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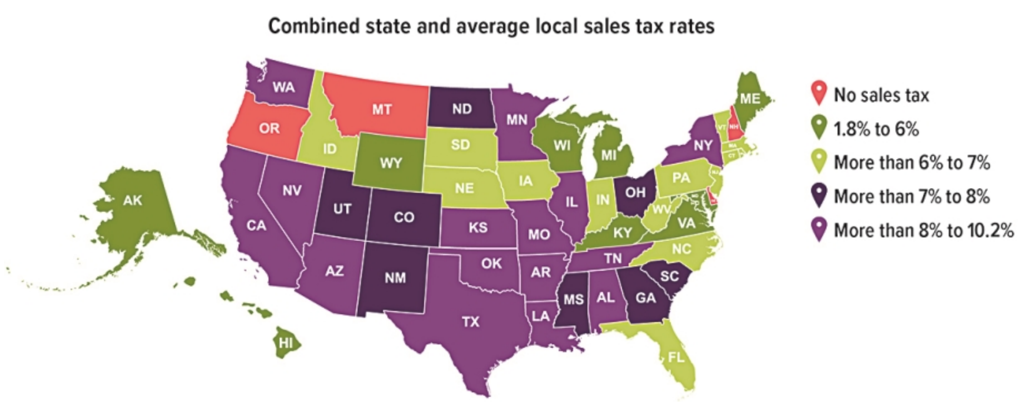
Number of states that don't have a state income tax: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, and Wyoming; and Washington taxes only capital gains

Source: Tax Foundation, February 2025

State and Local Sales Tax Across the Map

Among the 46 states (and the District of Columbia) with a state and/or local sales tax, the combined state and average local sales tax rates range from about 1.8% to 10.2%. The sales tax base (defining what is taxable and nontaxable) can also vary greatly. Some states exempt groceries and/or clothing from the sales tax or tax them at a reduced rate. Five states have no statewide sales tax, and of those, only Alaska allows local sales taxes.



Source: Tax Foundation, February 2025

Fine-Tuning with Sector Funds

As its name suggests, the S&P 500 Index contains about 500 stocks. These represent the largest U.S. companies across a broad range of industries, and the index as a whole is generally considered representative of the U.S. stock market. But though index ups and downs may suggest uniform market movements, performance of individual companies and business sectors varies widely.

Stocks in the S&P 500 are classified by 11 sectors, each of which responds differently to market conditions. In 2024, a banner year for the index, the strongest performing sectors were communication services, information technology, financials, and consumer discretionary (see chart). These sectors tend to perform well when the economy is strong and can drop as quickly as they rise when conditions change. Other sectors — such as health care, consumer staples, and utilities — are considered "defensive" and may be good to hold through a bear market or recession because businesses in these sectors tend to remain strong regardless of economic conditions.

Index weighting

Many broad-based indexes, including the S&P 500, are weighted based on market capitalization — the total value of a company's outstanding stocks. Sectors have different sizes and weighting to begin with, and weight can change significantly due to growth of companies within the sector. For example, the information technology sector, which includes some of America's largest companies, rose from 20.1% of S&P 500 capitalization at the end of 2018 to 29.6% in March 2025, increasing its impact on the index. The health care sector dropped from 15.5% to 11.2% over the same period, decreasing its impact on the index.[1–2]

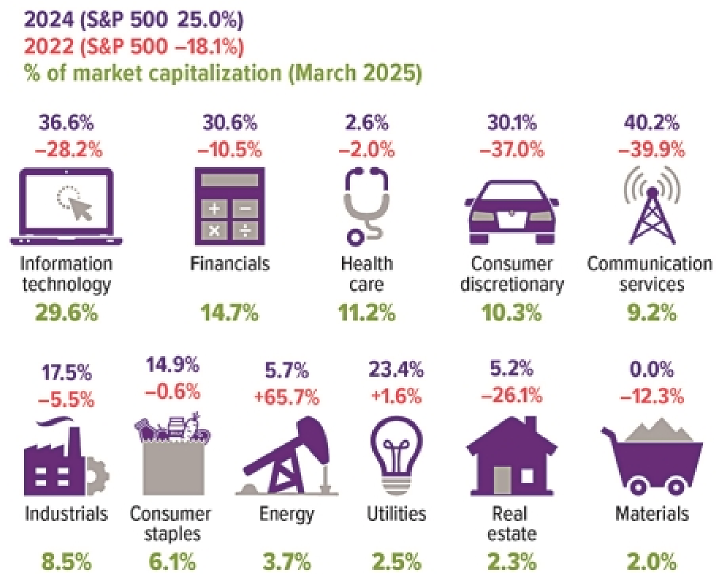
This means that even if you invest primarily in broad-based index funds, you may be more heavily invested (overweight) or less invested (underweight) in a given sector than you realize. If you own individual stocks or funds with a more specific focus, your portfolio could be even more overweighted or underweighted. The appropriate sector weighting for your stock portfolio depends on your goals, risk tolerance, and economic outlook.

Sector funds

One way to shift sector weight in your portfolio is by adding one or more sector funds — mutual funds or exchange-traded funds (ETFs) that focus on stocks of companies in a particular industry or sector of the economy. These funds are available for many indexes, including those that focus on smaller companies. Because sector funds are less diversified, they typically carry a higher level of volatility and risk than broad-based funds and should be considered as a complement to a core portfolio of diversified funds rather than a replacement.

Varied Weight and Performance

This chart shows the total return for S&P 500 sectors in an up-market year (2024) and a down year (2022), with sector weighting below the icons.



Source: S&P Dow Jones Indices, 2025. The S&P 500 is an unmanaged group of securities. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

Although sector funds offer flexibility in fine-tuning your portfolio, it's important to resist the temptation to chase performance and move assets into "hot" sectors without a more comprehensive strategy. Sector performance is cyclical, and last year's hot sector can easily turn cold. Also keep in mind that every business cycle is different, and unexpected events can disrupt regular trends.

The return and principal value of all investments, including sector funds, fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Asset allocation and diversification are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

Mutual funds and ETFs 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.

1) S&P Dow Jones Indices, 2025

2) Siblis Research, 2022 (historical data)

Life Insurance in Retirement

What role can life insurance play in your retirement plan? Most of us think of life insurance as protection against financial loss should we die prematurely. But when we reach retirement and the kids are all self-sufficient, do we still need life insurance? The answer is maybe. Here are some situations where life insurance may make sense for retirees or those close to retirement.

Provide a source of retirement income

While life insurance is designed to protect against unexpected economic loss, cash value life insurance also may provide a source of income during retirement. Earnings on the cash value accumulate tax-deferred, and in some instances, cash-value distributions can be received income tax-free. However, loans used to access cash values from a life insurance policy will reduce the policy's cash value and death benefit, could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.

Help pay for long-term care

Some cash value life insurance policies provide multiple sources of protection. Along with the death benefit and potential cash value, these policies may also provide a long-term care benefit. Often, these policies allow for a portion or all of the death benefit to be "accelerated" if used for the payment of qualifying medical and long-term care expenses.

Provide for a dependent family member

Sometimes, even in retirement, there are family members who depend on you for financial and/or custodial support. Should you die unexpectedly, life insurance may help provide funds needed to support dependent family members with disabilities.

Replace income for a surviving spouse

While Social Security provides retirement income for many of us, at the death of a spouse, his or her benefits end, reducing the total benefits available to the surviving spouse. Life insurance can be used to replace the loss of income for the surviving spouse.

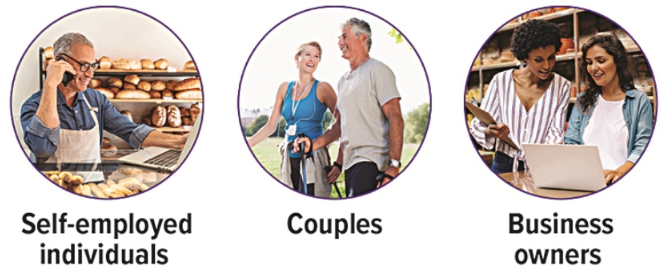
Pay off debt

While past generations often retired with little or no debt, it is not uncommon for today's retirees to leave the workforce while still carrying a mortgage, car loan, and credit card debt. Life insurance can provide the cash to pay off these debts, which is especially beneficial for a surviving spouse.

Help cover final expenses

Unfortunately, the expense of dying is often overlooked or underestimated. Uninsured medical bills, funeral costs, debts, and estate administration costs can add up. Typically, these expenses are paid in a lump sum, which can reduce savings for surviving spouses and dependent family members. Proceeds from life insurance can be used to help pay for these final expenses, which may help preserve savings for other needs.

Who may benefit from life insurance in retirement?



Leave a legacy

For many approaching retirement, as well as for those already there, a primary concern is having enough money to live comfortably. While conserving savings and keeping track of spending in retirement are important, all too often retirees will forgo spending on themselves in order to fulfill a desire to leave a legacy. Having life insurance can help you feel freer to spend more in retirement because you know you'll be leaving something behind for your loved ones.

Life insurance provides protection for your family's financial future should you die during your working years. However, life insurance may provide other benefits that can be useful during your retirement. Whether life insurance should be part of your retirement plan is best determined based on your individual circumstances and goals. You may want to talk with an insurance or financial professional before making this decision.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely there may be surrender charges and income tax implications. Any guarantees associated with payment of death benefits, income options, or rates of return are based on the financial strength and claims-paying ability of the insurer.

Peer-to-Peer Payments Are Popular, but Be Careful

Making a peer-to-peer (P2P) payment is a convenient way to transfer money to family, friends, or businesses. Whether you're splitting a bill or paying a babysitter, if you have someone's contact information, you can send or receive money quickly and easily using a mobile app or an online platform linked to your bank account or credit card.

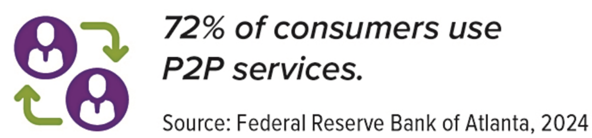
Most P2P transactions go smoothly, but what happens when something goes wrong? Unauthorized transactions will generally be refunded by the P2P service. But what if you accidentally type an incorrect character in a username and send money to a stranger, or you're tricked into transferring funds to a scammer? Unfortunately, in either of those situations, because you've authorized the transaction, the P2P service or your financial institution is generally not required to reverse it or issue a refund, so your money is likely gone for good.

Take precautions to help avoid costly mistakes

Verify requests, especially if they are unexpected. Scammers may try to persuade you to send money by pretending to be an acquaintance, a bank representative, or a merchant — make sure you really know and trust the person who contacted you.

Double-check information before sending funds. Confirm that the recipient's contact information is correct, and consider sending a small test payment to make sure that the right person received it. And check the amount you're sending to help avoid transferring more than you intended.

Use available security features. These include multi-factor authentication, biometrics, and passkeys. Keep your app up to date to ensure you have the latest protection, and never share your credentials or make payments through unsecured networks.



Read terms and conditions. Make sure you understand what fraud protections and policies apply to the P2P service you're using.

Pay attention to permissions. If the app allows social sharing of transactions, check the permissions you're granting. Periodically review privacy notices and disclosures to make sure your selections match your privacy preferences.

If you do encounter a problem, contact the app's customer service department and your financial institution; ask them to investigate, and find out what recourse you may have.