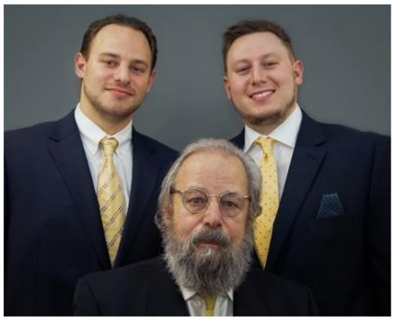

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66 million

International visitors to the United States in 2023. This still lagged the pre-pandemic level of 79 million in 2019, but it was more than three times higher than the pandemic low of 19 million in 2020. Canada and Mexico were the biggest sources of foreign visitors, followed by the United Kingdom, Germany, India, Brazil, and South Korea.

Source: National Travel and Tourism Office, 2024

Bon Voyage!

With the COVID pandemic receding in most areas of the world, Americans are traveling again. U.S. citizens took more than 98 million international trips in 2023, just short of the pre-pandemic level of 99 million in 2019 and almost three times higher than the 33 million low in 2020. Here are the regions they visited.

Source: National Travel and Tourism Office, 2024

Watch for These Hazards on the Road to Retirement

On the road to retirement, be on the lookout for hazards that can hamper your progress. Here are five potential risks that can slow you down.

Traveling aimlessly

Embarking on an adventure without a destination can be exciting, but not when it comes to retirement. Before starting any investing journey, the first step is setting a realistic goal. You'll need to consider a number of factors — your desired lifestyle, salary/income, health, future Social Security benefits, any traditional pension benefits you or your spouse may be entitled to, and others. Examining your personal situation both now and in the future will help you home in on a target.

While some people prefer to establish a lump-sum goal amount — for example, $1 million or more — others find a large number daunting. Another option is to focus on how much you might need on a monthly basis during retirement. Regardless of the approach taken, be sure to factor in inflation, which can place unexpected curves in your path.

Investing too aggressively...

You may also encounter potholes when trying to target an appropriate rate of return. Retirement investors aiming for the highest possible returns might want to overweight their portfolio in the most aggressive — and risky — investments available. Although it's generally wise to invest at least some of a retirement portfolio in higher-risk investments to help outpace inflation, the proportion and individual investment selections should be determined strategically. Investments seeking to achieve higher returns involve a higher degree of risk. Appropriate decisions will reflect your goal, your investment time horizon, and your general ability to withstand volatility.

Proceed with Caution

...Or too conservatively

On the other hand, if you're afraid of losing any money at all, you might favor the most conservative investments, which strive to protect principal. Yet investing too conservatively can also be risky. If your portfolio does not earn enough, you may fall short of your goal and end up with a far different retirement lifestyle than you originally imagined.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Giving in to temptation

Most people experience an unplanned detour on the road to retirement — the need for a new car, an unexpected home repair, an unforeseen medical expense, or the opportunity to take a long, exotic vacation.

During these times, your retirement portfolio may loom as a potential source of funding. But think twice before tapping these assets, particularly if the money is in a tax-deferred account such as an employer-sponsored plan or IRA. Consider that:

- Any dollars you remove from your portfolio will no longer be working for your future.
- In most cases, you will generally have to pay regular income taxes on amounts that represent tax-deferred investment dollars and earnings.
- If you're under age 59½, you may have to pay an additional penalty of 10% to 25%, depending on the type of retirement plan and other factors (some emergency exceptions apply — check with your plan or IRA administrator).

It's best to carefully consider all other options before using money earmarked for retirement.

Prioritizing college over retirement

Many well-meaning parents may feel that saving for their children's college education should be a higher priority than saving for their own retirement. "We can continue working as long as needed," or "our home will fund our retirement," are common beliefs. However, these can be very risky trains of thought. While no parent wants his or her children to take on a heavy debt burden to pay for education, loans are a common and realistic college-funding option — not so for retirement. If saving for both college and retirement seems impossible, a financial professional can help you explore a variety of tools and options to assist you in balancing both goals (however, there is no assurance that working with a financial professional will improve investment results).

Insurance Gaps May Pose Risks for High-Net-Worth Households

Serious accidents don't happen very often, but when they do, the impact can be devastating. And unfortunately, you could be held legally responsible if a member of your household causes a car wreck or if someone is injured on your property, even if you go to great lengths to help make your home and the surrounding area safe for visitors.

If you have teenagers who drive, employ household workers, own a pool or trampoline, entertain often, coach youth sports, or are a public figure, the odds are even higher that you could become the target of a lawsuit. Of course, the wealthier you are, the more you stand to lose if a liability claim is filed against you. It's important to reassess your liability coverage periodically and make sure it's sufficient based on your family's financial situation, lifestyle, and the related risks.

Is your umbrella big enough?

Standard homeowners and auto insurance policies generally cover personal liability, but you may not have enough coverage to protect your income and assets in the event of a high-dollar judgment. That's where an umbrella policy comes into the picture, providing an extra layer of financial protection against lawsuits claiming that you or a member of your household is liable for bodily injury or damage to the property of others (up to policy limits).

To purchase an umbrella policy, you must first have a certain amount of liability coverage in place on your homeowners/renters and auto insurance (typically $300,000 and $250,000, respectively), which serve as a deductible for the umbrella policy. An umbrella policy will commonly provide liability coverage worth $1 million to $10 million.

One general guideline is to have liability coverage in place that matches your net worth. This includes assets such as savings and investment accounts, cars, valuable art and collectibles, plus the equity in your home and/or any other real estate that you own. You may want to add the value of your projected stream of future income. (Qualified retirement plan assets may have some protection from civil liability under federal and/or state law, depending on the plan and jurisdiction.)

What's covered and what isn't?

An umbrella policy may help pay legal expenses and compensation for time off from work to defend yourself in court. It might also cover some nonbusiness-related personal injury claims that are typically excluded from standard homeowners policies, such as libel, slander, invasion of privacy, and defamation of character.

A personal umbrella policy won't cover your own injuries or damage to your property; nor will it cover liability associated with your business — for that, you may need a commercial umbrella policy. You generally won't be covered if you hurt someone on purpose, commit a crime, or breach a contract. Read your policy carefully for other possible exclusions, such as injury claims involving some breeds of dogs.

One general guideline is to have liability coverage in place that matches your net worth.

Do these situations apply to you?

Household help. If you have a nanny, housekeeper, or other employees who work at your home, workers compensation insurance is typically required by law. A type of coverage known as employment practice liability insurance, which covers claims such as harassment, wrongful termination, and discrimination, may also be available.

Special events. If you host parties where alcohol is served, always take steps to moderate guests' drinking and don't let anyone drive home intoxicated. Consider purchasing a special event policy designed to help limit your exposure if you host a costly event, such as a wedding, at your home or another venue.

Proper names. If you establish a trust or limited liability company (LLC) for the ownership of certain assets, make sure the named owner is accurately reflected in insurance policies meant to protect those assets. To ensure coverage for an automobile, for example, the name on the policy should match the registration. Property purchased through an LLC should generally be insured by the LLC, with the individual as an additional named insured.

After the Loss of a Loved One, Watch Out for Scams

Scam artists often prey on those who are most vulnerable. Unfortunately, this includes individuals who have recently lost a loved one and are easily taken advantage of during their time of grief. Scammers will look for details from obituaries, funeral homes, hospitals, stolen death certificates, and social media websites to obtain personal information about a deceased individual and use it to commit fraud.

A common scam after the loss of a loved one, often referred to as "ghosting," is when an identity thief uses personal information obtained from an obituary to assume the identity of a deceased individual. That information is then used to access or open financial accounts, take out loans, and file fraudulent tax returns to collect refunds. Typically, a ghosting scam will occur shortly after someone's death — before it has even been reported to banks, credit reporting agencies, or government organizations such as the Social Security Administration (SSA) or Internal Revenue Service (IRS).

Another scam involves scam artists using information from an obituary to pass themselves off as a friend or associate of the deceased — sometimes referred to as a "bereavement" or "imposter" scam. These individuals will falsely claim a personal or financial relationship with the deceased in order to scam money from grieving loved ones. Scam artists will also pose as government officials or debt collectors falsely seeking payment for a deceased individual's unpaid bill.

Individuals lost $10 billion to scams in 2023.

Source: Federal Trade Commission, 2024

If you recently experienced the loss of a loved one, consider the following tips to help reduce the risk of scams:

- Report the death to the SSA and IRS as soon as possible.
- Notify banks and other financial institutions that the account holder is deceased.
- Contact your state's department of motor vehicles and ask them to cancel the deceased's driver's license.
- Ask the major credit reporting bureaus (Equifax, Experian, and TransUnion) to put a "deceased alert" on the deceased person's credit reports and monitor them for unusual activity.
- Avoid putting too much personal information in an obituary, such as a birth date, place of birth, address, or mother's maiden name.
- Be wary of individuals who try to coerce or pressure you over alleged debts owed by the deceased.