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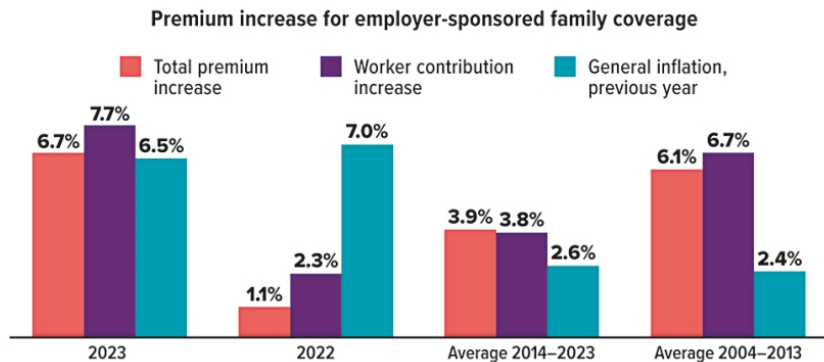
Average percentage of employer-sponsored health insurance premiums contributed by workers for single coverage. For family coverage, the average worker contribution percentage is 29%. These contribution levels have remained fairly steady over the last 20 years, while premiums have increased dramatically.

Source: Kaiser Family Foundation, 2023

## Health Insurance Premiums Jumped in 2023

In 2023, the average total annual premium for employer-sponsored health insurance coverage was \$8,435 for single coverage and \$23,968 for family coverage, with average worker contributions of \$1,401 and \$6,575, respectively. Total premiums for both types of coverage increased a little more than 6.5% over 2022, the highest annual increase since 2011. The increase in worker contributions was 5.6% for single coverage and 7.7% for family coverage, the highest since 2017 and 2019, respectively.

On average, the pace of premium increases has slowed over the last 10 years. The big jumps in 2023 may reflect the cumulative effect of high general inflation in 2021 and 2022, because premiums are typically set before the beginning of the year.



Sources: Kaiser Family Foundation, 2023; U.S. Bureau of Labor Statistics, 2024

# Investor, Know Thyself: How Your Biases Can Affect Investment Decisions

Traditional economic models are based on the premise that people make rational decisions to maximize economic and financial benefits. In reality, most humans don't make decisions like robots. While logic does guide us, feelings and emotions — such as fear, excitement, and a desire to be part of the "in" crowd — are also at work.

In recent decades, another school of thought has emerged. This field — known as behavioral economics or behavioral finance — has identified unconscious cognitive biases that can influence even the most stoic investor. Understanding these biases may help you avoid questionable financial decisions.

## Sound familiar?

What follows is a brief summary of how some common biases can influence financial decision-making. Can you relate to any of these scenarios?

**Anchoring** refers to the tendency to become attached to something, even when it may not make sense. Examples include a home that becomes too much to care for or a piece of information that is believed to be true despite contradictory evidence. In investing, it can refer to the tendency to hold an investment too long or rely too much on a certain piece of data or information.

**Loss aversion bias** describes the tendency to fear losses more than to celebrate gains. For example, you may experience joy at the chance of becoming \$5,000 richer, but the fear of losing \$5,000 might provoke a far greater anxiety, causing you to take on less investment risk than might be necessary to pursue your goals.

The **endowment effect** is similar to anchoring in that it encourages you to "endow" what you currently own with a greater value than other possibilities. You may presume the investments in your portfolio are of higher quality than other available alternatives, simply because you own them.

**Overconfidence** is having so much confidence in your own ability to select investments that you might discount warning signals or the perspective of more experienced professionals.

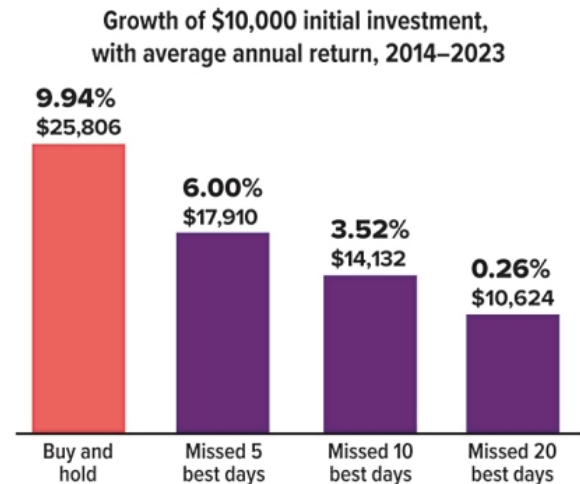
**Confirmation bias** is the tendency to assign more authority to opinions that agree with your own. For example, you might give more credence to an analyst report that favors a stock you recently purchased, in spite of several other reports indicating a neutral or negative outlook.

The **bandwagon effect**, also known as **herd behavior**, happens when decisions are made simply because "everyone else is doing it." This can result in buying high and selling low — what most knowledgeable investors strive to avoid.

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## Risk of Missing Out

Emotion-based decisions can have a significant impact on your portfolio over time. Consider how much a long-term investor might have lost by shifting in and out of the market due to fear, overconfidence, or following the herd, and subsequently missing the best-performing days over the 10-year period ended 2023.



Source: Yahoo Finance, 2024, S&P 500 Index for the period 12/31/2013 to 12/31/2023. The S&P 500 Index is an unmanaged group of securities considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in any index. Past performance is no guarantee of future results. Actual results will vary.

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**Recency bias** refers to the fact that recent events can have a stronger influence on your decisions than those in the past. For example, if you were severely affected by market gyrations in the early days of the pandemic, you may have wanted to sell your stock holdings due to fear. Conversely, if you were encouraged by the stock market's strong performance in 2023, you may have wanted to pour all your money into equities. Yet either of these actions might not have been appropriate for your investment goals and personal circumstances.

## An objective view can help

When it comes to our finances, instincts may work against us. Before taking any actions with your portfolio, it might be wise to seek the counsel of a qualified financial professional who can help you identify any unconscious biases at work.

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. There is no assurance that working with a financial professional will improve investment results.*

# Social Security 101

Social Security is complex, and the details are often misunderstood even by those who are already receiving benefits. It's important to understand some of the basic rules and options and how they might affect your financial future.

## Full retirement age (FRA)

Once you reach full retirement age, you can claim your full Social Security retirement benefit, also called your primary insurance amount or PIA. FRA ranges from 66 to 67, depending on your birth year (see chart).

## Claiming early

The earliest you can claim your Social Security retirement benefit is age 62. However, your benefit will be permanently reduced if claimed before your FRA. At age 62, the reduction would be 25% to 30%, depending on your birth year. Your benefit may be further reduced temporarily if you work while receiving benefits before FRA and your income exceeds certain levels. However, when you reach FRA, an adjustment is made, and over time you will regain any benefits lost due to excess earnings.

## Claiming later

If you do not claim your benefit at FRA, you will earn delayed retirement credits for each month you wait to claim, up to age 70. This will increase your benefit by two-thirds of 1% for each month, or 8% for each year you delay. There is no increase after age 70.

## Spousal benefits

If you're married, you may be eligible to receive a spousal benefit based on your spouse's work record, whether you worked or not. The maximum spousal benefit, if claimed at your full retirement age, is 50% of your spouse's PIA (regardless of whether he or she claimed early) and doesn't include delayed retirement credits. If you claim a spousal benefit before reaching your FRA, your benefit will be permanently reduced.

## Dependent benefits

Your dependent child may be eligible for benefits after you begin receiving Social Security if he or she is unmarried and meets one of the following criteria: (a) under age 18, (b) age 18 to 19 and a full-time student in grade 12 or lower, (c) age 18 or older with a disability that started before age 22. The maximum family benefit is equal to about 150% to 180% of your PIA, depending on your situation.

## Survivor benefits

If your spouse dies, and you have reached your FRA, you can claim a full survivor benefit — 100% of your deceased spouse's PIA and any delayed retirement credits. Note that FRA is slightly different for survivor benefits: 66 for those born from 1945 to 1956, gradually rising to 67 for those born in 1962 or later.

## Claiming Early or Later

Year of birth	Full retirement age (100% of PIA)	Worker benefit at age 62: percentage of PIA	Worker benefit at age 70: percentage of PIA
1943–54	66	75.00%	132.00%
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 & later	67	70.00%	124.00%

You can claim a reduced survivor benefit as early as age 60 (age 50 if you are disabled, or at any age if you are caring for the deceased's child who is under age 16 or disabled, and receiving benefits). If you are eligible for a survivor benefit and a retirement benefit based on your own work record, you could claim a survivor benefit first and switch to your own retirement benefit at your FRA or later, if it would be higher.

Dependent children are eligible for survivor benefits, using the same criteria as dependent benefits. Dependent parents age 62 and older may be eligible for survivor benefits if they received at least half of their support from the deceased worker at the time of death.

## Divorced spouses

If you were married for at least 10 years and are unmarried, you can receive a spousal or survivor benefit based on your ex's work record. If your ex is eligible for but has not applied for Social Security benefits, you can still receive a spousal benefit if you have been divorced for at least two years.

These are just some of the fundamental facts to know about Social Security. For more information, including an estimate of your future benefits, see [ssa.gov](https://www.ssa.gov).

# Do You Need to Adjust Your Tax Withholding?

Once you've filed last year's tax return and can see where your finances are headed this year, it may be a good time to adjust your income tax withholding to help make sure you're having the right amount withheld from your paycheck.

Tax withholding is a balancing act. If you have too much tax withheld, you will receive a refund when you file your income tax return. If you prefer to receive more in your paycheck instead, you will need to reduce your withholding. However, if you have too little tax withheld, you will owe tax when you file your tax return and might owe a penalty.

Two tools — IRS Form W-4 and the Tax Withholding Estimator on [irs.gov](https://www.irs.gov) — can be used to help figure out the right amount of federal income tax to have withheld from your paycheck. Using these can be beneficial when tax laws change, your filing status changes, you start a new job, or you have other major life changes. You might make a special effort to review your withholding if any of the following situations apply:

- Filing as a two-income family
- Holding more than one job at the same time
- Working for only part of the year
- Claiming credits, such as the child tax credit
- Itemizing deductions
- Having a high income and a complex return

## How to adjust your withholding

Your employer will withhold tax from your paycheck based on the information you provide on Form W-4 and the IRS withholding tables. In some cases, you will need to give your employer a new Form W-4 within 10 days of a change in personal circumstances (for example, if the number of allowances you are allowed to claim is reduced or your filing status changes from married to single). In other cases, you can submit a new Form W-4 whenever you wish. See IRS Publication 505 for more information.

If you have a large amount of nonwage income, such as interest, dividends, or capital gains, you might want to increase the tax withheld or claim fewer allowances. In this situation, also consider making estimated tax payments using IRS Form 1040-ES.

You can claim exemption from federal tax withholding on Form W-4 if both of these situations apply: (1) in the prior tax year, you were entitled to a refund of all federal income tax withheld because you had no tax liability, and (2) for the current year, you expect a refund of all federal income tax withheld because you anticipate having no tax liability.

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