

ClientLine®

June 2025

12 OBSTACLES TO INVESTING SUCCESS

1. STARTING LATE

Compounding over time is powerful. Making early investments, no matter how small, is critically important when it comes to investing success.

2. UNDERESTIMATING TIME

Ask any older person how quickly time passes. Don't put off to tomorrow what you can start today.

3. OVERREACTING

Those with long-term horizons who stay the course may weather the volatile markets this year.

4. UNDER-REACTING

"Buy and hold" should not apply to every investing decision. If your investments have poor long-term prospects or no longer fit your strategy, consider selling them.

5. INVESTING TOO AGGRESSIVELY

If you're in or near retirement, you may not have the time to recover from down markets. Invest accordingly.

6. INVESTING TOO CONSERVATIVELY

With enough time you may overcome market downturns, so invest for growth when you have time.

7. PAYING TOO MUCH

High investment fees and charges detract

from net earnings, so make sure your returns are worth the cost.

8. STAYING TOO LOYAL

Loyal employees may like to own their employers' stocks, but too much of a good thing is a bad thing. Diversify.*

9. DUPLICATING EFFORTS

Know how target-date and balanced mutual funds** affect your asset allocation mix.

10. FOLLOWING THE HERD

Jumping late on a hot investment's bandwagon can become a

costly investing mistake.

11. TIMING THE MARKET

Even the professionals can't do it, so don't try.

12. AVOIDING HELP

Talk to a financial professional for help with your investing strategy.

**Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

***Investors should read the prospectus and consider the investment objectives, risks, charges, and expenses of the fund before investing. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their investment. Past performance won't guarantee future results.*



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READY TO EXPAND YOUR BUSINESS?

If you're ready to take your business to the next level, congratulations. In addition to logistical and operational plans, there are a few administrative tasks to tackle when growing your company and expanding into new states.

Typically, that involves registering as a foreign company with the new location's Secretary of State.

Also, check whether your existing insurance policies for things like business liability and automobiles will cover your operations in the new locale.

If expanding means hiring employees in the new state, you'll want to register with the Department of Revenue for employment tax purposes. And finally, workers' compensation insurance laws may be different, so make sure you secure coverage when it's required. Your tax professional can provide guidance you may need.

CLIENT PROFILE

Lucy is preparing to open her hair salon, but she isn't sure what types of insurance she'll need. Beyond health insurance for herself, what other insurance policies should she have?



Lucy should secure a general liability policy that will help protect her company if a client is injured. For example, slipping on a wet floor. Since general liability insurance would pay claims she may owe to others, she'll also want to consider commercial property coverage. This will cover losses if any of her equipment or building is damaged.

If Lucy plans to hire employees, the state will require her to obtain a workers' compensation policy to cover workers who are injured on the job.

Other optional insurance policies Lucy should evaluate include: business income interruption, professional liability, commercial umbrella, disability and life.

She may not need all of these policies but should review them with her insurance professional to make an informed decision.

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Client Profile is based on a hypothetical situation. The solutions discussed may or may not be appropriate for you.

TAXES AND MARRIAGE

Getting married usually triggers a multitude of changes to your life, but one change that you may not have considered is how marriage affects your taxes. For example, your tax filing status may change, most often from filing single to married filing jointly. When it comes to taxes and marriage, here are some things you should consider:

If both spouses earn wages, you'll want to review your withholding rates, which may need to be adjusted to account for your new joint filing status.

With a higher combined income, you may be bumped into a higher tax bracket and may find yourselves subject to the 0.9% additional Medicare tax.

MARRIED FILING SEPARATELY

While most couples benefit from filing a joint tax return, some may benefit from filing separate returns. This is known as married filing separately and can help when one spouse has significantly more income than the other, or if one person has sizable medical expenses.

Make this decision with your tax professional because married filing separately has its drawbacks, including losing the ability to claim certain tax credits.



TAX-FAVORED BENEFITS

Be sure to review your workplace benefits now that you're a couple. Marriage is a life change that generally allows you to make plan modifications immediately, instead of waiting for the next open enrollment period.

Considerations include coordinating health care coverage and flex spending account contributions. Just like your tax withholding, you'll need to analyze how these tax-preferred benefits fit into your new lifestyle.

And don't forget to update beneficiary information on your retirement accounts and insurance policies.

Of course, you know that it is important to work together on your finances and agree on financial priorities. Also, work with a financial and tax professional from the start to help make the most of your finances.

WHAT IS THE AVERAGE COST OF A WEDDING?

The average cost of an American wedding varies depending on the location, venue and number of guests. In 2024 the average wedding cost \$33,000 according to a survey of couples married in 2024. This is projected to be \$36,000 in 2025.

Costs fluctuate significantly by region. For example, the cost for a 2025 wedding in New York is projected to run closer to \$65,000, while in less expensive states, it could cost as little as \$16,000 to \$20,000.*

**2025 The Knot's Real Weddings Study and Zola Wedding Planners*

SUMMER JOBS FOR KIDS

Taking a summer job is a rite of passage for kids and an excellent way for them to learn financial responsibility while earning and spending their own money.

TAX WITHHOLDING

Generally, a child working a W-2 job, earning less than the 2025 standard deduction amount of \$15,000, is considered a dependent and won't need to file a tax return.

However, it may be a good idea to file if federal income tax was withheld, because the child may be entitled to a refund.



need to file a tax return, due to Social Security and Medicare tax obligations. Be sure your child keeps track of their expenses for things like mileage and equipment purchases.

Additionally, minors must file a tax return if their gross self-employed earnings exceed the \$15,000 standard deduction.

When your children start earning their own money, help them learn about budgeting and saving. Distinguishing between wants and needs will help them create a realistic budget while saving money.

BRANCHING OUT

When minors start doing things like babysitting or lawn care, they are technically self-employed. In this case, generally, if their net earnings (gross income less all eligible business expenses) exceed \$400, they will

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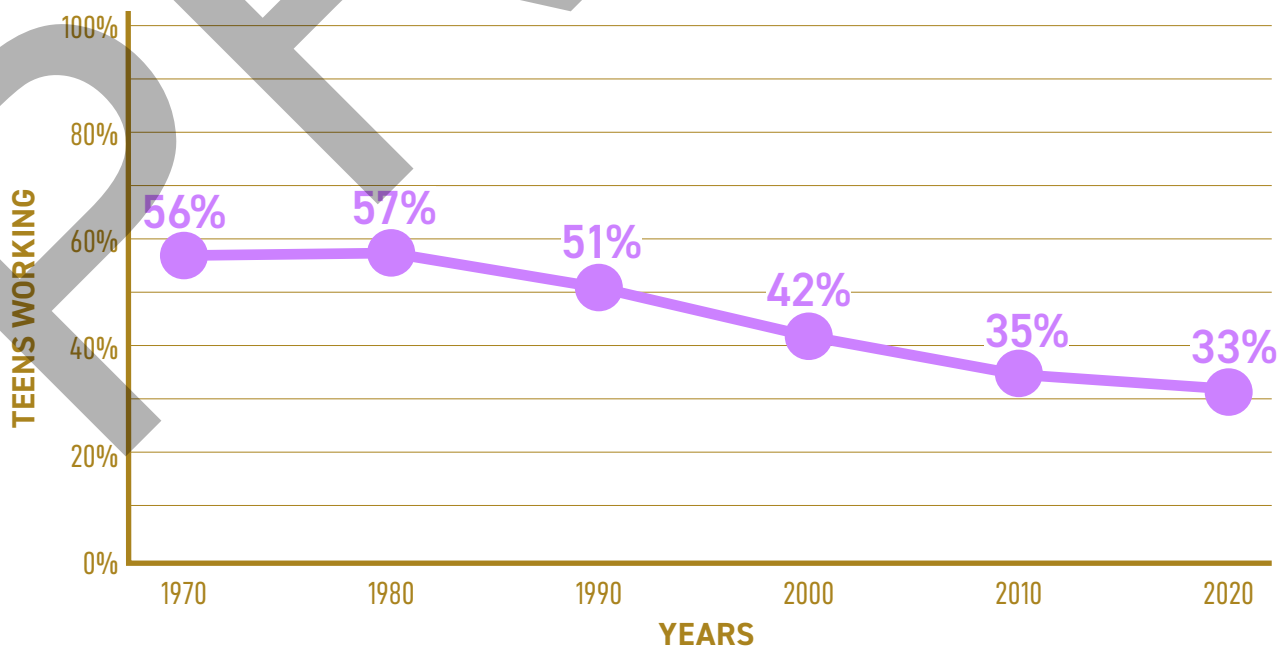
We plan to rent out our primary residence for the summer while we are on vacation. Will we have to pay tax on that rental income?

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The general rule is that if you rent your residence for more than 14 days during the year, you'll have to report and pay tax on that income. You can deduct any related rental expenses on Schedule E. Be sure to allocate the costs between rental and personal use. However, there is an exception, commonly called the Augusta Rule, that applies when you rent your residence for less than 15 days. Then you'll generally not need to report this rental income. Consult your tax advisor.

TEEN EMPLOYMENT DECLINE

Over the past 50 years, the percentage of teens (ages 16-19) working jobs in the United States has generally declined, based on available data and historical trends. Here's a breakdown of the trend:



CONSISTENCY IS KEY FOR RETIREMENT INVESTORS

Slow and steady like the tortoise or fast and furious like the hare? Which investing approach do you think offers the best chance of saving enough for a comfortable retirement? For a long-term investor, being a tortoise has its advantages.

THE HARE INVESTOR

Instead of starting to invest when they begin working, hare investors wait to set money aside for retirement. To compensate, hare investors may have to contribute much more to their retirement accounts to make up for their late start.

THE TORTOISE INVESTOR

Tortoise investors start contributing to a retirement account as soon as

they're receiving a paycheck—and keep contributing steadily throughout their working years. By starting early and reaping the benefits of compounding (earning interest on interest), tortoise investors may have to contribute less of their own money to achieve their goals.

TIPS FOR TORTOISES

Consider setting your savings on autopilot by earmarking money from each paycheck to go into your account.

Choose an investment mix that reflects your risk tolerance and time frame. Your financial professional can help you accomplish this while creating a diversified portfolio that may help cushion market swings.



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