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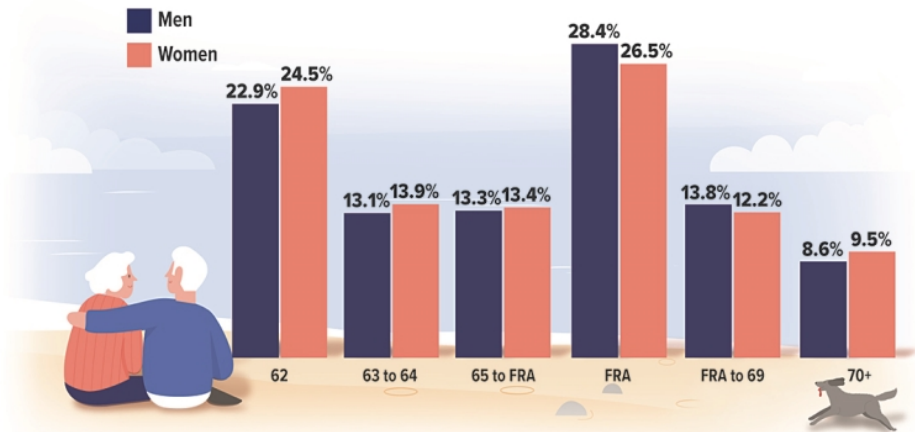
72,126

Number of centenarians receiving Social Security benefits in 2022. There were also 2,152,088 beneficiaries age 90 to 99.

Source: Social Security Administration, 2023

When Do People Start Collecting Social Security?

There's no "right" age to begin receiving Social Security retirement benefits. It's a personal decision based on multiple factors, including how long someone wants to work and how much retirement income is needed. Workers are entitled to full benefits at their full retirement age (FRA) — 66 to 67, depending on year of birth. Claiming before FRA (as early as age 62) will result in a permanently reduced benefit, while claiming later will result in a permanently increased benefit due to delayed retirement credits, which can be earned up to age 70.



Source: Social Security Administration, 2023 (based on 2022 data)

Due Date Approaches for 2023 Federal Income Tax Returns

Tax filing season is here again. If you haven't done so already, you'll want to start pulling things together — that includes getting your hands on a copy of your 2022 tax return and gathering W-2s, 1099s, and deduction records. You'll need these records whether you're preparing your own return or paying someone else to prepare your tax return for you.

Don't procrastinate. The filing deadline for individuals is generally Monday, April 15, 2024.

Filing for an extension

If you don't think you're going to be able to file your federal income tax return by the due date, you can file for and obtain an extension using IRS Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. Filing this extension gives you an additional six months (to October 15, 2024) to file your federal income tax return. You can also file for an extension electronically — instructions on how to do so can be found in the Form 4868 instructions.

Due Dates for 2023 Tax Returns

Tax to do:

April 15, 2024

- Most taxpayers must file tax return and pay tax or file for 6-month extension and pay estimated tax

June 17, 2024*

- Taxpayers living (or serving in the military) outside the U.S. on April 15, 2024, must file tax return and pay tax or file for 6-month extension and pay estimated tax

*Interest is due on taxes paid after the April filing date

October 15, 2024

- Taxpayers who filed for an extension must file tax return and pay any additional tax

Filing for an automatic extension does not provide any additional time to pay your tax. When you file for an extension, you have to estimate the amount of tax you will owe and pay this amount by the April filing due date. If you don't pay the amount you've estimated, you may owe interest and penalties. In fact, if the IRS believes that your estimate was not reasonable, it may void your extension.

Note: Special rules apply if you're living outside the country or serving in the military and on duty outside the United States. In these circumstances, you are generally allowed an automatic two-month extension (to June 17, 2024) without filing Form 4868, though interest will be owed on any taxes due that are paid after the April filing due date. If you served in a combat zone or qualified hazardous duty area, you may be eligible for a longer extension of time to file.

What if you owe?

One of the biggest mistakes you can make is not filing your return because you owe money. If your return shows a balance due, file and pay the amount due in full by the due date if possible.

If there's no way that you can pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you'll limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the remaining balance (options can include paying the unpaid balance in installments).

Expecting a refund?

The IRS has stepped up efforts to combat identity theft and tax refund fraud. More aggressive filters that are intended to curtail fraudulent refunds may inadvertently delay some legitimate refund requests. In fact, the IRS is required to hold refunds on all tax returns claiming the earned income tax credit or the additional child tax credit until at least February 15.

Most filers, though, can expect a refund check to be issued within 21 days of the IRS receiving a tax return. However, note that in recent years the IRS has experienced delays in processing paper tax returns.

So if you are expecting a refund on your 2023 tax return, consider filing as soon as possible and filing electronically.

Individual Bonds vs. Bond Funds: What's the Difference?

Individual bonds and bond funds can both provide an income stream, but there are important differences. An individual bond can offer more certainty and stability than a fund, while a fund can offer diversification that might be difficult to obtain with individual bonds.

Coupon, maturity, and yield

An individual bond has a coupon rate — the annual interest rate paid on the face value of the bond — and a maturity date, which is the date the principal is returned to the borrower. If you hold a bond to maturity, you will receive any interest payments due during the time you own it (typically paid quarterly or semi-annually) and the full principal at maturity, unless the bond issuer defaults. If you sell the bond on the secondary market before maturity, you will receive the market price, which may be higher or lower than the face value or the amount you paid, depending on market conditions.

By contrast, a bond fund does not have a coupon rate or a maturity date (with the exception of certain defined-maturity funds). A fund typically pays monthly distributions based on the bonds in the fund. The rate can change as bonds are replaced (due to maturity or sales), and as market conditions change. A fund also has fees and expenses, which reduce the interest paid, and fund managers can adjust to market conditions in various ways, depending on the fund's objective. Because there is no maturity date, you can hold the fund as long as the fund company remains in business. However, there is never a guarantee that you will receive your principal no matter how long you hold the shares. Fund shares, when sold, may be worth more or less than your original investment.

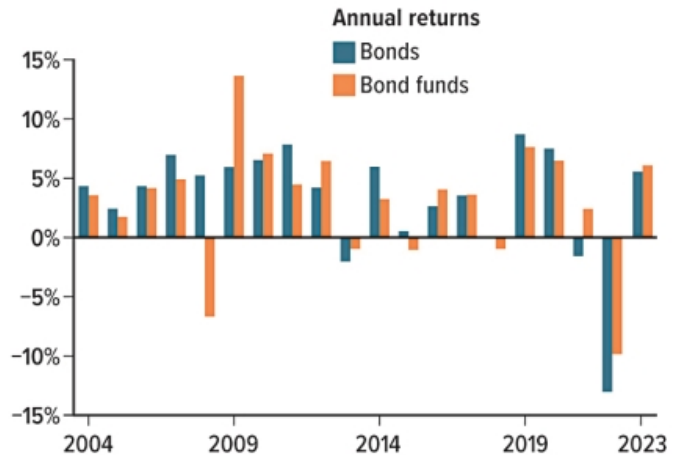
Yield is the expected return from a bond or bond fund, based on the interest rate and purchase price. If you buy a \$1,000 bond at face value with a coupon rate of 4%, the yield is 4%. But if you buy the same bond on the secondary market for \$800, the yield is 5%, because you receive interest based on the face value: $4\% \times \$1,000 \text{ face value} = \$40 \text{ interest} / \$800 \text{ purchase price} = 5\% \text{ yield}$. Bond fund yields are more complex, but the 30-day SEC yield (or standardized yield) offers a helpful comparison. This is typically calculated using the maximum share price on the last day of the month and projects annual net investment income assuming it remains the same as the previous 30 days.

Interest rate sensitivity

Bonds and bond funds are sensitive to changes in interest rates. Generally, when rates rise, the market value of existing bonds and bond funds falls, because newly issued bonds pay higher interest rates. Conversely, when rates fall, the market value of existing bonds and bond funds rises. This only applies to market values and would not affect an individual bond held to maturity.

Varied Performance

Individual bonds and bond funds have performed differently over the past 20 years. In part, this is because fund managers may respond to the market in different ways; for example, they might try to preserve yield over share price or vice versa. Note that the performance of individual bonds only applies to values on the secondary market, not to bonds held to maturity.



Source: London Stock Exchange Group, 2024, for the period 12/31/2003 to 12/31/2023. Bonds are represented by the Bloomberg U.S. Aggregate Bond TR Index, and bond funds are represented by the Thomson US: All Gen Bond - MF Index. Expenses, fees, charges, and taxes are not considered. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Investments seeking higher rates of return involve a higher degree of risk. Past performance is no guarantee of future results. Actual results will vary.

If you owned bond funds during the period that the Federal Reserve was aggressively raising interest rates, you may have been frustrated as you watched the value of your shares drop. Now that interest rates seem to have stabilized, share values are likely to stabilize as well, and they may increase if rates begin to decrease. Bond funds typically replace underlying bonds as they mature, and new bonds added to funds over the last two years will generally pay higher interest rates, increasing the interest paid by the fund. Although it is impossible to predict future market direction, bond funds may be poised to offer solid returns if rates remain stable or begin to fall.

Diversification does not guarantee a profit or protect against investment loss. Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

New SAVE Repayment Plan Offers Key Benefits

In July 2023, the Department of Education launched a new income-driven repayment (IDR) plan for federal student loans called the Saving on a Valuable Education (SAVE) Plan. The SAVE Plan is the most generous IDR plan to date, and like all IDR plans, it calculates a borrower's monthly payment amount based on income and family size.

The SAVE Plan replaces the existing Revised Pay As You Earn (REPAYE) Plan, and all borrowers who are currently enrolled in REPAYE will be automatically transferred to SAVE.

How SAVE helps borrowers

The SAVE Plan has many benefits, including lower monthly payments, a full interest subsidy for the entire time a borrower is enrolled in the plan, and shortened repayment terms compared to previous IDR plans. SAVE is being implemented in phases, with some benefits taking effect in 2023 and others that are scheduled to take effect in July 2024.

Key benefits that took effect in 2023:

- The amount of income protected from loan payments increased from 150% to 225% of the federal poverty level. Borrowers whose incomes are at or below the 225% threshold will have a \$0 monthly payment (this equates to about \$32,800 a year for a single borrower or \$67,500 for a family of four).
- Unpaid interest will not accrue, so loan balances won't grow as long as borrowers make their monthly

payments as calculated under SAVE (even when a borrower's monthly payment is set to \$0).

Key benefits scheduled to take effect in July 2024:

- For undergraduate loans, monthly payments will be capped at 5% of discretionary income (compared to 10% under REPAYE), and graduate loans will be capped at 10% of discretionary income. Borrowers who have both undergraduate and graduate loans will pay a weighted average each month of between 5% and 10% of their income based on the original principal balances of their loans.
- For borrowers with original principal balances of \$12,000 or less, all remaining loan balances will be forgiven after 10 years of payments. For original loan balances over \$12,000, the maximum repayment period will increase by one year for every additional \$1,000 borrowed. For example, a \$13,000 loan will be forgiven after 11 years of payments, a \$14,000 loan will be forgiven after 12 years of payments, and so on. The maximum repayment period under SAVE will be 20 years if *all* loans in repayment are undergraduate loans and 25 years if *any* loans in repayment are graduate loans. (The same maximum terms of 20 and 25 years applied under REPAYE.)

To learn more and to enroll in the SAVE Plan, borrowers can visit studentaid.gov/idr.

Source: U.S. Department of Education, 2023

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