. It also lets me know whether you'd like to schedule a personal meeting to discuss any of the ideas you've learned here. Because many of the people who attend our seminars come in for a complimentary, no-obligation consultation, I've blocked out several days over the next couple of weeks to meet with you and address your specific concerns.

[Note to presenter: Have extra evaluation forms available if some participants no longer have them, and allow time for all participants to fill out the forms before they leave.]

Remember my two promises: If you check "Yes, I would like to schedule a complimentary, no-obligation consultation," we'll call you in the next couple of days to set up an appointment. If you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after today.

I'd like to collect the evaluation forms before you leave.

[Note to presenter: Mention any important financial forms or documents you would like participants to bring to the consultation. There are spaces where they can write them down on the back cover of the workbook.]



Thank you for coming to our financial management seminar. I commend you for the initiative you've shown in wanting to improve your financial future and build a successful retirement.

I look forward to seeing you again in the near future.

[Note to presenter: As people leave, shake hands with them and collect their evaluation forms.]