

LET'S TALK FINANCIAL WELLNESS®

March/April 2026



WHAT TO KNOW BEFORE INVESTING IN ALTERNATIVE INVESTMENTS



Diversifying* your portfolio is crucial to managing risk and enhancing returns. While traditional stocks and bonds have long been staples in the investment world, exploring alternative investments can open new avenues for generating wealth.

Real Estate

Real estate can provide a stable income through rental payments and potential long-term appreciation. It's often viewed as a hedge against inflation, withstanding economic fluctuations better than traditional stocks or bonds. Additionally, investing in real estate offers tax benefits, such as mortgage interest deductions and property depreciation. That said, real estate investment requires significant capital and isn't as liquid as other assets. Buying and selling property can be a lengthy process, creating barriers to quick access to cash if needed. Moreover, you'll face ongoing expenses like maintenance and property taxes, which can impact your overall return.

Private Equity

Private equity tends to generate higher returns than public equities, particularly for patient

investors who are willing to lock up their capital for several years. You'll engage with innovative companies that may not be listed on public markets, providing you with access to unique growth opportunities.

The drawbacks include high investment minimums and extended lock-up periods. Additionally, private equity investments lack liquidity, and the performance can be challenging to assess until a liquidity event occurs. You should also consider the potential for high management fees.

Hedge Funds

Hedge funds employ diverse strategies aimed at maximizing returns regardless of market conditions, making them appealing in volatile environments. You benefit from professional management and access to sophisticated investment techniques, including short selling

During periods of falling interest rates, alternative investments can provide diversification* and potentially higher returns, as they are often less correlated with traditional asset classes. This low correlation can help mitigate risks and enhance overall portfolio performance in a low-rate environment.

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With my training and commitment to my clients, I am confident I can provide a high level of personalized service. As your financial professional, I will work diligently to help you work toward your financial goals with appropriate insurance products, investment and financial planning strategies.

High Net Worth Version



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WAYS TO TRIM TAX ON INVESTMENTS



Minimize taxes. Maximize returns. Knowing ways to manage taxes can significantly enhance your overall financial strategy, ensuring that you retain more of your hard-earned income.

Tax-advantaged Accounts

If you aren't already doing so, one of the simplest ways to trim current taxes is to maximize contributions to an employer's retirement savings plan, individual retirement accounts (IRAs), or health savings accounts (HSAs). You can deduct contributions to these accounts from your taxable income, and the growth is tax-deferred or tax-free, depending on the account type.

Double Your Savings

Let's say you invested tax savings of \$1000 a year in stocks as represented by the S&P 500 over the past ten years (\$10,000 total). You could have more than doubled the invested tax savings to \$20,160.



Tax-Loss Harvesting

If you have realized gains in your portfolio, consider strategically realizing losses to reduce your overall tax. However, be aware of the wash sale rules. These rules prevent you from taking a loss on a security if you buy a substantially identical security within 30 days before or after the sale. You can avoid triggering the wash sale rules while maintaining the same portfolio allocations by selling the security and waiting at least 31 days before repurchasing it or selling the security and buying shares in a mutual fund that holds similar securities.

Holding Investments Long-Term

Gains on assets held for less than a year are taxed at your ordinary income tax rate, which may be as high as 37%. For long-term investments, those held for more than one year, you generally pay capital gains tax at 0%, 15%, or 20% depending on your other taxable income.

Investing in Municipal Bonds

Municipal bonds,* or "munis," can be an attractive option for reducing tax liabilities. The interest earned on most municipal bonds is exempt from federal income tax and, in some cases, state and local taxes as well. This makes them a strategic choice, especially for investors in higher tax brackets.

Before using any tax-trimming strategies, talk with your trusted advisor. They can help you identify deductions, credits, and other techniques that suit your specific financial situation and investment goals.

*Prices of fixed-income securities may fluctuate due to interest rate changes. Investors may lose money if they sell bonds before maturity. Before investing, read the prospectus and consider the fund's investment objectives, charges, expenses, and risks.

Beware of these HNW Money Mistakes

Too much money invested in nonproductive assets such as high-end real property

Unchecked lifestyle inflation

Failure to assess and manage liquidity needs

Insufficient tax and estate planning

Failure to communicate money matters to succeeding generations



OBBA SHINING ESTATE STRATEGY

The One Big Beautiful Bill Act (OBBA) has opened new avenues for effectively managing your wealth for future generations.

Use Non-grantor Trusts

The OBBA increase in the estate and gift tax exemption to \$15 million gives you a greater opportunity to pass on your wealth without incurring substantial estate taxes. One way to do so is through non-grantor trusts, such as irrevocable trusts, charitable remainder trusts, special needs trusts, and spendthrift trusts. Unlike grantor trusts, which are taxed at the grantor's tax rate, non-grantor trusts can help you avoid higher tax liabilities on your investment income. So, you can potentially shield more of your estate from taxes while providing for your beneficiaries.

Take Advantage of Your SALT Deduction

Consider gifting an equal percentage of your home to multiple non-grantor trusts, which would benefit your children, for example. Each trust may be able to claim the full SALT deduction if the trust's income doesn't exceed the \$500,000 point at which the deduction begins phasing back to \$10,000. To be effective, the trust must generate sufficient income to claim the deduction. Also, placing assets in a non-grantor trust removes them from your estate. At your death, they won't benefit



ES ON THESE STRATEGIES

from the step-up in cost basis that would otherwise have applied.

Deduct Qualified Business Income

The Permanent 199A deduction is a boon to business owners, allowing them to deduct up to 20% of qualified business income. This dramatic reduction in taxable income can free up substantial funds to reinvest or allocate toward your estate planning efforts.

Exclude Capital Gains on Small Business Stock (QSBS)

You no longer have to wait five years to benefit from the capital gains exclusion on the sale of QSBS. For QSBS acquired after the bill's enactment, OBBBA Section 1202 provides a tiered capital gain exclusion based on how long you've held the stock. By leveraging this exemption, you can enhance your estate's value while strategically planning for the future.

Incorporating these strategies into your estate planning may not only help preserve your wealth but also ensure a smoother transition of assets to your heirs. Don't leave your legacy to chance. Take the time to strategize today by consulting with financial and legal professionals who understand the ins and outs of the OBBBA, which can help you to devise an estate strategy tailored to your circumstances.

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and leverage. However, hedge funds typically come with high fees, including a management fee and a performance fee. Transparency can also be an issue; many hedge funds are less regulated than traditional investment vehicles, making it more challenging to discern their underlying strategies and performance.

Collectible and Luxury Assets

Collectibles—such as fine art, rare coins, or luxury watches—can appreciate significantly over time. They often show resilience during economic downturns, providing an appealing diversification opportunity. Plus, they're tangible assets that can bring personal enjoyment. The market for collectibles can be unpredictable, and determining their value can be subjective. There's a risk of misjudging the asset's appreciation potential, coupled with costs related to storage, insurance, and maintenance.

Cryptocurrency

Cryptocurrency has gained popularity due to its potential for high returns and its status as a relatively uncorrelated asset class. It comes with the allure of technological innovation and the ability to access global markets efficiently.

However, the cryptocurrency market is notoriously volatile and speculative. Regulatory uncertainties and security risks, including the potential for hacks or fraud, can make this asset class daunting. Its long-term viability remains a topic of vigorous debate among experts.

While alternative investments can enhance portfolio diversification and potentially increase returns, they also come with their own set of risks and complexities. You should thoroughly analyze your financial goals, risk tolerance, and investment horizon before investing in these alternatives. Whether it's real estate, private equity, hedge funds, collectibles, or cryptocurrency, careful consideration and due diligence are essential in making informed investment decisions. Exploring these investments with your trusted professional may lead you to new wealth-generating opportunities.

**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.*

ALTERNATIVE INVESTMENTS IN 401(K)S

You may now or soon see a new investment choice available for your employer-sponsored retirement savings plan. A Fall 2025 Executive Order allows 401(k) plan participants to access investments such as private equity, real estate, infrastructure, and even digital assets. These options have been largely out of reach until now. The order directed the Department of Labor and the



Securities Exchange Commission to provide plan sponsors with guidance on the new investment choice early this year so they can begin offering it. If and when

alternative investments are available in your 401(k) plan, be sure to consult with your trusted advisor to determine whether they can help you achieve your retirement goals before investing your plan assets.

ROTH CONVERSIONS MAY BE TRICKIER UNDER OBBBA

The One Big Beautiful Bill of 2025 (OBBA) appears to make Roth conversions more attractive because of temporarily lowered federal tax brackets, expanded standard deductions, and additional deductions for seniors. However, planning for Roth conversions under OBBBA isn't simply a matter of transferring funds. You need to weigh the impact of the conversion on other tax considerations.



Phaseouts and Deductions

Large conversions can increase your income to levels where you lose valuable deductions, such as the State SALT deduction and the Qualified Business Income deduction, subjecting you to higher effective tax rates.

Surcharges

Roth conversions can raise your Modified Adjusted Gross Income (MAGI), potentially triggering surcharges for Medicare Income-Related Monthly Adjustment Amount (IRMAA) and the Net Investment Income Tax (NIIT), which may add thousands of dollars in unexpected costs.

Higher Combined Tax Rate

In high-tax states, a substantial Roth conversion can push combined effective tax rates above 45%–50% because state taxes are only partially deductible under the SALT cap.

Spreading It Out

The tax benefits of a Roth conversion depend heavily on when you convert and how much you convert in a given year. By converting smaller amounts over several years, you can minimize the tax impact. Instead of jumping into a higher tax bracket all at once, you'll be able to keep your taxable income relatively stable. You could save money in taxes and manage your overall tax situation more efficiently.

A multi-year conversion strategy gives you flexibility. By stretching your conversions over several years, you can assess your financial situation annually and adjust your strategy accordingly. If your income is exceptionally high one year, you can opt to convert less that year and more the following year when your income might be lower. Not only does this approach help manage your tax liability more effectively, but it also provides greater control over your future finances.

While Roth conversions under OBBBA offer significant opportunities for tax-free growth, the decision is no longer straightforward. The interplay of federal tax brackets, deduction phaseouts, Medicare surcharges, and state taxation creates a complex calculation. Consult your financial advisor to determine how a Roth conversion might impact your tax situation and to explore the best conversion strategy for your specific circumstances.

**Converting a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax-free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must be in place for at least five tax years, and the distribution must occur after age 59½ or due to death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum). Roth IRA distributions may be subject to state taxes.*

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<<Approved Broker/Dealer securities disclosure to be added>>

The attached has been given an 'Approved As Is' status by the Corporate Advertising Compliance Team. Advisors who are interested in using and/or customizing pre-approved materials should ensure an understanding of the **Pre-Approved Communications** section of the **Advisor Compliance Manual** posted on the Resource Center. This section of the compliance manual includes instructions on how to use pre-approved materials and meet the necessary Books and Records requirements.

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 2, 2025

Reference: **FR2025-1113-0211/E**

Org Id: 23568

1. Lets Talk Money HNW March April 2026
Rule: FIN 2210
5 Pages

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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