Tax rates could be at near historic lows. Federal debt is at historic highs. In the years to come you may wish you had made different tax decisions for your retirement investments. Big tax bills can devastate your retirement savings. Planning now with a qualified tax advisor is key. You may have options as you seek to maximize what may be your lowest tax years.

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Lower Fund Fees Spell Good News for Investors

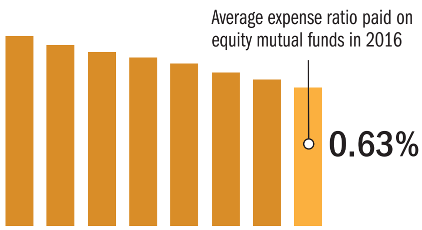
Good news for fund investors! The average fees associated with owning mutual funds and exchange-traded funds continue to decline.[1]

According to the Investment Company Institute's (ICI) *2017 Investment Company Fact Book*, the average expenses paid by fund investors declined for major fund categories in 2016 over 2015. This drop is in keeping with the downward path that has emerged over the past two decades.

For example, on an asset-weighted basis, average expense ratios (defined as the fund's annual expenses expressed as a percentage of its assets) for equity mutual funds have fallen from 0.99%—or 99 cents for every $100 invested—in 2000, to 0.63% in 2016, a 36% decline.[2] Similarly, expenses for hybrid funds and bond funds have fallen 17% and 33% respectively over the same period. Additionally, the average asset-weighted expense ratio for index equity exchange-traded funds came in at 0.23% in 2016, down from 0.28% in 2005.[2]

A Steady Decline, 2009-2016

Expense ratios paid by equity mutual fund investors have fallen for seven consecutive years.



Expense ratios are measured as asset-weighted averages. Data exclude mutual funds available as investment choices in variable annuities and mutual funds that invest primarily in other mutual funds. Source: Investment Company Institute, *2017 Investment Company Fact Book*, 57th Edition.

Understanding the Trend

The ICI cites several factors contributing to the steady decline in fund fees. Following are a few key drivers.

- **Economies of scale.** From 1990 to 2016, the number of households owning mutual funds more than doubled—from 23.4 million to 54.9 million.[2] As fund assets have risen, some fixed costs have been spread over a larger base, bringing down average costs.
- **Competition.** Lower fees reflect competition among existing mutual funds and new mutual funds entering the market, as well as products such as exchange-traded funds (ETFs).
- **Investor preference for funds with below-average expense ratios.** At year-end 2016, equity mutual funds with expense ratios in the lowest quartile held 75% of equity mutual

(Continued on back)

[1]Investing in mutual funds involves risk, including loss of principal. **Mutual funds are offered and sold by prospectus only. You should carefully consider the investment objectives, risks, expenses and charges of the investment company before you invest. For more complete information about any mutual fund, including risks, charges and expenses, please contact your financial professional to obtain a prospectus. The prospectus contains this and other information. Read it carefully before you invest.**

[2]Investment Company Institute, *2017 Investment Company Fact Book*. Ratios are calculated on an asset-weighted basis, which gives more weight to funds with greater assets. Asset weighting reflects where investors are actually putting their assets, and thus, better represents the actual expenses and/or fees incurred by investors than does a simple average (weighting each fund or share class equally).

A Crash Course in Student Loans

Student loans are a necessary "rite of passage" for the majority of college students, with the average graduate now carrying a debt load of about $30,000. How much do college grads know about the debt they have taken on—and the best ways to pay it off?

Student Loans 101

Here is some practical information about student loans.

Principal and interest. If you have a student loan, you are carrying what is called installment debt—meaning you pay equal portions of the total due at regular intervals over a given period of time. The payment amount, consisting of principal and interest, is generally fixed, which helps when planning a monthly budget. As with a home mortgage, each payment you make on a student loan is applied first to the interest that has accrued to date and then to the principal, which is the original amount you borrowed. The bad news? The majority of your payments early on will go toward interest. The good news? Since interest is only charged on the outstanding balance, as you pay down the loan and the principal shrinks, so does the interest you pay.

Early payoff. If you are gainfully employed and are making your loan payments on time, you may start to think about paying a little extra each month to speed up the payoff and be rid of debt sooner. While there are undoubtedly merits to that line of thinking, others might suggest instead to direct any "extra" money each month into an employer's retirement savings account, particularly if your employer offers a matching contribution.

For a young person just starting out, retirement savings may be the last thing on your financial radar. But with time on your side, the difference between starting to save for retirement at 25 and putting it off for 10 years could potentially leave a significant gap in the amount you are able to accumulate by the time you retire.

Federal loans. More than 42 million students hold some type of federal student loan, such as the Federal Direct Loan, the Federal Family Educational Loan (FFEL) and Perkins loans. Federal loans typically offer a range of payment options and other benefits that private loans do not.

For instance, borrowers may be able to choose an income-based plan in which payments are tied to a portion of their income. For example, the federal government offers the Pay As You Earn program, or PAYE, and the Revised Pay As You Earn program, or REPAYE, which addresses a broader borrowing audience. Both programs generally require borrowers to apply 10% of their discretionary income to the balance of the loan. However, after 20 years, any balance outstanding is forgiven.

In addition, federal loans typically offer other loan forgiveness programs and deferment or forbearance options.

For more information on student loans and loan repayment plans visit the Federal Student Aid website at studentaid.ed.gov.

What Is a Revocable Living Trust?

There are many different types of trusts—each serving specific needs and involving different tax and legal considerations. One type of trust that is sometimes recommended by attorneys is a revocable living trust.

Revocable living trusts are flexible estate planning structures that can be tailored to satisfy a range of planning needs and goals. One of the key features of a living trust is that you may serve as the trustee and maintain full control over the assets placed in trust during your lifetime.

The Basics

Together with your legal advisor, you draw up a trust agreement specifying the terms of the trust: what you wish the trust to accomplish; who will benefit from the trust; how you want the trust assets managed.

Next, you transfer your assets into the trust. To make a living trust effective, the assets you desire to place in the trust, e.g., a home, brokerage accounts, life insurance, personal property, etc., must be properly titled in the name of the trust.

Key Benefits

What sets a revocable living trust apart from other types of estate planning instruments? Following are three potential benefits of establishing a revocable living trust.

1. **Avoid probate and maintain privacy.** Upon death, remaining trust assets would be distributed according to the terms of the trust without the cost or time associated with probate court. In addition, without the need for court supervision, your assets and their value (as well as your beneficiaries' identities) would not become a public record.

2. **Anticipate possible incapacity.** In the event that you become incapable of managing your financial affairs due to physical or mental illness, assets in a living trust may be managed by the person you named to serve as an alternate trustee.

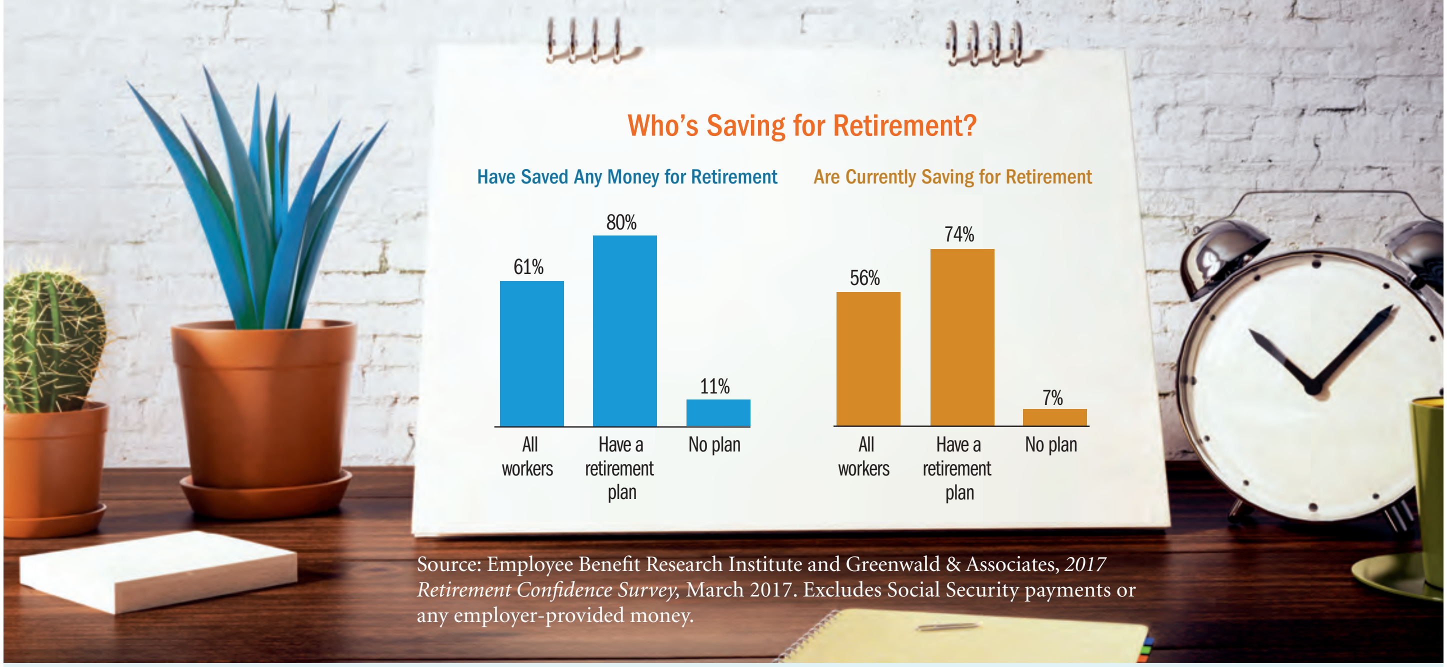
3. **Employ a professional trustee.** Perhaps you feel overwhelmed or unprepared to manage trust assets. Or maybe you are a busy entrepreneur who would rather entrust the management of your wealth to a competent professional. Whatever the reason, you can name a person or an institution with professional experience to manage the trust's assets for you. If a professional trustee is named, that entity is bound by law to take care in managing and protecting your assets.

Keep in mind that with a revocable living trust, nothing is "set in stone." Because it is a revocable instrument, you can amend or revoke a living trust at any time as long as you're legally competent to do so.

An estate planning attorney can advise you on whether a revocable living trust is appropriate for your personal situation.

This communication is not intended to be legal advice and should not be treated as such. Each individual's situation is different. You should contact your legal or estate planning professional to discuss your personal situation.

For Workers, It's All in the Plan



Source: Employee Benefit Research Institute and Greenwald & Associates, *2017 Retirement Confidence Survey,* March 2017. Excludes Social Security payments or any employer-provided money.

Workers who have access to some form of retirement savings vehicle—whether an individual retirement account (IRA), a defined contribution (DC) plan or a defined benefit (DB) plan—are far more likely to have saved for retirement, have taken more steps to prepare for retirement and generally feel less stressed about the planning process than those who do not have such a plan.

According to Employee Benefit Research Institute's *2017 Retirement Confidence Survey*, not only do 80% of these individuals report that they or their spouse have personally saved for retirement (versus 11% of workers without a retirement plan), but 74% report that they and/or a spouse *are currently* saving for retirement (versus 7% of those with no retirement plan).

Lower Fund Fees Spell Good News for Investors (Continued from page 1)

funds' total net assets, while those with expense ratios in the upper three quartiles held only 25% of fund assets.[2]

- **Proliferation of index funds.** In particular, passively managed index funds, which are generally less expensive to manage than actively managed funds, have contributed to declining fees. From 2004 to 2016, index mutual fund assets grew nearly fivefold, from $554 billion to $2.6 trillion.[2]

Fees vs. Sales Loads

It is important to note that fund fees represent the ongoing expense of operating a fund (e.g., portfolio management, fund administration and shareholder services). These costs are included in a fund's expense ratio and paid from fund assets. Note that fund fees should not be confused with "sales loads," which are separate and paid at the time of share purchase (front-end loads), when shares are redeemed (back-end loads) or over time (level loads).

Fees Matter

As an investor, you may not give fees much thought. After all, a fee of 1.0% translates to only $1 per $100 investment. But over time, the cumulative effect of fees can be significant. Speak with your financial advisor to learn more about fund fees and their potential impact on your long-term investment outlook.

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