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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).

Mixing It Up: Asset Allocation and Diversification

Asset allocation and diversification are so fundamental to portfolio structure that it's easy to lose sight of these strategic tools as you track the performance of specific securities or the dollar value of your investments. It might be worth considering how these strategies relate to each other and to the risk and potential performance of your portfolio.

Keep in mind that asset allocation and diversification are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

Establishing balance

Asset allocation refers to the mix of asset types in a portfolio — generally stocks, bonds, and cash alternatives. These asset classes have different growth and risk profiles and tend to perform differently under various market conditions. Stocks typically have higher long-term growth potential but are associated with greater volatility, while bonds tend to have moderate growth potential with less volatility. Cash alternatives usually have low growth potential but are the most stable of the three asset classes; however, if cash investments do not keep pace with inflation, they could lose purchasing power over time.

There is no right or wrong asset allocation. The appropriate allocation for you depends on your age, risk tolerance, time horizon, and specific goals. Younger investors might be comfortable with a more aggressive allocation heavily weighted toward stocks, because they have a longer time to recover from potential losses and may be willing to accept significant short- to medium-term drops in portfolio value in exchange for long-term growth potential. Older investors who are more concerned with preserving principal and those with near-term investment objectives, such as college funding, might prefer a more conservative allocation with greater emphasis on bonds and cash alternatives.

Adding variety

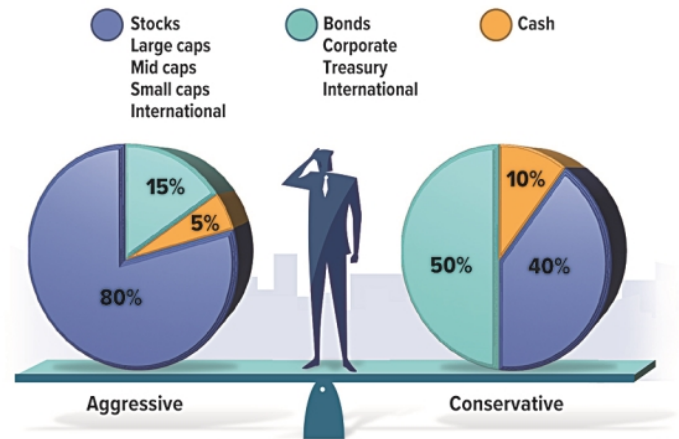
Diversification refers to holding a wide variety of securities within an asset class to help spread the risk within that class. For example, the stock portion of a portfolio could be diversified based on company size or capitalization (large cap, mid cap, and small cap). You could add international stocks, which tend to perform differently than domestic stocks. A well-diversified portfolio should include stocks across a broad range of industries and market sectors.

A portfolio's bond allocation might be diversified with bonds of different types and maturities. Corporate bonds typically pay higher interest rates than government bonds with similar maturities, but they are associated with a higher degree of risk. U.S. Treasury bonds are guaranteed by the federal government as to

the timely payment of principal and interest. Foreign bonds could also increase diversification. Longer-term bonds tend to be more sensitive to interest rates; they typically offer higher yields than bonds with shorter maturities, but this has not been true since the unusual interest-rate increases that began in 2022.

Sample Portfolios

This chart shows how aggressive and conservative portfolios could be diversified by dividing asset classes among different types of securities. The percentage of each type of security might vary widely depending on the investor's situation and preferences, and many investors may not hold all types of securities.



These hypothetical portfolios are shown for illustrative purposes only. They are examples, not recommendations.

Staying on target

Once you have established an appropriate asset allocation and diversification strategy, it's important to periodically examine your portfolio to see how it compares to your targeted structure. Depending on the level of change, you may want to rebalance the portfolio to bring it back in line with your strategic objectives. Rebalancing involves selling some investments in order to buy others. Keep in mind that selling investments in a taxable account could result in a tax liability.

The principal value of stocks and bonds fluctuate with changes in market conditions. Shares of stock, when sold, and individual bonds redeemed prior to maturity may be worth more or less than their original cost. Concentrating in a particular industry or sector could expose your portfolio to significant levels of volatility and risk. Investing internationally involves additional risks, such as differences in financial reporting, currency exchange risk, and economic and political risk unique to the specific country or region. This may result in greater share price volatility. The principal value of cash alternatives may be subject to market fluctuations, liquidity issues, and credit risk; it is possible to lose money with this type of investment.

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.

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