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## \$7.4 trillion

Total U.S. international trade in goods and services in 2024. This included \$5.4 trillion trade in goods and \$2.0 trillion trade in services.

Source: U.S. Bureau of Economic Analysis, 2025

## Services Exports Help Trim Trade Deficit

Tariffs and concerns about the U.S. trade deficit focus on trade in goods, so the importance of trade in services is often overlooked. In 2024, trade in services accounted for 27% of all U.S. international trade (including exports and imports). Whereas the U.S. had a deep trade deficit in goods of \$1.2 trillion, it had a surplus in services of \$312 billion. Top services exports included business services; spending by foreign travelers in the United States; financial services; charges for use of intellectual property; and telecommunication, computer, and information services.

The chart below shows a breakdown of trade with our six top trading partners. With four of these partners, a services surplus helped mitigate the goods deficit. The U.S. had a surplus in both categories with the United Kingdom, and a deficit in both categories with Germany.



Source: U.S. Bureau of Economic Analysis, 2025

# Are You Prepared for the High Cost of Dying?

End-of-life care and the death of a loved one not only carry an emotional price tag but they might impose a substantial financial strain on families, compounding the emotional challenges that come with losing a loved one. Considering the true costs and unexpected fees can help illustrate why it is important to plan ahead for yourself and your loved ones.

## Cost of end-of-life care

In the United States, the cost of inpatient hospital care during the last month of life can vary widely. In 2021, Americans spent about \$430 billion on end-of-life and hospice care.<sup>1</sup> The average hospital cost in the final month of life often exceeds \$32,000, while the cost for hospice care is often more than \$17,000 per month.<sup>2</sup> These costs can spike if aggressive treatments, ventilators, or repeated interventions are involved.

Families often face costs that aren't covered by Medicare, Medicaid, or private insurance, such as:

- Transportation to and from medical appointments
- Out-of-pocket prescription copays
- Medical equipment (special beds, oxygen)
- Home modifications for accessibility
- Unreimbursed caregiving labor by family members

## Funeral and burial (or cremation) costs

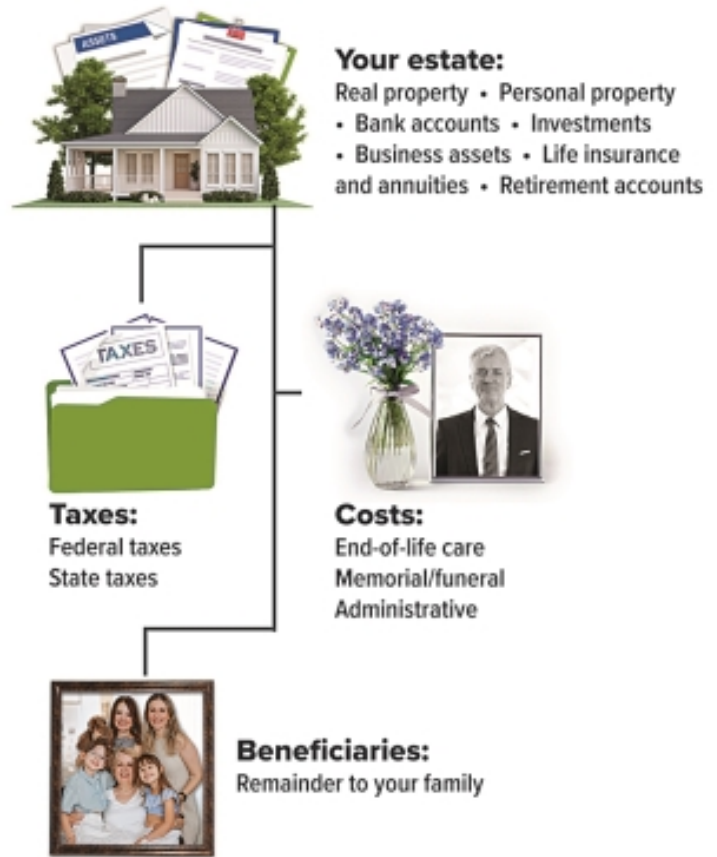
In addition to costs associated with end-of-life care, expenses associated with traditional funerals and cremations may often exceed expectations. Expenses typically include:

- Basic service fees
- Embalming and body preparation (and/or cremation)
- Viewing and ceremony
- Transport and hearse
- Flowers, obituary announcements, and catering for a post-funeral gathering
- Cemetery plot, vault, and headstone (which can cost several thousand dollars)

## Legal and administrative costs

Expenses related to the administration of the estate can create further financial pressures. These include probate fees, which are court and attorney fees for settling an estate, often calculated based on a percentage of the estate's total value. The exact cost depends on the size of the estate, its complexity, the jurisdiction, etc. Death certificates can also increase expenses as families often require multiple copies, typically for an extra fee per copy. The jurisdiction and any additional processing or delivery fees ultimately determine the total cost of death certificates. Other legal fees might include drafting or revising wills and trusts, which are essential for estate planning and can incur costs before and after a loved one passes.

## After-Death Expenses



## Estate taxes

A portion of your estate may be decreased by the imposition of federal and/or state estate or death taxes. Any U.S. citizen who leaves an estate (plus adjusted taxable gifts) in excess of the estate and gift tax basic exclusion amount (\$13,990,000 in 2025) may be subject to estate tax. The highest federal estate tax rate is 40%. In addition to federal estate tax, several states also impose their own "death taxes" in the form of an estate tax or an inheritance tax, or both. There are 12 states and the District of Columbia that levy estate taxes, while six states have inheritance taxes. Maryland is the only state that imposes both an estate tax and an inheritance tax.

## The importance of planning

Costs associated with end-of-life care, funeral arrangements, and administrative details represent major, and often overlooked, expenses. By seeking greater transparency and accessibility with regard to both medical and memorial arrangements, you can help ensure that financial hardship does not compound the pain of saying goodbye.

1) Debt.org, 2022 (most recent data available)

2) American Bar Association, 2024

# What Happens to Your Time Horizon at Retirement?

In investing, "time horizon" refers to the amount of time you have to pursue a financial goal. Along with that goal and your tolerance for risk, your time horizon is one of three key factors that typically help determine the mix of investments in your portfolio.

In your early retirement saving years, your time horizon could be a strong advantage. The younger you are, the more time you may have to withstand market volatility and pursue an aggressive growth investment strategy.

As you enter retirement, however, your time horizon begins to take on new meaning. Your investment strategy is no longer crafted to pursue a specific savings goal, but to balance different objectives. Understanding these objectives can help you shift your perspective from a single, goal-based, fixed time horizon to a multilayered, interrelated series of time periods.

## Short-term objective: liquidity

The first objective is generally the need for liquidity; that is, how much cash you may need to keep in easily accessible, lower-risk vehicles.

You can start this assessment by determining the amount of income you'll need to meet life's basic necessities on a monthly or annual basis. After accounting for Social Security, Medicare and other health insurance, any pension income or work-related earnings, and possible income from real estate and other sources, is there a gap? If so, how much and how often will you need to withdraw from your retirement savings to cover that gap?

Next, consider the bigger picture: What are your plans over the next one to three years? Will you have any large expenses, such as buying a new car, repairing a roof, or undergoing a major health procedure? Will you take any vacations or attend big events such as a wedding? Finally, how much do you want to set aside for unexpected emergencies? General guidance suggests having at least three to six months of expenses in an easy-to-access savings vehicle, but the appropriate amount will depend on your unique situation. Considering all of these factors can help you determine how much to invest in short-term, lower-risk vehicles and set up a cash-flow schedule designed to meet your shorter-term needs.

## Ongoing objective: managing market risk

The second objective is typically managing the risk associated with ongoing market volatility. Pre-retirees and retirees, in particular, face what's known as "sequence of returns" risk. This refers to the risk that the financial markets could experience a large loss just before or in the early years of retirement, leaving you with a diminished nest egg to support your income needs. Moreover, throughout your retirement, your

portfolio will likely continue to experience ups and downs. The objective is to manage investments in a way that strives to provide income while helping to smooth out any bumps over time.

## Long-term objective: sustainability

While market risk is one concern, longevity risk, or the chance that your savings won't last as long as you do, is yet another. The need to build a portfolio with lasting potential — at a minimum, to sustain your lifelong income needs, but also to leave a legacy if that is your goal — is perhaps the most important objective in a retirement portfolio. Consider designing an investment mix to pursue enough growth to help keep it sustainable as long as needed.

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## Retirement Portfolio: A Multilayered Approach

As each layer is depleted, it may be replenished by the next layer up.



All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return involve higher risk.

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## A layered approach

One way to think about your retirement portfolio is as a series of layers that could work together to pursue all three objectives. The bottom layer would be comprised of short-term, liquid vehicles designed to provide the cash flow needed for, say, one to three years. The middle layer would contain additional amounts needed within a decade or so and be made up of moderate-risk vehicles that aim to provide a stream of income and help balance inevitable volatility. The top layer, which would include the balance of your portfolio, would be designed to outpace inflation and pursue longer-term growth, striving for that necessary sustainability. Over time, as one layer is depleted, it can be replenished by the next layer up.



# Navigating Medicare Open Enrollment

If you have Medicare coverage, the Medicare Open Enrollment period is a good time to review your options, compare costs, and make sure that your current Medicare coverage meets your needs.

**When is Medicare Open Enrollment?** Open Enrollment runs from October 15 through December 7 of each year. During this window, anyone with Medicare can make changes to their Medicare coverage that will be effective for the following calendar year.

**What can you do during Open Enrollment?** During Open Enrollment, you can:

- Switch from Original Medicare (Parts A and B) to a Medicare Advantage Plan (Part C), or vice versa
- Change from one Medicare Advantage Plan to another Medicare Advantage Plan
- Enroll in, drop, or switch from one stand-alone Medicare prescription drug plan to another

**If you're happy with Original Medicare or your current plan, should you still review your coverage?** Each year, Medicare plans make changes to their costs, coverage, and network of providers. Prescription drug coverage can also change. Even if you are satisfied with your current coverage, Open Enrollment is your chance to see if you can make changes that could help save you money or enhance your benefits.

You can review your plan's Annual Notice of Change that lists changes to your plan's coverage, costs, or service area to find out if your current doctors and prescriptions are still covered and affordable. Any changes to your plan will take effect on January 1, 2026.

**Are there other times you can make changes?** In addition to the Open Enrollment period, there are Special Enrollment periods for certain life events, such as moving to a new address or losing another form of coverage.

There is also a Medicare Advantage Open Enrollment period which allows you to switch to another Medicare Advantage Plan (with or without drug coverage) or drop your Medicare Advantage Plan and go back to Original Medicare. If you're already enrolled in a Medicare Advantage Plan, this period runs from January 1 through March 31. If you are new to Medicare and enroll in a Medicare Advantage Plan, this period runs from the first month you're eligible for both Parts A and B, until the last day of the third month you're first eligible.

If you have questions about Medicare, call 1-800-MEDICARE or visit the Medicare website at [medicare.gov](https://www.medicare.gov). Your State Health Insurance Assistance Program can also help you sort through your options.

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