THE ATLANTIC GROUP
of Oppenheimer & Co. Inc.

The Current Yield

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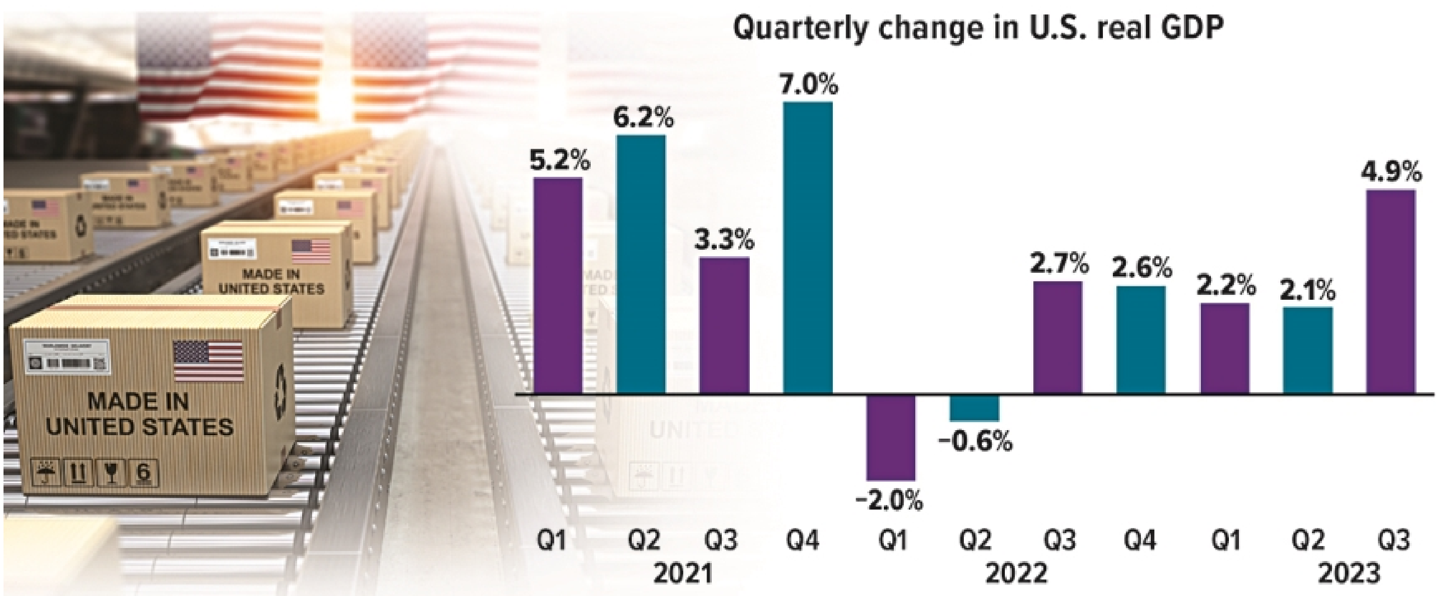
Economy Staying Strong

After a worrisome decline in the first half of 2022 — which sparked fears of a recession — U.S. inflation-adjusted gross domestic product (real GDP) has grown steadily. The third quarter of 2023 showed the strongest growth since the post-pandemic bounceback.

Current-dollar (nominal) GDP measures the total market value of goods and services produced in the United States at current prices. By adjusting for inflation, real GDP provides a more accurate comparison over time, making its rate of change a preferred indicator of the nation's economic health.



Source: U.S. Bureau of Economic Analysis, 2023 (seasonally adjusted at annual rates; Q3 2023 based on advance estimate)

Do You Have These Key Estate Planning Documents?

Estate planning is the process of managing and preserving your assets while you are alive, and conserving and controlling their distribution after your death. There are four key estate planning documents almost everyone should have regardless of age, health, or wealth. They are: a durable power of attorney, advance medical directive(s), a will, and a letter of instruction.

Durable power of attorney

Incapacity can happen to anyone at any time, but your risk generally increases as you grow older. Consider what would happen if, for example, you were unable to make decisions or conduct your own affairs. Failing to plan may mean a court would have to appoint a guardian, and the guardian might make decisions that would be different from what you would have wanted.

A durable power of attorney (DPOA) enables you to authorize a family member or other trusted individual to make financial decisions or transact business on your behalf, even if you become incapacitated. The designated individual can do things like pay everyday expenses, collect benefits, watch over your investments, and file taxes.

There are two types of DPOAs: (1) an *immediate* DPOA, which is effective at once (this may be appropriate, for example, if you face a serious operation or illness), and (2) a *springing* DPOA, which is not effective unless you become incapacitated.

Advance medical directive(s)

An advance medical directive lets others know what forms of medical treatment you prefer and enables you to designate someone to make medical decisions for you in the event you can't express your own wishes. If you don't have an advance medical directive, health-care providers could use unwanted treatments and procedures to prolong your life at any cost.

There are three types of advance medical directives. Each state allows only a certain type (or types). You may find that one, two, or all three types are necessary to carry out all of your wishes for medical treatment.

- A living will is a document that specifies the types of medical treatment you would want, or not want, in a particular situation. In most states, a living will takes effect only under certain circumstances, such as a terminal illness or injury. Generally, one can be used solely to decline medical treatment that "serves only to postpone the moment of death."
- A health-care proxy lets one or more family members or other trusted individuals make medical decisions for you. You decide how much power your representative will or won't have.
- A do-not-resuscitate (DNR) order is a legal form, signed by both you and your doctor, that gives health-care professionals permission to carry out your wishes.

Will

A will is quite often the cornerstone of an estate plan. It is a formal, legal document that directs how your property is to be distributed when you die. Your will should generally be written, signed by you, and witnessed. If you don't leave a will, disbursements will be made according to state law, which might not be what you would want.

There are a couple of other important purposes for a will. It allows you to name an executor to carry out your wishes, as specified in the will, and a guardian for your minor children.

Most wills have to be filed with the probate court. The executor collects assets, pays debts and taxes owed, and distributes any remaining property to the rightful heirs. The rules vary from state to state, but in some states smaller estates are exempt from probate or qualify for an expedited process.

Letter of instruction

A letter of instruction is an informal, nonlegal document that generally accompanies a will and is used to express your personal thoughts and directions regarding what is in the will (or about other things, such as your burial wishes or where to locate other documents). This can be the most helpful document you leave for your family members and your executor.

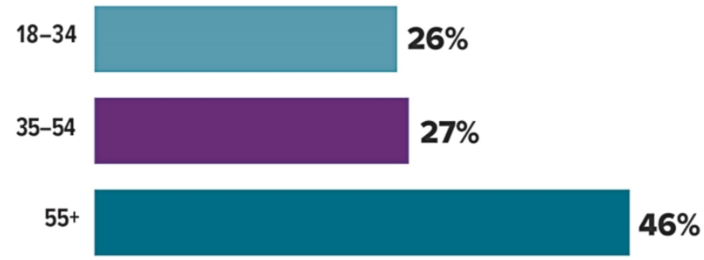
Unlike your will, a letter of instruction remains private. Therefore, it is an opportunity to say the things you would rather not make public.

A letter of instruction is not a substitute for a will. Any directions you include in the letter are only suggestions and are not binding. The people to whom you address the letter may follow or disregard any instructions.

Take steps now

Life is unpredictable. So take steps now, while you can, to have the proper documents in place to ensure that your wishes are carried out.

Percentage of Americans with a will, by age group



Source: Caring.com, 2023

A New Year, A New Opportunity to Save with a 529 Plan

The start of a new year is typically a time when people resolve to implement or recommit themselves to a personal financial goal. This year, why not consider opening a 529 plan account, or increasing your contributions to an existing account, to enhance your child's or grandchild's financial future? 529 plans are the most flexible they've ever been since their creation more than 25 years ago.

A college fund ... and more

Education, in any form, can be a key life building block. A 529 plan is specifically designed for education savings. The main benefit of a 529 plan is tax related: earnings in a 529 account accumulate tax-deferred and are tax-free when withdrawn (which could be many years down the road) if the funds are used to pay qualified education expenses. Some states may also offer a tax deduction for contributions. For withdrawals not used for qualified education expenses, the earnings portion is subject to income tax and a 10% penalty.

In recent years, Congress has expanded the list of expenses that count as "qualified" for 529 plans. Here are some common expenses that qualify:

- **Tuition and fees** – up to the full cost of college/graduate school, vocational/trade school, and apprenticeship programs (schools must be accredited by Department of Education and courses can be online); up to $10,000 per year for K–12
- **Housing and food (room and board)** – for college/graduate school only, provided the student is enrolled at least half time
- **Computers, required software, internet access, books, supplies** – for college/graduate school only
- **Paying student loans** – up to $10,000 lifetime limit

In addition, starting in 2024, families who have extra funds in their 529 account can roll over up to $35,000 to a Roth IRA in the beneficiary's name, subject to annual Roth IRA contribution limits.

Automatic contributions ... and more

Sure, you could build an education fund outside of a 529 plan, but the tax advantages of 529 plans are hard to beat. Plus, 529 plans offer other benefits:

- The ability to set up automatic, recurring contributions from your checking or savings account, which automates your effort and allows you to save during all types of market conditions
- The flexibility to increase, decrease, or temporarily stop your recurring contributions, or to make an unscheduled lump-sum contribution, that reflects the ebbs and flows of your financial situation
- The option to choose a mix of investments based on the age of the beneficiary, where account allocations become more conservative as the time for college gets closer
- A separate account from your regular checking, savings, or brokerage account, which may reduce the temptation to dip into it for a non-education purpose

Building an Education Fund

Monthly savings	5 years	10 years	15 years
$150	$10,201	$23,292	$40,093
$250	$17,002	$38,821	$66,822
$350	$23,802	$54,349	$93,551
$450	$30,603	$69,877	$120,280

Table assumes an annual 5% return. This is a hypothetical example of mathematical principles and is not intended to reflect the actual performance of any investment. Rates of return will vary over time, particularly for long-term investments. Investments with the potential for higher rates of return also carry a greater degree of risk of loss. Fees and expenses are not considered and would reduce the performance shown if they were included.

How to open a 529 account

To open a 529 savings account, select a 529 plan and fill out an application online. You will need to provide personal information, name a beneficiary, choose your investment option(s), and set up automatic contributions or make an initial one-time contribution.

There are generally fees and expenses associated with participation in a 529 plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated. The tax implications of a 529 plan should be discussed with your legal and/or tax professionals because they can vary significantly from state to state. Most states offering their own 529 plans may provide advantages and benefits exclusively for their residents and taxpayers, which may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 plan, consider the investment objectives, risks, charges, and expenses, which are available in the issuer's official statement and should be read carefully. The official disclosure statements and applicable prospectuses, which contain this and other information about the investment options, underlying investments, and investment company, can be obtained by contacting your financial professional.

Small Businesses Could Face Borrowing Challenges

According to an October 2023 survey, higher interest rates impacted more than half of small businesses, and over 20% reported that higher rates and tighter lending standards influenced their hiring decisions.[1]

Small businesses paid an average rate of 9.1% for short-term loans in October 2023, the highest rate since 2006, and nearly twice as much as they were paying just two years ago (4.6% in August 2021).[2]

Despite these hurdles, many people who need working capital or want to start, invest in, or expand a business may need to borrow money. Here's a rundown of some common financing options.

Bank loans. National and regional banks cater to the most creditworthy businesses, as they generally require significant collateral and documentation of stable profits. New or fast-growing small businesses (even healthy ones with good prospects) are often rejected. Small banks, however, tend to have higher approval rates than large banks.[3]

SBA programs. In fiscal year 2022, the U.S. Small Business Administration (SBA) provided more than $43 billion in financing, in many cases to guarantee loans issued by participating banks.[4] The program often makes it easier to qualify for financing and may offer more competitive terms and longer repayment periods. However, traditional SBA loans also require "worthwhile" collateral, and it can take several months for qualified borrowers to complete the application process (through a local bank or online).

Other lenders. Online lenders that use digital technology to approve smaller, short-term loans can sometimes make it easier to access cash quickly, but they often charge higher interest rates and fees. Some loans may need to be backed by business assets such as securities, equipment, inventory, and accounts receivable.

HELOCs. Homeowners may have an extra source of funds to tap into for business needs. A home equity line of credit, or HELOC, is a secured loan that may offer more flexible repayment periods and competitive interest rates than many other types of business financing. But there is one major disadvantage to consider: if the business struggles and the owner can't make loan payments, the lender could take the home.

Credit cards. Business accounts tend to charge higher interest rates — which could now be north of 20% — and offer fewer protections than personal credit cards. Using a business credit card responsibly, however, is one way that a new business can establish the positive credit history necessary to obtain bank loans at better rates in the future.

1) *The Wall Street Journal,* November 14, 2023

2) National Federation of Independent Business, October 2023

3) 2022 Small Business Credit Survey, Federal Reserve, 2023

4) U.S. Small Business Administration, 2022