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Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals with our actively managed family of mutual funds.

We hope you enjoy this edition of the [VLFAlert](#) and thank you for your continued support.

Have You Had “The Talk” with Your Children?

No, not THAT talk. But the talk about your estate plan. The Silent Generation (born 1928 to 1945) and baby boomers (born 1946 to 1964) will be passing along more than \$84 trillion during the next 20 years or so, with approximately \$72 trillion going to their next-generation family members and the rest to charity.¹ It's widely recognized as the greatest wealth transfer in recorded history. You are probably in the nearly half of all of Americans that plan to leave an inheritance. That speaks well for you and all you have achieved. But if you are in the more than one-third of American families that do not plan on discussing with their children how their assets will be transferred to the next generations,² then read on. Here is why having that conversation with your heirs now is so very important.

[Because Being Informed is Important.](#) The estate planning process can be complicated, both for you and for your children. But, as with most things in life, knowledge is power. According to a recent study, 54% of recipients said they did not learn of their inheritance until after a bequestor's passing!¹ But an estate plan should also be thought of as an intergenerational continuity plan, so if everyone knows each person's roles and responsibilities, understands potential tax implications and liabilities, and has a basic foundation of financial literacy, then your concerns about whether your children and grandchildren will be prepared for the responsibilities of handling their inheritance may be lightened...and so will theirs.

[Because Sharing Your Vision is Important.](#) Take the time to visualize your legacy and then talk about it with your children to be sure they understand how you want your legacy honored. For example, perhaps you would like your adult children to take their children on a family vacation each year with a portion of their inheritance, and in so doing remember the person who made that trip possible. Or maybe you want a portion of their inheritance used to pay off their mortgage or set aside for their children's college expenses. While you cannot control all the decisions your next generations make after you are gone, leaving them with little or no guidance is bound to lead to problems. Estate plans—inclusive of your wills and trusts—should be clear on how your estate is to be distributed, but they cannot clearly communicate your vision and goals. Honest conversations can take the guesswork and assumptions out of your motivations and wishes and help your beneficiaries make more informed financial and investment decisions.

[Because Reinforcing Family Values is Important.](#) Aligning your estate plan with your beliefs is essential, and the transfer of your estate offers an opportunity to reinforce or redefine family values. Indeed, taking the opportunity to have a conversation about your estate plan and how it will unfold can be an opportunity to strengthen your family, establishing a sense of trust among family members and deepening your relationships. After all, an estate plan is not all about money; it's about the principles that guided you

in preparing your estate plan. Leaving a legacy is as much about transferring family values as it is about distributing assets.

[Because Being Realistic is Important.](#) You may be in a comfortable position now. But with people living longer, the reality is that out-of-pocket medical bills, prescription expenses and long-term care may well erode a significant portion of your retirement savings before they can be passed on. Even if lucky enough to be healthy, longer lives mean more years of spending. Being honest about your retirement goals, your debt load and any risks to the amount you believe you will have at the end helps set expectations. It does not necessarily mean you need to share specific numbers or amounts, but it does mean the talk needs to be dynamic, detailed and ongoing to make sure your estate plan accurately represents your then-current situation.

[Because Maintaining Family Harmony is Important.](#) While making decisions about and documenting financial matters is crucial to help ensure a successful wealth transfer process, so, too, is balancing the needs, hopes and expectations of family members. The only sure way to avoid misunderstandings, conflicts, family feuds, inherently emotional conversations and even litigation later on after you pass is through open communication now, discussing intentions and responsibilities of all involved. Ask for their input, and be willing to answer questions about the challenges they may face with your estate—and how, together, you may mitigate them now.

[Because Wealth Transfer is Not a One Size Fits All Process.](#) Beyond the traditional way of giving—wherein older adults pass their wealth to their adult children after they pass, many people choose to give cash now, via gradual transfers, while they are still alive, to their children or grandchildren, so they can witness their enjoyment and share it with them. Make sure, of course, that you familiarize yourself with current gift laws. Others may choose to skip a generation, leaving the bulk of their estate to their grandchildren for their education and/or future security. Having a thoughtful conversation about the scenario you choose can help nurture good generational relationships.

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Because Peace of Mind is Important. Helping your children and grandchildren be better prepared to manage, preserve and grow their inheritance responsibly by being open and candid will give you some peace of mind now and ease the burden on your loved ones later. Take care of the big things like making the transfer

arrangements for your estate, but also take care of the seemingly little but key details like making sure your heirs know if you have given one of your children a durable power of attorney or a medical directive, if needed, and where to find all your important passwords, professionals' contact information and papers.

Why Overcoming the Discomfort of a Tough Conversation about Your Estate Plan is Vital ...and How the Value Line Funds May Help

If you are like most people, you probably do not want to think much about your own mortality and what you will leave behind, but not preparing for the inevitable can result in negative consequences. If you don't have a well-documented estate plan, then someone else—most likely the government—will make those decisions for you. And equally important is talking to your grown children about your estate plan—even when it's uncomfortable.

Perhaps you feel your adult children are not mature enough to handle an inheritance. Perhaps money...or death...has long been a taboo conversation topic. Maybe you worry that if you tell them now what they may inherit, your children and grandchildren will not work as hard or may feel entitled. You may be anxious that such a conversation will cause conflict among your children. Or you may hesitate to share because you are very private and concerned that crucial information will leak out to others. Put these apprehensions on the table and discuss! Most of us handle difficult situations better when we are prepared for them, so "The Talk" is a gift you give your family.

The next time your family is gathered, you can start the conversation. Or consider setting up a family meeting with your financial advisor to help make "The Talk" easier. Your advisor, in an impartial way, can help your family avoid the common challenges of a smooth transition and pave the way to collaborative dialogue and mutual understanding. Having your advisor facilitate "The Talk" also means he or she can get to know each family member's unique needs, aspirations, interests and concerns, strengthening their ability to provide support during the eventual transition of your estate. Whether you choose to be a "do-it-yourselfer" or to ask your advisor for help, you do not want to leave your children in the dark on your estate plan. The time to have "The Talk" is now.

As you prepare your estate plan as a key piece of your legacy, consider making the Value Line Funds a core portion of that estate. The Value Line Funds have built their legacy by helping to secure investors' financial futures since 1950—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics relied on and trusted by generations of shareholders—and, later, appreciated by their children as a valuable and valued part of their inheritance.

Value Line Equity Funds

Mid Cap Focused (VLIFX/VLMIX)
Larger Companies Focused (VALLX/VLLIX)
Small Cap Opportunities (VLEOX/VLEIX)
Select Growth (VALSX/VLSX)

Value Line Hybrid Funds

Asset Allocation (VLAAX/VLAIX)
Capital Appreciation (VALIX/VLIIX)

Value Line Fixed Income Fund

Core Bond (VAGIX)

Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

Check out our News & Commentary at vlfunds.com for the latest on the Value Line Funds.

For more mutual fund information, call today: 800.243.2729 or visit our website at www.vlfunds.com

¹Cerulli Associates. ²Edward Jones.

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