The Dollar Gazette

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107,713,681

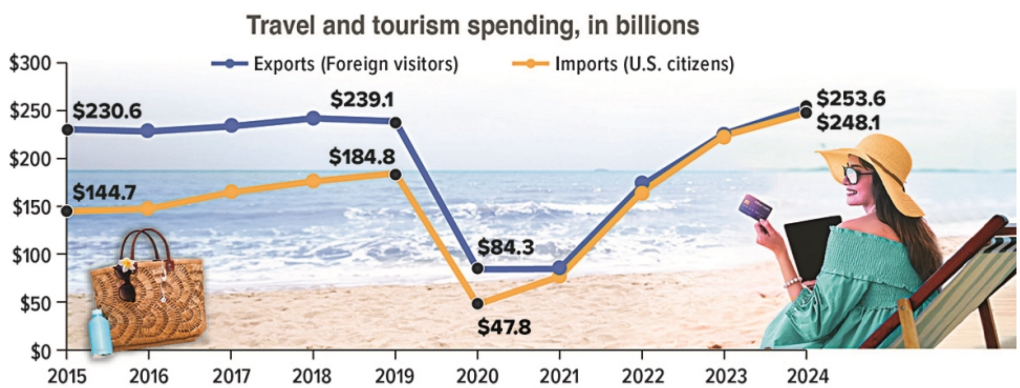
Number of international trips taken by U.S. citizens in 2024, up 9.2% over 2023 and an all-time record. About half were to North American destinations: Mexico (37.0%) and Canada (13.1%). The most popular overseas destinations were Europe (20.6%), the Caribbean (10.5%), and Asia (6.3%).

Source: National Travel and Tourism Office, 2025

Travel Spending Surpasses Pre-Pandemic Levels

Spending by foreign visitors in the United States, including fares on U.S. airlines, is considered an export for purposes of U.S. gross domestic product, while spending by U.S. citizens in foreign countries and on foreign airlines is considered an import.

Both types of travel spending were hit hard by the pandemic but surpassed pre-pandemic levels in 2024. However, prior to the pandemic, spending by foreign visitors was generally higher than U.S. citizens' spending in foreign countries — creating a positive trade balance — but the spending levels have been very close since 2021. This may reflect the stronger U.S. economic recovery that gave U.S. citizens more discretionary income.



Source: National Travel and Tourism Office, 2025

The Versatile Roth IRA

Used with care, the Roth IRA may help serve several objectives at once — like a multipurpose tool in your financial-planning toolbox.

Retirement

First and foremost, a Roth IRA is designed to provide tax-free income in retirement. If your modified adjusted gross income (MAGI) falls within certain limits, you can contribute up to $7,000 ($8,000 for those age 50 or older) in earned income to a Roth IRA in 2024 and 2025. Although Roth IRA contributions are not tax-deductible, qualified withdrawals are tax-free. A qualified withdrawal is one made after the account has been held for at least five years and the account owner reaches age 59½, becomes disabled, or dies. Nonqualified withdrawals of earnings are subject to ordinary income taxes and a 10% penalty, unless an exception applies.

2025 Income Limits for Roth Contributions

Filing status	Contribution limited if MAGI is:	No contribution allowed if MAGI is:
Single/Head of household	$150,000 to $164,999	$165,000 or more
Married filing jointly	$236,000 to $245,999	$246,000 or more
Married filing separately	$0 to $9,999	$10,000 or more

Source: IRS

Emergency savings

Because contributions to a Roth IRA are made on an after-tax basis, they can be withdrawn at any time — which means, in a money crunch, you could withdraw just your Roth contributions (not the earnings) free of taxes and penalties. In addition, account holders may withdraw up to $1,000 in earnings each year to cover emergency expenses.[1]

Teachable moments

A Roth IRA can also be an ideal way to introduce a working teen to long-term investing. Minors can contribute to a Roth IRA as long as they have earned income and a parent or other adult opens a custodial account in their name. Alternatively, an adult can contribute to a Roth IRA within a custodial account on a child's behalf, as long as the total amount doesn't exceed the child's total wages for the year.

College and first home

Roth IRA earnings can be withdrawn penalty-free to provide funds for college and the purchase of a first home.

College. Roth IRA funds can help pay for certain undergraduate and graduate costs for yourself or a qualified family member. Expenses include tuition, housing and food (if the student attends at least half time), fees, books, supplies, and required equipment not covered by other tax-free sources, such as scholarships or employer education benefits. An advantage of using a Roth IRA to help pay for college is that assets held in retirement accounts are excluded from the government's financial-aid formula. (A related point: up to $35,000 in 529 plan assets that are not used to pay for college may be rolled over to a Roth IRA for the same beneficiary, provided certain rules are followed.)

First home purchase. Up to $10,000 (lifetime limit) can be used for qualified expenses associated with a first-time home purchase. You are considered a first-time home buyer if you haven't owned or had interest in a home during the previous two years. Funds may be used for acquisition, construction, or reconstruction of a principal residence and must be used within 120 days of the distribution. If the account has been held for at least five years, the distribution will be income tax-free as well.

Estate planning

Roth IRAs are not subject to the age-based required minimum distribution rules that apply to non-Roth retirement accounts during your lifetime. For this reason, if you don't need your Roth IRA funds, they can continue to accumulate. After your death, the tax-free income benefit continues to apply to your beneficiaries (however, the value of your Roth IRA will be assessed for federal and possibly state estate tax purposes).

Proceed with caution

Although it's generally best to avoid tapping money earmarked for retirement early, the Roth IRA can help serve multiple needs — if used wisely.

The tax implications of a 529 savings plan should be discussed with your legal and/or tax professional because they can vary from state to state. Also be aware that most states offer their own 529 plans, which may provide advantages and benefits exclusively for their residents and taxpayers. These other state benefits may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 savings plan, please consider the investment objectives, risks, charges, and expenses carefully. The official disclosure statements and applicable prospectuses, which contain this and other information about the investment options, underlying investments, and investment company, can be obtained by contacting your financial professional. You should read these materials carefully before investing.

1) Due to ordering rules, Roth IRA contributions will always be distributed before earnings.

Avoiding Probate with a TOD Deed and TOD Account

If you want to leave your home to your children or other heirs and keep the property out of the costly and time-consuming probate process, you could place your home in a living trust. Trusts offer numerous advantages, but they incur up-front costs, often have ongoing administrative fees, and involve a complex web of tax rules and regulations.

More than half of U.S. states offer a simpler and less expensive way to avoid probate through a transfer-on-death (TOD) deed (also called a beneficiary deed). As the name suggests, this is a legal document that directly transfers ownership of the property from you to your designated beneficiary or beneficiaries upon your death. You retain full ownership and control while you are alive, and your beneficiary has no rights to the property until after your death. (Beneficiaries also inherit any associated financial obligations, such as a mortgage or lien.)

The TOD deed must be filed with the appropriate land records office. The deed supersedes your will, so be sure the provisions of your will match the deed. If you change your mind, the deed can be revoked and/or replaced through a new filing. As with all beneficiary documents, it would be wise to designate contingent beneficiaries in the event that a designated beneficiary predeceases you.

In some states, a married couple who own a house together through joint tenancy or as community property with right of survivorship would each have to complete a TOD deed. The deed for the first spouse who dies would be void, and the deed for the second spouse would transfer ownership to the designated beneficiary(ies).

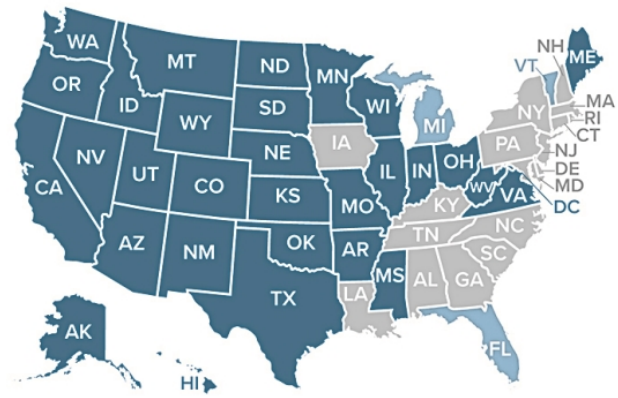
TOD accounts

In most states, you can apply a transfer-on-death provision to individual non-retirement brokerage accounts. This typically involves filing a form with the financial institution to designate a beneficiary or beneficiaries (including contingent beneficiaries) and register the account as TOD. Ownership of the TOD account would transfer directly to the designated beneficiary(ies) upon your death without going through probate. Like TOD deeds, a TOD account designation supersedes your will.

For a joint account, the effect of a TOD designation would depend on the type of account.* Retirement accounts generally go directly to the beneficiary(ies) without probate and do not require being retitled as TOD.

Bank accounts offer a similar designation called Payable on Death (POD). One key difference is that POD accounts typically do not allow contingent beneficiaries.

States in dark blue allow a TOD deed



Florida, Michigan, and Vermont (light blue) allow a similar document called an enhanced life estate deed or Lady Bird deed. Texas and West Virginia allow TOD and Lady Bird deeds. Source: Nolo, October 8, 2024

Estate and capital gains taxes

A TOD deed or account designation does not remove the property or account assets from your taxable estate. However, with high federal estate tax exclusion amounts, few estates would likely be subject to federal estate taxes.**

If your heirs sell your home or account assets, they could be subject to capital gains taxes regardless of whether they receive the property/account through a living trust or a TOD deed. However, the *step-up in basis* provision of U.S. tax law automatically sets the basis as the fair market value of the home or account at the time of your death, effectively eliminating all capital gains up to that time. Your heirs could shelter $250,000 of gains ($500,000 for a married couple) if they live in the home for two out of five years before selling. (There is no shelter provision for financial accounts.)

Although you do not need an attorney to execute a TOD deed in most states, you may want to consult an attorney familiar with the laws of your state. You should consider the counsel of experienced estate planning, legal, and tax professionals before implementing trust strategies.

*A TOD designation on a *joint ownership/tenancy* or *tenants by/in the entirety* account would only become effective if both owners die simultaneously. A TOD on a *tenants in common* account would be similar to an individual account.

**For estates of those who die in 2025, the exclusion is $13.99 million, with a combined $27.98 million exclusion for a married couple.

Are Extended Warranties Worth It?

When you purchase a vehicle, a major appliance, a laptop, or other big-ticket item, chances are you'll be asked to buy an extended warranty or service contract. Extended warranties are offered by retailers for an additional cost and cover product repairs for a specific period of time under certain conditions.

Selling extended warranties may be quite profitable for retailers because they keep a percentage of what they charge for these contracts. But are they a good deal for you? Here are some questions to consider before you pull out your wallet.

Is your purchase covered by a manufacturer's warranty? Many products come with a manufacturer's warranty that covers replacement or repairs within a certain time period (one year, for example). Manufacturers may also offer low-cost repair or replacement of items known to have manufacturing defects, although there are no guarantees unless state or federal laws apply. You may want to forgo purchasing an extended warranty if it will result in duplicate coverage.

Does your credit card offer extended warranty protection? This benefit is included with some credit cards and generally doubles the manufacturer's warranty period for products purchased using the card up to a certain time and dollar limit. Some products (including motorized vehicles) are excluded, and terms and conditions vary. Check your card's benefit guide for more details.

Are you buying a product that's typically reliable? Before you spring for an extended warranty on a product that's unlikely to need major repairs, research online product reviews to gauge reliability and the potential for problems to occur.

Have you read the fine print? Extended warranties typically contain many exclusions and limitations, so don't assume all repairs will be covered — it's possible your claim will be denied if it doesn't meet strict criteria. In addition, some extended warranties may require you to pay additional charges when the product needs to be serviced (e.g., deductibles, fees, and shipping costs).

Will repairs be costly? Weigh the cost of the extended warranty against what it might cost to pay for the repairs yourself. Not all repairs are expensive, and if you could cover them out of pocket, buying an extended warranty might not be worth it.

An alternative to buying an extended warranty is to set aside money in an emergency account to cover future repair costs, big or small. That may be a more cost-efficient and flexible way to help protect your purchase in the event a repair is not covered under a manufacturer's or credit card warranty.