Cetera | WEALTH PARTNERS

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June 2022

CLIENT NEWSLETTER

Inside This Issue:

Interest Rates 05/27/22		
Type	**May**	**April**
Prime Lending	4.00	3.50
Federal Funds	1.00	0.50
3 Mo T-Bill	1.06	0.91
5 Yr T-Note	2.76	3.01
Mortgage Rates		
Type	**5/20/22**	**4/29/22**
30 Yr Fixed	4.76%	3.24%
15 Yr Fixed	3.83%	2.53%
10 Yr Fixed	3.62%	2.74%
		Source: Bankrate.com

The Five Main Obligations for Financial Professionals

Best Interest – Financial professionals must act in the best interest of the consumer under the circumstances known at the time the recommendation is made, without placing the financial professional's or the insurer's financial interest ahead of the consumer's interest

Care – Financial professionals must exercise "reasonable diligence, care, and skill." This obligation includes:

- Knowing the consumer's financial situation and needs, which includes collecting more consumer information than previously required
- Understanding the available recommendation options
- Having a reasonable basis to believe a recommended option addresses the consumer's financial situation, insurance needs, and financial objectives
- Communicating the basis of the recommendation to the consumer

Disclosure – Financial professionals must disclose the scope and terms of the relationship with the consumer and the role of the financial professional in the transaction.

Conflict of Interest – Financial professionals must identify and avoid or reasonably manage and disclose material conflicts of interest to the consumer.

Documentation – At the time of recommendation or sale, financial professionals must document in writing the recommendation and the basis for the recommendation.

This material provided by John R Creteau, Investment Adviser and written by and Jackson National Life a non-affiliate of Cetera Advisor Networks LLC.

If you enjoy our monthly newsletter and know someone who would benefit from receiving it, please contact us or email our Office Manager at Laura.Fleming@ceterawealth.com

What are I Bonds, and do they Make Sense in this High Inflationary Environment?

I've had multiple clients reach out to me recently to see if it made sense to purchase, I Bonds due to inflation being so high. I bonds are government back bonds that are extremely safe due to the fact they are backed and guaranteed by the Federal Government.

Unlike traditional government bonds that pay a Fixed Rate of interest for the duration of the bond set at their issue, I bonds pay interest based on 2 rates. One being set at the time of issue that is locked in for the life of the bond (30 years), and the second rate that adjusts twice a year (May and October) based on the change in the inflation rate set by the Consumer Price Index (CPI Index).

What is the current rate of I bonds: The fixed portion is currently 0% where the inflation rate (annualized) is currently 9.62% and set until October 2022 when it will be recalculated. Any interest earned on these bonds is automatically added to your principal. As inflation increases or decreases so will your interest rate.

How can I buy I bonds and are there any limits to how many I can purchase: There is an annual $10,000 limit per person and they are generally only allowed to be purchased online at TreasuryDirect. An additional $5,000 can be purchased in paper form with your tax refund and Trusts are also allowed to buy up to the $10,000 limit.

Are there penalties for cashing out my I bonds before they mature: I bonds cannot be redeemed for at least 12 months after you purchase them. After that if they are redeemed within the first 5 years of your purchase you will lose 3 months' worth of interest. After that there are no penalties to redeem your bonds.

Can the value of my I bonds ever be less than I paid for them: No. The interest rate can't go below zero and the redemption value of your I bonds can't decline.

Are there tax benefits to owning I bonds: Yes, they are state tax free, but in New Hampshire still subject to Dividends and Interest Tax. They are also tax-free eligible to pay for Higher Education expenses if you qualify. Federal Tax is due depending on how you want to claim it, either yearly upon earning it, or claiming all your interest at once upon redeeming your I Bond.

What amount is needed to purchase an I Bond: $25 minimum electronically, $50 minimum paper

I Bonds are an extremely attractive option in today's high inflation environment, where else can you earn almost 5% over the next 6 months. If you think inflation will be stubbornly persistent for the next couple of years, then you could continue to see nice risk-free returns.

Keep in mind in order to combat inflation rates need to increase, as they already have. Just look at mortgage rates climbing to around 5.5% in the last 6 months. As interest rates climb and inflation starts to ease then traditional bonds or fixed investments could then outperform.

If this happens, then you could always sell your I bond (penalty free after 5 years) and re-invest in a CD or traditional fixed bond to lock into higher yields. That said, I Bonds make a lot of sense to consider for at least the next couple of years.

For more information visit: Individual - Series I Savings Bonds (treasurydirect.gov)

Richard K Hackett, CERTIFIED FINANCIAL PLANNER™

– REMEMBER –

WE WANT YOU TO CONTACT US WITH YOUR *"HERE'S WHAT WE'RE THINKING ABOUT DOING"* QUESTIONS, NOT YOUR *"GUESS WHAT WE JUST DID!"* COMMENTS!

How a GLWB Rider Works Compared to Your Pension

Having the benefit to receive a pension is one that no one should take lightly. Guaranteed income for life can help offset the financial stress of retiring, but is it the most advantageous way to use your pension? Fixed Indexed Annuity's with a Guaranteed Lifetime Withdrawal Benefit, GLWB, might be a way to increase your pension benefit, as they can also provide guaranteed income **FOR LIFE!** We have many clients in their mid-50's, starting to think about retirement who ask this exact question.

Should I take the Survivorship paying option from my pension, or the Lump-sum benefit and use this to fund a FIA with a GLWB rider attached to it?

The first question that should be addressed is, taking the pension now, or delaying it until 65? As well as do you have enough retirement assets to bridge yourself if you were to delay your pension for a higher payout?

Let's look at what a client that's age 56 with a $270,000 pension benefit for example, can have for different retirement options, followed by how a GLWB rider can improve the situation.

	Age 56	Age 65
Annual Joint Pension Benefit	$11,600	$19,630
Lump-Sum Pension Benefit	$270,000	$370,000

After answering the first question and determining that the client has enough retirement assets to delay the pension until 65, we can all see that the payout of $19,630 is much higher than the payout of $11,600 if the client were to take the pension now. Yet is this the best option to increase the amount of retirement income he can receive from his pension?

Instead of taking the pension at age 65 for $19,630 annually, let's say the client used the lump-sum benefit of $270,000 and wanted to see the power of the GLWB rider. If the client were to rollover his lump-sum amount of $270,000 at age 56, to an annuity w/a GLWB rider (keep in mind there would be around a 1% rider fee), we can show exactly how much this product could produce!

	Age 56	Age 65
Fixed Indexed Annuity GLWB Rider	$9,670	$23,640

The client would now be able to receive $23,640 **Guaranteed for Life** for themself and their spouse after delaying to 65! That is an increase of more than $4,000 annually.

Taking the same client and using the tools that a Fixed Indexed Annuity with a GLWB rider attached to it can do, we can illustrate how this pension-like alternative can be advantageous to the client, and potentially how can be advantageous to you or someone you might know.

Feel free to contact us about any questions you might want answered on how this pension-like alternative works, and if you are suitable for the product.

Rick Creteau, Investment Advisor Representative

Is it Time to Cut Cable?

An explosion in the number and variety of streaming services, coupled with more time spent at home in the last year, might have you wondering whether it's time to cut the cord on cable. After all, cable isn't getting any cheaper. At the beginning of 2021, many large cable and satellite television companies announced higher prices and reinstated data caps, which were suspended in 2020 by the Federal Communications Commission. But is it worth it to ditch cable in favor of streaming services? Consider the following before you make the switch.

Determine how much of your cable subscription you *actually* use. Are you regularly watching all the channels you pay for, or do you watch only a few of them? Are the channels you watch worth what you pay each month? The answers to these questions may help you decide whether the cost of your cable subscription is worth it.

Know your viewing preferences. Streaming services often delay the release of new TV show episodes, which can be frustrating for dedicated viewers. And sports fans might be disappointed to learn that it's difficult to access live sports coverage through most streaming services. Comprehensive sports packages are offered by some services, but usually at a higher cost, and you may need to bundle a few services together depending on whether you want local, national, and/or international coverage. Plus, delays in live programming can make it tough to tune in to your favorite teams.

Compare streaming services. A dizzying array of streaming services are available. Narrow down your choices by making a list of the ones that most appeal to you. If possible, sign up for free trials to find out what is (and what isn't) a good fit. And investigate the terms and conditions of any service that you decide to try — look for termination fees and how much any add-ons might cost.

Consider the benefits and limitations. In addition to being less expensive than cable, most streaming services are user-friendly. And as long as you have an Internet connection, streaming services allow you to view your favorite shows on the go on your cell phone or tablet. But not all streaming services offer extras such as digital video recording (DVR) or live television pausing, which are cable features you might miss. You may also have to subscribe to multiple streaming services to access all your preferred programs, which could mean you will not save much (or any) money in the long run.

Factor in the cost of extra equipment. You may need to invest in special streaming devices to access the programs you want. You might also consider the cost of high-speed Internet — you will not be able to successfully stream without a relatively fast Internet connection.

Richard K Hackett, CPA

Richard K. Hackett is a Certified Public Accountant and Enrolled Agent with over forty years of experience providing bookkeeping, accounting, payroll, and tax services. If you are interested in contacting him, he may be reached at 603-770-2758 or by email at richardhackett71@yahoo.com

Benefit of Guaranteed Lifetime Withdrawal Benefit

If you are in your 40's or 50's, have an old 401(k) at your old employer, and you have no pension, this strategy may be worth reading. If your someone who feels you need to work longer because you have not saved enough, or you are uncertain of social security remaining solvent, and paying out what they say will come in the future, this strategy may be worth reading. If this is you, one of your biggest concern's would be **having enough guaranteed future income at retirement**.

Most retirement plans, offer the ability to roll out funds to an IRA. Rollovers are not taxable and there are no fees to exercise a rollover.

For some, having a portion of your old 401(k) rolled to an IRA vehicle that gives guarantees and future predictable income, is worthy of exploration. For quite a few, we review how fixed index annuities that offer a rider-may be advantageous. This guaranteed lifetime withdrawal rider (GLWB) provides a guaranteed minimum withdrawal benefit (a 1% rider fee/charge) annually, providing you with an annual living benefit that can be exercised in the future. If you leave your IRA funds in your new fixed index annuity with this GLWB rider, the beauty is that the rider projects a 6% annual roll-up on your first year's premium.

With this vehicle, your projected future income would be guaranteed. Once you started to take income (exercised by the rider) it would reduce your actual account value, but even if you live a long life and your account value goes to zero (with no cash value left), your income is guaranteed for life. Of course, we cannot eliminate the tax on IRA distributions but having an income base from the original IRA deposit and having guaranteed lifetime income (for as long as you live) may be worthy of review.

If you or a friend of yours could benefit from sitting with one of the partner's and review the benefits of guaranteed lifetime withdrawal benefits, call us. With fewer pensions, and social security on the chopping block to be cut in the year 2033, now may be the time to review your future income

John R Creteau, Investment Adviser

Before deciding whether to retain assets in a 401(k) or roll over to an IRA, an investor should consider various factors including, but not limited to, investment options, fees and expenses, services, withdrawal penalties, protection from creditors and legal judgements, required minimum distributions and possession of employer stock. Please view the Investor Alerts section of the FINRA website for additional information.

Cybercrime Happens Way More Than You Think!

All these incidents happened and made news, but they are just the tip of the iceberg. The majority of attacks go unreported. Here are some facts about the scale of increased cybercrime.

The University of Maryland found that there is an average of 2,244 cyberattacks per day, which is one every 36 seconds.

The international Criminal Police Organization (Interpol) reported that small-and medium sized businesses are being targeted at an increased rate.

The U.S. Federal Trade Commission, in a recent 6-month period, had seen over 128,000 phone-based fraud scams that cost victims a whopping $108 million – that's only half a year!

John R Creteau, Investment Adviser

Moving?

Moving can be time consuming and stressful. We make it easy to keep your investments, retirement, and insurance accounts up to date.

Just email us at Laura.Fleming@ceterawealth.com with the subject line: ***Change of Address*** and include your name, your old address and your new address and updated phone numbers.

Or call the office at 603-332-6518 ~

June is National Men's Health Month

7 Important Tips for Men's Health

Taking charge of your own good health is important at any age – and it's never too late to start developing healthier habits. Like women, men need to have regular visits with the doctor, take steps to manage stress, make nutritious food choices, and engage in physical activity.

Regardless of your age or general health, if you're ready to focus on a healthier you, the following men's health tips checklist provides a foundation from which to begin:

Have Regular Checkups – even if you feel okay
One of the best ways that men can promote their own good health is to have a physical or wellness check each year – regardless or age or health concerns. Besides a general once-over, the physical should include cholesterol, glucose, and blood pressure evaluations.

Schedule an Appointment with your Doctor when something doesn't seem right.
It's also important to see a doctor if you have noticed changes in your sleep or bathroom habits, have a cut or sore that doesn't seem to heal, notice changes in your moles or birthmarks, or if you're experiencing unexplained weight fluctuations or sexual dysfunction.

Remember that many significant health issues begin as minor problems that could have been prevented or better managed if they had been detected early. Rather than thinking it's just a matter of "toughing it out", invest in your future good health by discussing your health concerns with your doctor.

Know your family history-and share it with your doctor. If your dad or other family members have a history of hypertension, heart disease, diabetes, or other chronic health conditions, you may be at higher risk for developing those conditions yourself. Your doctor can help you develop an action plan to minimize those risks and increase your chances of early detection.

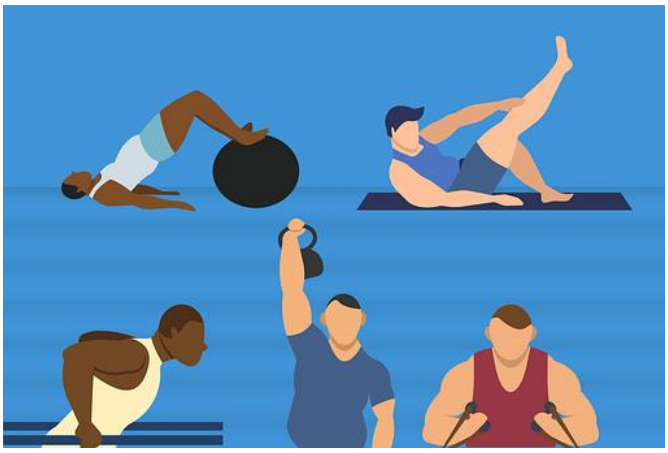
Get Some Exercise
Ideally, you should exercise at least 30 minutes a day. But if you're having difficulty squeezing in a workout, remember that even a brisk 20-minute walk a few times a week with your spouse, or regular play outside with your kids or grandkids, can provide heart healthy and stress-relieving benefits.

Give yourself permission to take a break.
Knocking off once in a while to play golf, head to a ballgame, or watch TV with your family aren't just fun ideas – they're best practices that help you keep stress at bay. If you're having difficulty finding room for leisure, look for creative ways to get some "you" time, like listening to audiobooks and podcasts on your drive to work or while you're taking care of the yard.

Ask your doctor about cancer screenings.
Based on your age, family history, and lifestyle, your doctor may recommend that you undergo screening for colon cancer, prostate cancer, or lung cancer.

Stop Smoking
Ask your doctor to help you develop a plan of action, then pick a "quit date" and stick with it.

Source *https://www.grmedcenter.com/7-important-tips-for-mens-health/*



Graphic: https://pixabay.com/

These tips are not for everybody and should not be taken as specific recommendations.
Before you take any action regarding yours or anyone's health, we strongly suggest you consult a qualified physician!

Client Quiz!

This Month's Quiz

Question: Which of the following is the source for the largest amount of financing long-term care expenditures?

A. Medicaid
B. Medicare
C. Private long-term care insurance plans
D. The disability income portion of Social Security program.

Source: *John R. Creteau*

Answer to Last Month's Quiz

Quiz: I Bonds earn interest for? years unless you cash them first. You can cash them after? year. But if you cash them before? years, you lose the previous three months interest?

a. 30 years, 5 year's, 2 year's.
b. 20 years, 3 year's, 1 year.
c. 20 years, 2 year's, 1 year.
d. **30 years, 1 year, 5 year's (CORRECT)**

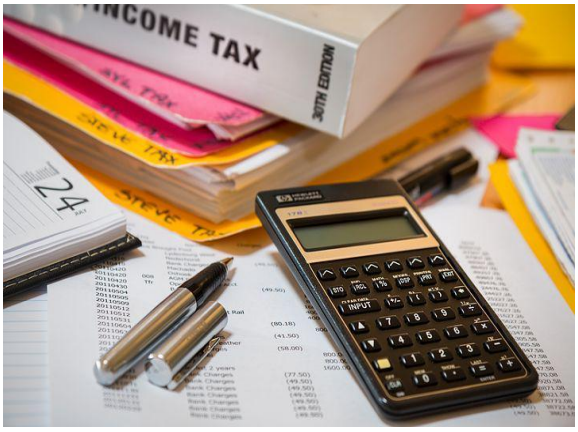
Source: *John R. Creteau*

What Happens When Income or Payment Information on File with the Internal Revenue Service Doesn't Match the Information Reported on the Tax Return?

When the income or payment information doesn't match the tax return, for example a 1099 is missing from the tax return filed, the Internal Revenue Service notifies the filer by a CP2000 Notice that explains the proposed changes to correct the tax return, including interest and penalty assessments.

If a CP2000 Notice is received, you should review the notice, state whether you agree or disagree and return by mail or fax.

If on the other hand, a CP2000 isn't received, Form 1040-X, Amended U.S. Individual Income Tax Return should be filed to correct the original filing.



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Don't Forget these Estate Planning "Freebies"
I Call them Simpler Options

The annual exclusion gift limit has increased to $16,000 per person for the year 2022. Each year, the IRS set the annual gift tax exclusion, which allows a taxpayer to give a certain amount per recipient tax-free without using up any of his or her lifetime gift and estate tax exemption (in 2022, $12.06 million). For married couples, this means that they can give $32,000/year per recipient beginning next year. As an example, if a married couple has three children and five grandchildren, they may transfer $256,000 in 2022 to their descendants without touching their combined $24.12 million gift tax exemption, thus allowing them to transfer further substantial assets gift-tax-free. Not only are the assets removed from the taxpayers' taxable estates, the assets future appreciation also avoids gift and estate taxes. In addition, those gifted funds are not taxable to the child.

Medical expenses can be paid without limitation, as long as you pay the medical provider directly.

Education expenses can also be paid with no limit as long as you issue the payment to the institution (directly to the college or university) and not to the individual.

John R Creteau, Investment Adviser