Seide Financial Notes

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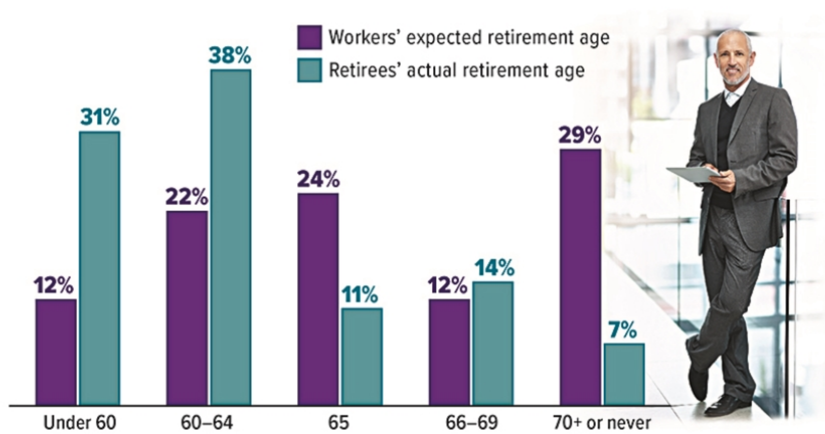
As we look forward to 2023, we will continually work to find ways to add value to your family. January is a good month to set new goals; personally, professionally, and financially, and make sure you control the things you can control. Making sure your legal documents and beneficiaries are in order adds a great deal of comfort. If you would like to set up a review, please let us know.

Until February,

Steve, Todd, Michael and Dawn

Retirement Age Expectations vs. Reality

Workers typically plan to retire much later than the actual age reported by retirees. In the 2022 Retirement Confidence Survey, 65% of workers said they expect to retire at age 65 or older (or never retire), whereas 69% of retirees left the workforce before reaching age 65. When choosing a retirement age, it might be wise to consider a contingency plan.



Source: Employee Benefit Research Institute, 2022

Balancing Stocks and Bonds in One Fund

Maintaining an appropriate balance of stocks and bonds is one of the most fundamental concepts in constructing an investment portfolio. Stocks provide greater growth potential with higher risk and relatively low income; bonds tend to be more stable, with modest potential for growth and higher income. Together, they may result in a less volatile portfolio that might not grow as fast as a stock-only portfolio during a rising market, but may not lose as much during a market downturn.

Three Objectives

Balanced mutual funds attempt to follow a similar strategy. The fund manager typically strives for a specific mix, such as 60% stocks and 40% bonds, but the balance might vary within limits spelled out in the prospectus. These funds generally have three objectives: conserve principal, provide income, and pursue long-term growth. Of course, there is no guarantee that a fund will meet its objectives.

When investing in a balanced fund, you should consider the fund's asset mix, objectives, and the rebalancing guidelines as the asset mix changes due to market performance. The fund manager may rebalance to keep a balanced fund on track, but this could create a taxable event for investors if the fund is not held in a tax-deferred account.

Core Holding

Unlike "funds of funds," which hold a variety of broad-based funds and are often meant to be an investor's only holding, balanced funds typically include individual stocks and bonds. They are generally not intended to be the only investment in a portfolio, because they might not be sufficiently diversified. Instead, a balanced fund could be a core holding that enables you to pursue diversification and other goals through a wider range of investments.

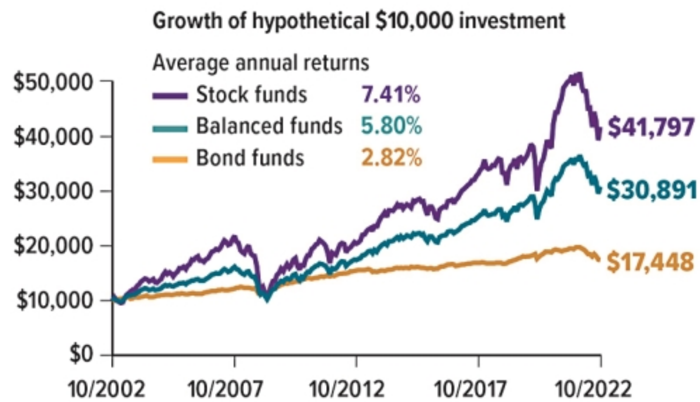
You may want to invest in other asset classes, hold a wider variety of individual securities, and/or add funds that focus on different types of stocks or bonds than those in the balanced fund. And you might want to pursue an asset allocation strategy that differs from the allocation in the fund. For example, holding 60% stocks and 40% bonds in a portfolio might be too conservative for a younger investor and too aggressive for a retired investor, but a balanced fund with that allocation could play an important role in the portfolio of either investor.

Heavier on Stocks or Bonds?

Balanced funds typically hold a larger percentage of stocks than bonds, but some take a more conservative approach and hold a larger percentage of bonds. Depending on your situation and risk tolerance, you might consider holding more than one balanced fund, one tilted toward stocks and the other tilted toward bonds. This could be helpful in tweaking your overall asset allocation. For example, you may invest more heavily in a stock-focused balanced fund while you are working and shift more assets to a bond-focused fund as you approach retirement.

Lower Highs, Higher Lows

During the 20-year period ending in October 2022, balanced funds were less volatile than stock funds, while producing higher returns than bond funds.



Source: Refinitiv, 2022, for the period 10/31/2002 to 10/31/2022. Equity funds are represented by the Thomson US: All Equity - MF Index, balanced funds by the Thomson US: Balanced - Domestic - MF Index, and bond funds by the Thomson US: All Gen Bond - MF Index. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. The results do not include the effects of fees, expenses, and taxes. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. Actual results will vary. Investments seeking to achieve higher yields also involve a higher degree of risk.

Keep in mind that as you change the asset allocation and diversification of your portfolio, you may also be changing the level of risk. Asset allocation and diversification are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

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

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. You should read the prospectus carefully before investing.

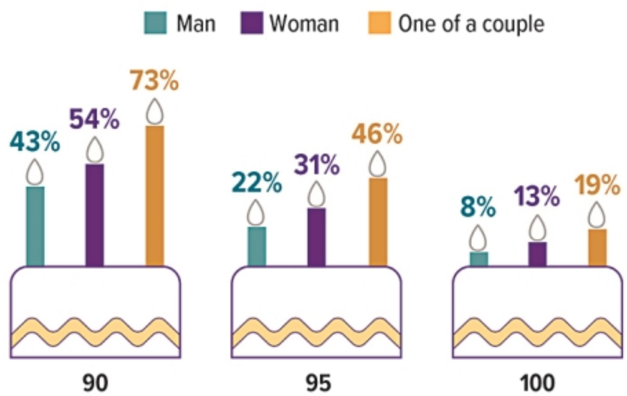
Fixed for Life: What Can an Annuity Do for You?

With stock and bond markets both faltering over the past year, it's easy to see why more near-retirees have a newfound appreciation for fixed annuities — insurance contracts that guarantee a specified rate of return. A fixed annuity maintains its value regardless of market conditions, and yields on these products have risen in response to the higher interest-rate environment.

When you purchase a fixed annuity, you are shifting the risk for future investment returns to the insurance company. It's also a way to create a pension-like income stream for retirement, starting right away or when you are older.

A Long Retirement

Probability that a healthy 65-year-old will live to the following ages



Source: Society of Actuaries and American Academy of Actuaries, 2022

Income for Now or Later

An *immediate fixed annuity* is usually purchased at the beginning of retirement, often with a lump-sum premium. The fixed payments start within 12 months from the date the annuity is purchased and continue for the duration of the contract.

With a *deferred fixed annuity,* you can make a series of premium payments, and the income is delayed until a future date of your choosing. This type of annuity can be used to save for retirement or to provide income in your later years. The income payments reflect the value of the premiums paid, the annuity's compounded return, and the length of the payout period (or your life expectancy). Thus, the longer you defer your annuity, the higher the payout can be.

Unlike tax-advantaged workplace plans and IRAs, annuities have no annual contribution limits, so they present an opportunity to save as much as you want on a tax-deferred basis. When annuities are purchased with after-tax dollars, only the earnings portion of withdrawals is taxable as ordinary income. You can also invest in an annuity through a qualified (tax-advantaged) retirement plan. In this case, the qualified annuity is subject to the same tax rules as the qualified plan, so there is no additional tax benefit. For both qualified and nonqualified annuities, early withdrawals prior to age 59½ may be subject to a 10% penalty.

Annuitization Options

Converting the funds in an annuity to an income stream is called *annuitization.* A deferred annuity contract will specify the date at which you can annuitize and begin to receive payments as defined in the contract, but generally you are not required to do so at that time. Although a guaranteed income is often a sought-after feature of annuities, many owners choose not to annuitize.

Before annuitization, you can withdraw some or all of the annuity funds in a lump sum or a series of distributions. However, surrender charges typically apply if you withdraw more than a specified amount before the end of the surrender period. If you die before annuitizing, your heirs would receive the funds accumulated in the annuity. After you annuitize, you no longer control the funds, so you cannot take lump-sum distributions.

Whether you purchase an immediate or deferred fixed annuity, you'll have options for the income stream you will receive during the annuitization period. A straight, guaranteed lifetime income will provide the highest monthly payments and help protect against the risk of outliving your savings. But payments will typically end when you die, with no funds going to your heirs. A "period certain" provides income for a fixed number of years and will go to your heirs if you die before the end of the period, but you risk running out of income if you live beyond the period. "Life with a period certain" guarantees you a lifetime income along with a period of time in which it can pass to your heirs, but payments are generally lower.

The decision to annuitize — and the option you choose if you decide to do so — will depend on your financial situation, life expectancy, and risk tolerance.

Annuities have contract limitations, fees, and expenses, and they are not appropriate for every investor. Withdrawals reduce annuity benefits and values. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company. Investors should be aware that when they purchase a fixed annuity, they may sacrifice the opportunity for higher returns that might be available in the financial markets, and that inflation could reduce the future purchasing power of their annuity payouts. Annuities are not guaranteed by the FDIC or any other government agency. They are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association.

Three Ways to Help Simplify Your Finances

Over time, finances tend to get complicated, especially when you're juggling multiple goals and accounts. Simplifying your finances requires a bit of effort up front, but making just a few changes may help free up more time to focus on your financial priorities.

Make Saving Automatic

Saving for a goal is simpler when money is set aside automatically. For example, you may be able to regularly and automatically deposit a portion of your paycheck into a retirement account through your employer. Your contribution level may also increase automatically each year, if your plan offers this feature. Employers may also allow you to split your direct deposit into multiple accounts, enabling you to build up a college fund or an emergency fund, or direct money to an investment account.

Another way to make saving for multiple goals easier is to set up recurring transfers between your savings, checking, or other financial accounts. You decide on the frequency and timing of those transfers, and you can quickly make necessary adjustments.

Consolidate Retirement Funds

If you've had a few jobs, you might have several retirement accounts, such as IRAs and 401(k) or 403(b) plans, with current and past employers. Consolidating them in one place may help make it easier to monitor and manage your retirement savings and distributions, and prevent you (or your beneficiaries) from forgetting about older or lower-balance accounts. Not all accounts can be combined, and there may be tax consequences, so discuss your options with your financial and/or tax professionals.

Take a Credit Card Inventory

Credit cards are convenient, but managing multiple credit-card accounts can be time-consuming and costly. Losing track of balances and due dates may lead to increased interest charges or late payments. You could also miss out on some of the rewards and benefits your cards offer. If you've accumulated a few credit cards, review interest rates, terms, credit limits, and benefits that may have changed since you got the cards. Ordering a copy of your credit report can help you quickly see all of your open credit-card accounts — there may be some you've forgotten about. Visit annualcreditreport.com to get a free credit report from each of the three major credit reporting agencies (Experian, Equifax, and TransUnion).

Once you know what you have, you can decide which cards to use and put the rest aside. Because it's possible that your credit score might take a temporary hit, it may not always be a good idea to close accounts you're not using unless you have a compelling reason, such as a high annual fee or exposure to fraud.

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