

# 2024 Financial Planning Guide

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*Assessing Your Financial Wellness*

## Disclosure

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## Assessing Your Financial Wellness



# Assessing Your Financial Wellness



The New Year provides a great opportunity to assess areas which may require updates. As you navigate through this guide, we suggest utilizing the scorecard below to evaluate your overall “financial wellness.”

	<u>Up-to-Date</u> <i>No Action Needed</i>	<u>Review</u> <i>Action May Be Needed</i>	<u>Revise</u> <i>Action Needed</i>	<u>N/A</u> <i>Not Applicable</i>
Tax Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Charitable Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Investment Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Executive Compensation Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Security & Medicare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Estate Planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beneficiary Designations*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insurance Planning*	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cybersecurity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

\* Be sure to review upon major life events such as marriage, divorce, birth/adoption of a child, etc.

# **SECTION 1**

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## Tax Planning

# 2024 Tax Guide: Quick Takes for the New Year

## Tax Cuts and Jobs Act (TCJA) Back in Focus

With the Tax Cuts and Jobs Act (“TCJA”) set to expire Jan 1, 2026, we expect an increased focus on tax legislation both on Capitol Hill and across the airwaves given the upcoming 2024 Election Cycle. From our perspective, 2024 presents a window of opportunity for taxpayers to re-evaluate and adjust their planning strategies with current law, with the possibility of certain tax provisions expiring after 2025.

## Additional Opportunities for Gifting

The lifetime gift tax exemption increases in 2024 by \$690,000, to a new limit of \$13,610,000 per person.<sup>1</sup> Individuals who had previously exhausted their lifetime gifting exemption may now find capacity to remove additional assets from their taxable estate. Keep in mind the much-elevated exemption amount is scheduled to “sunset” at the end of 2025 to a potentially much lower amount, beginning in 2026 (possibly estimated at an inflation-adjusted amount of ~\$7 million per person).

## Charitable “Bunching” Remains Effective

Given the sharp increase in the standard deduction under the Tax Cuts and Jobs Act (TCJA), charitably inclined taxpayers who itemize deductions should review the net tax savings from their charitable giving and should consider whether “bunching” a higher proportion in a single tax year could be beneficial.<sup>2</sup> Utilizing a donor-advised fund or private foundation for this purpose can be an effective strategy.

## Intra-Family Loans Popularity Soars

Amid the Federal Reserve’s battle with inflation, the average interest rate for a 30-year fixed mortgage stood at 7.66%<sup>3</sup> as of November 30, 2023 – a nearly 20-year high. Given elevated mortgage rates, intrafamily loans have become an increasingly strategic option. These loans, structured at rates often lower than the market and in accordance with the Applicable Federal Rate (AFR), offer a more cost-effective route to financing a home purchase.

<sup>1</sup> Source: Kiplinger – “Estate Tax Exemption Amount Increases for 2024” (November 15, 2023)

<sup>2</sup> Source: Schwab Charitable – “Bunching Charitable Contributions”

<sup>3</sup> Source: CBS News – “Mortgage Rates are Dropping. Should You Buy a Home Now?” (December 1, 2023)

# 2024 Federal Tax Provisions

## Federal Income Tax Brackets<sup>1</sup>

Marginal Tax Rate	Single Filers	Head of Household	Married Filing Jointly	Trusts and Estates <sup>2</sup>
10%	0 – 11,600	0 – 16,550	0 – 23,200	0 – 3,100
12%	11,601 – 47,150	16,551 – 63,100	23,201 – 94,300	
22%	47,151 – 100,525	63,101 – 100,500	94,301 – 201,050	
24%	100,526 – 191,950	100,501 – 191,950	201,051 – 383,900	3,101 – 11,150
32%	191,951 – 243,725	191,951 – 243,700	383,901 – 487,450	
35%	243,726 – 609,350	243,701 – 609,350	487,451 – 731,200	11,151 – 15,200
37%	609,351 +	609,351 +	731,201+	15,201 +

## Alternative Minimum Tax (AMT)<sup>2</sup>

	AMT Exemption	AMT Exemption Phaseout
Single and Head of Household	85,700	609,350
Married Filing Jointly	133,300	1,218,700

The AMT exemption is reduced by \$0.25 for each dollar that a taxpayer's Alternative Minimum Taxable Income (AMTI) exceeds the phase-out threshold

<sup>1</sup> Source: The Tax Foundation – “2024 Tax Brackets” (November 9, 2023)

<sup>2</sup> Source: Forbes – “IRS Announces 2024 Tax Brackets” (November 9, 2023)

## Long-Term Capital Gains Tax Rates<sup>2</sup>

### Taxable Income:

0%	<	47,025 Single 63,000 Head of Household 94,050 Married Filing Jointly 3,150 Trusts & Estates
15%	between	47,025 – 518,900 Single 63,000 – 551,350 Head of Household 94,050 – 583,750 Married Filing Jointly 3,150 – 15,450 Trusts & Estates
20%	>	518,900 Single 551,350 Head of Household 583,750 Married Filing Jointly 15,450 Trusts & Estates

# 2024 Federal Tax Provisions

## Standard Deduction vs. Itemized Deductions<sup>1</sup>

*Taxpayers may take the greater of the standard deduction or total itemized deductions*

Standard Deduction	Itemized Deductions <sup>2</sup>
\$14,600 Single	Medical expenses greater than 7.5% of adjusted gross income are deductible
\$21,900 Head of Household	SALT Deduction capped at \$10,000 for <i>the sum of</i> : 1) property taxes <i>and</i> 2) <i>greater of</i> state and local income taxes <i>or</i> sales taxes
\$29,200 Married Filing Jointly	Home mortgage interest on mortgages up to \$750,000. (Note: Mortgages before December 15, 2017, up to \$1 million grandfathered.)
	Charitable contributions (subject to AGI limits based on contributed property and receiving charity)



## “Must Know” Healthcare Taxes<sup>2</sup>

### Net Investment Income Tax (NIIT):

3.8%

On the *lesser of* net investment income or Modified AGI above threshold:  
\$ 200,000 for Single/Head of Household  
\$ 250,000 for Married Filing Jointly  
\$ 125,000 for Married Filing Separately

*Note: These threshold amounts are not indexed for inflation.*

Investment income includes, but is not limited to:

- Interest
- Dividends
- Capital Gains
- Rental/Royalty Income
- Taxable Portion of Non-Qualified Annuity Payments
- Business Income from Financial Trading
- Passive Activities

### Medicare Surtax:

0.9%

On *earned* income above:  
\$ 200,000 for Single  
\$ 250,000 for Married Filing Jointly  
\$ 125,000 for Married Filing Separately

*Note: These threshold amounts are not indexed for inflation.*

<sup>1</sup> Source: The Tax Foundation – “2024 Tax Brackets” (November 9, 2023)

<sup>2</sup> Source: IRS – “Find Out if Net Investment Income Tax Applies to You”

# Monitor and Manage Your Taxable Income



## Planning Tip

Consider how your current tax picture compares to prior years, as year-over-year variability may provide valuable planning opportunities.

### Higher-than-Normal Taxable Income

- Accelerate itemized deductions (in particular, charitable deductions)
- Defer certain income items (e.g., sale of a business, stock option exercises)
- Manage realized capital gains; harvest tax losses, where available
- Maximize contributions to retirement accounts

### Lower-than-Normal Taxable Income

- Defer itemized deductions (in particular, charitable deductions)
- Potentially accelerate certain income items (e.g., sale of a business, stock option exercises, etc.)
- Potentially realize capital gains, up to a certain threshold
- Potentially consider a Roth conversion



## “Charitable Bunching”

Taxpayers who are charitably inclined and who have higher-than-normal income in a given year might consider bunching multiple years’ worth of charitable gifts into a single tax year to produce a higher itemized deduction total. Pairing this planning strategy with a donor-advised fund or a private foundation can be particularly effective.

# Optimize Your Portfolio for Tax-Efficiency



## Planning Tip

- The taxation of portfolio income varies by asset class. Taxable bond and REIT income is taxed unfavorably at ordinary income rates, while equity dividends are typically taxed favorably at lower qualified dividend rates.
- An investor who has a combination of taxable and tax-deferred investment accounts can optimize a portfolio's allocation to minimize tax drag, thereby enhancing long-term after-tax returns.

**More Tax-Efficient**

**Municipal Bonds**

Income is federally tax-exempt and may be state tax-exempt

**Equities, Low-Turnover**

Qualified dividends with limited capital gains

**Equities, High-Turnover**

Qualified dividends but may produce higher capital gains

**Taxable Bonds, Low Yields**  
(TIPS, Global Bonds, Core US Bonds)

Lower yields but taxed as ordinary income

**REITs**

Non-qualified dividends with capital gains

**Less Tax-Efficient**

**Taxable Bonds, High Yields**  
(High Yield & Dynamic Bonds)

Higher yields and taxed as ordinary income



Asset classes/investments such as broad real assets, hedge funds, etc. may be harder to quantify for tax efficiency.

# The Importance of Asset Location

Thoughtfully allocating your portfolio can greatly enhance after-tax returns.



## **Allocate higher-growth strategies to Roth retirement accounts (if available)**

- Allocate primarily to global equities and other high-growth strategies
- Additional consideration should be given to actively managed, higher-turnover equity strategies

## **Allocate tax-inefficient asset classes to Traditional retirement accounts (Traditional IRA / 401k / 403b)**

- Focus on asset classes which produce income taxed as ordinary income
- Tier 1: High Yield Bonds, Dynamic Bonds
- Tier 2: U.S. Core (Taxable) Bonds, REITs
- Tier 3: Global Bonds, TIPS

## **Round out the portfolio allocation**

- Determine whether to allocate to tax-exempt (municipal) bonds based on federal tax bracket
- Allocate to global equities which produce income typically taxed at favorable qualified dividend rates
- Additional consideration may be given to lower-turnover strategies



# Questions to Ask a NEIRG Wealth Advisor

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## Are my itemized deductions providing significant tax savings?

A thorough analysis of a tax return should include an evaluation of itemized deductions (if applicable).

For example, charitably inclined individuals who itemize deductions might benefit from a “bunching” strategy - giving a higher proportion of charitables in a single tax year to produce a sizable itemized deduction, while opting for the standard deduction in subsequent years. This strategy can be effective when paired with a donor-advised fund or private foundation.



## Is my portfolio allocated for tax-efficiency?

An individual with assets spread among taxable and tax-deferred investment accounts has the ability to optimize the portfolio allocation in order to minimize tax drag.

Investments may produce qualified dividends, non-qualified dividends, and/or capital gains. Careful consideration should be given as to which investments are held among certain investment accounts.



## How might my tax picture change after retirement?

In the years leading up to retirement, a tax advisor should be consulted for comparison of pre- and post-retirement income, in anticipation of any notable changes.

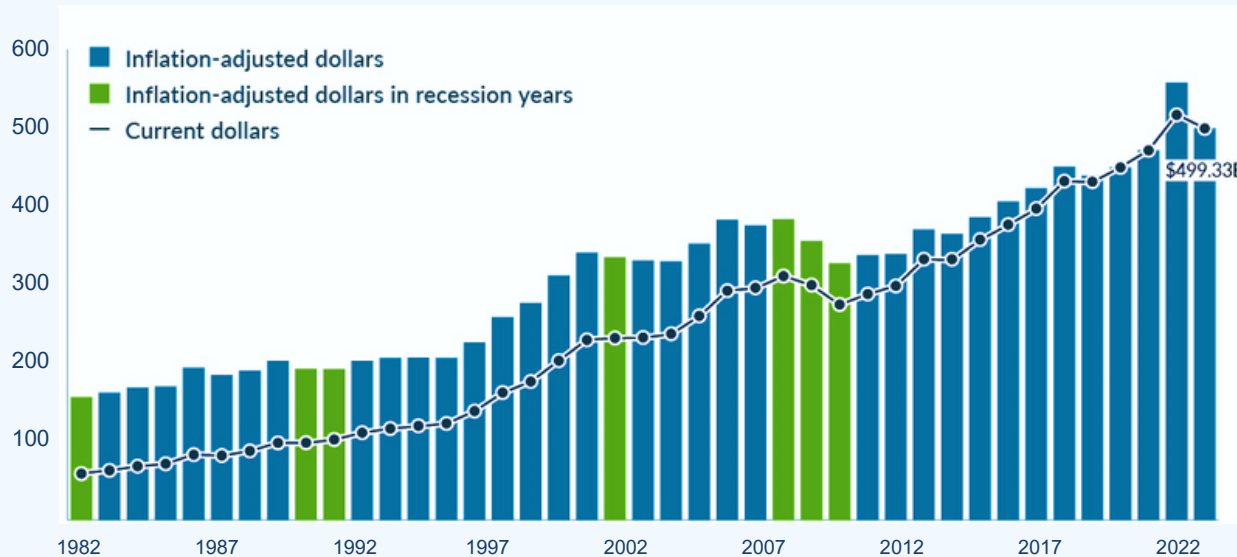
Individuals who may find themselves in a much lower income tax bracket after retirement might consider accelerating charitable gifts while still actively employed, as doing so would allow the charitable gifts to provide a greater tax savings.

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# Charitable Planning

# Trends in Family Philanthropy

## Charitable giving continues to increase<sup>1</sup>



An overwhelming majority of that giving is done by individuals<sup>1</sup>

64%



## Why do so many Americans give?

- Donating money and time benefits both the charitable recipient as well as the charitable donor
- Philanthropy provides significant emotional, psychological and financial advantages
- To pass on values to family members about wealth while also helping others
- To receive tax benefits while also doing good
- To support philanthropic goals while providing an income stream in certain situations
- To keep engaged and informed about issues of importance

<sup>1</sup> "Giving USA 2023 Study," Lilly Family School of Philanthropy, data as of June 20, 2023.

# Strategies for Charitable Giving

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## Donor-Advised Fund (DAF)

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- Charitable investment pool which offers families a way to give to charities, including the option to give anonymously.
- Gifting to a DAF results in an immediate tax deduction, while outgoing charitable grants can be made in subsequent years.

## Private Foundation

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- A customizable pool of investment funds designated by a family for gifting.
- Must file an annual IRS 990 form, which includes public disclosures including charities supported, fees paid, etc.

## Charitable Remainder Trust

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- A trust which provides an income stream to the charitable donor, with the remainder of the assets passing to charity.
- Flexibility over charitable beneficiaries, while providing lifetime income to support retirement.

## Charitable Lead Trust

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- A trust which provides an income stream to charity, with the remainder of the assets passing to designated beneficiaries (typically family members).
- Used by charitably inclined taxpayers for income tax deductions or estate tax savings for assets intended to pass to beneficiaries.

# Charitable Giving Options

	Donor-Advised Funds <sup>2</sup>	Private Foundations	Charitable Lead & Remainder Trusts	Check, Cash or Credit
<b>Organizations supported</b>	IRS-qualified public charities	Many organizations and individuals, as long as the grant is made for a charitable purpose	IRS-qualified public charities and generally, private foundations	Public charities
<b>Growth potential</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Donations of non-cash items</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Income tax deduction<sup>1</sup></b>	60% for cash 30% for appreciated assets <sup>3</sup>	30% for cash 20% for appreciated assets <sup>4</sup>	Depends on the type of charity supported by the trust and the type of trust	60% to qualifying charities
<b>Tax on investment income</b>	None	1.39% of net investment income	Depends on the nature of the trust	N/A
<b>Option to support charities anonymously</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Ability to name successors</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Consider this when you want:</b>	A turn-key giving solution with low costs and the potential to grow tax-free over time	To operate a charitable organization; potentially employ a staff; hire investment managers; actively manage grant-making; sponsor charitable events	A trust that can generate income for, and eventually pass on a remainder interest to, heirs and charities	To make one-off donations and manage your own donation receipts at tax time

<sup>1</sup> Percentage of adjusted gross income (AGI).

<sup>2</sup> At a 501(c)(3) public charity.

<sup>3</sup> Appreciated assets held over a year are generally deductible at fair market value (this applies to both publicly and non-publicly traded assets).

<sup>4</sup> Appreciated, publicly traded assets held for over a year are generally deductible at fair market value, while non-publicly traded assets are generally deductible only at basis

# Questions to Ask Your Advisor



## Where should I start?

Before embarking on the path of philanthropy, you will often benefit by taking a step back to consider the motivations and personal values you want to reflect through your giving.

This can often be achieved by looking back at your past volunteer and giving activities to identify certain values and themes.

This approach can make your donations more personally fulfilling and often helps to sustain a continued pattern of philanthropy.



## What type of assets should I consider gifting?

Using your wallet (cash or credit cards) often seems like the path of least resistance; however, it is worth considering alternatives.

By using long-term appreciated securities from a taxable account or possibly making a Qualified Charitable Distribution (QCD) from an IRA, you may be able to provide a larger contribution to charity while also possible enhancing the tax benefit for you and your family.



## Which charitable giving vehicle is the right for me?

While a direct contribution to charitable organizations is the most common method for donations, there are a variety of giving vehicles which can help you achieve your philanthropic goals.

Tax benefits are an important component in choosing a charitable vehicle, but it is also important to consider the complexity and administrative burden associated with each option.

Taking the time and energy to find the approach which best fits your situation can maximize the effectiveness and efficiency of charitable gifts.

## SECTION 2

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### Retirement Planning

# How Much Will You Need for Retirement?

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## Longevity

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Age 82  
Age 84

- Average life expectancy for age-65 biological males and females<sup>1</sup>
- How does your current health and family health history influence your expectations for longevity?

## Healthcare Costs

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\$157,500

- Estimated total healthcare costs in retirement for an age-65 individual<sup>2</sup>
- Have you factored in additional savings for future healthcare costs? Have you thought about Medicare coverage options?

## Savings

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> 80%

- Monte Carlo simulation target probability of having enough money at age-65 to last 30+ years
- Have you reviewed a retirement simulation to gauge the sufficiency of your savings?

## Income Needs

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75%  
- 85%

- Recommended income replacement ratio for estimating future retirement expenses<sup>3</sup>
- Do you have a current budget? Do you have an estimate for what you might need in retirement?

<sup>1</sup> Source: Social Security Administration, Period Life Table 2019 (as published in the 2022 OASDI Trustees Report)

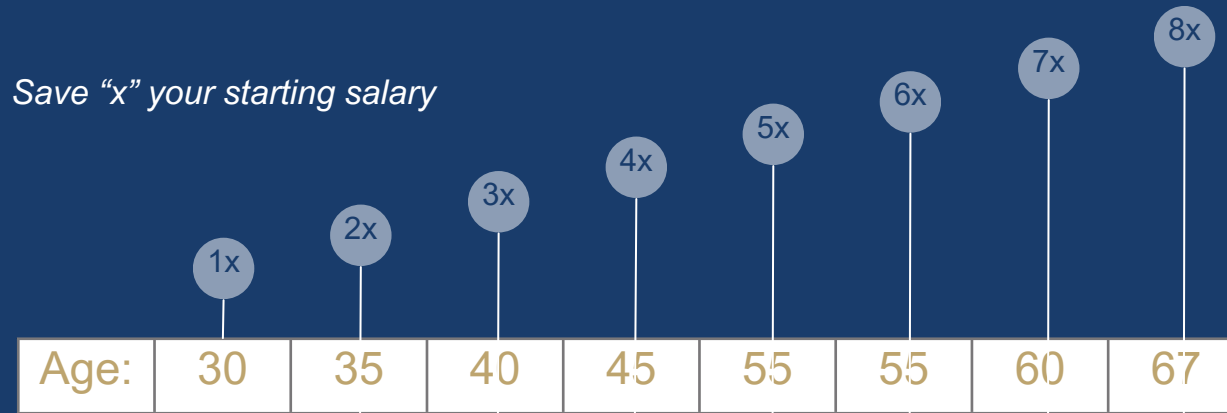
<sup>2</sup> Source: Fidelity – “How to Plan for Rising Health Care Costs”, data as of June 21, 2023

<sup>3</sup> Source: T. Rowe Price – “How to Determine the Amount of Income You Will Need at Retirement” (February 1, 2023)



# Are You “On Track” for Retirement?

## Retirement Savings Checkpoint



Source: Fidelity – “How Much Do I Need to Retire?” (August 3, 2023)

## Income Replacement Ratio

- General rule-of-thumb is at least 75% of pre-retirement income
- Why less than 100%?... Reduced expenses in retirement, savings no longer needed for retirement, and, in general, a reduction in income taxes
- High income earners will be more reliant on investment savings for retirement income, as Social Security will only provide for a small portion of income need

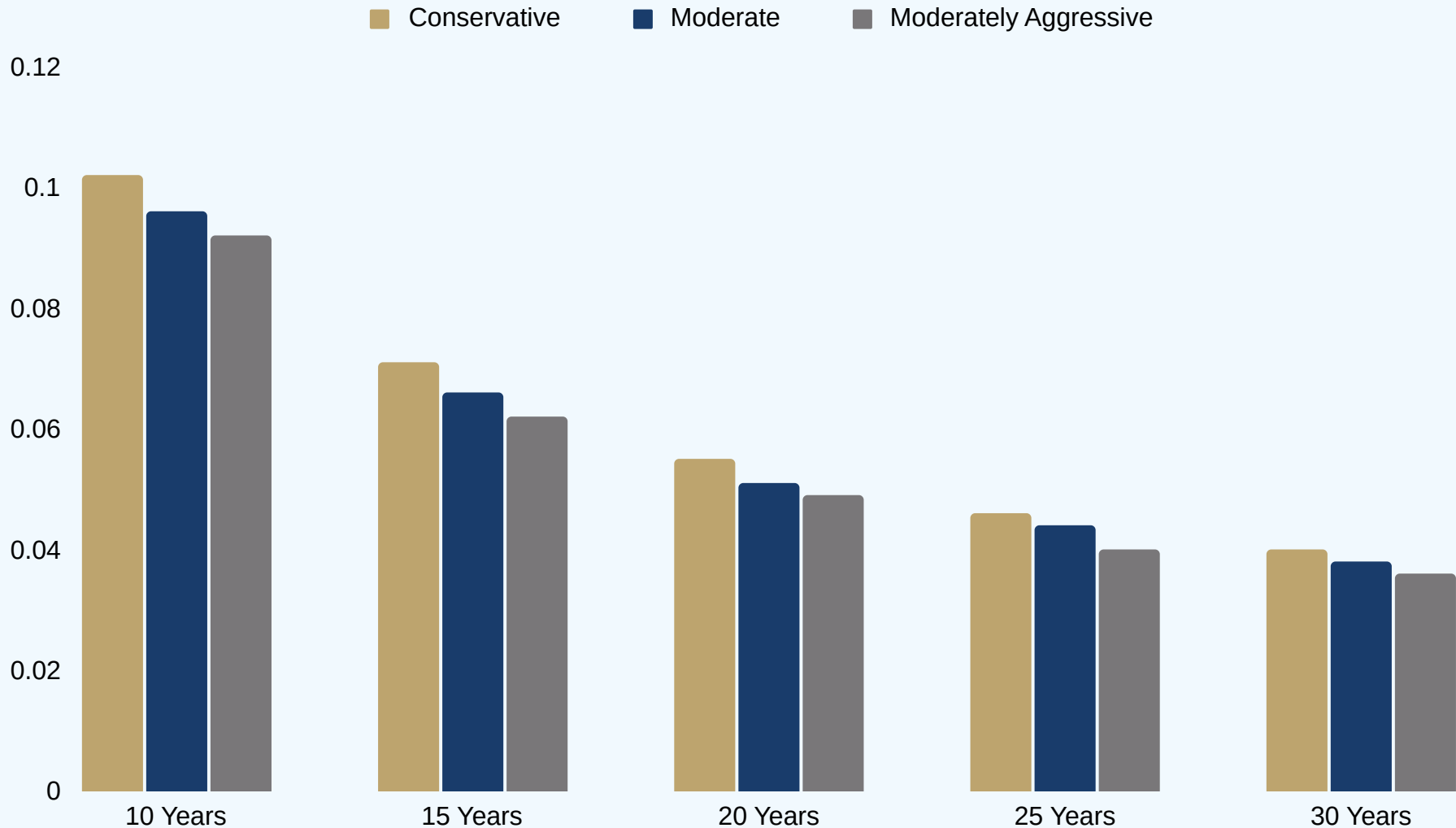
## Avoid These Common Retirement Mistakes

- Saving too little and/or starting too late
- Retiring too early
- Assuming maximizing 401(k)/403(b) contributions will fully provide for future retirement income needs
- Underestimating lifestyle
- Underestimating longevity and future health care expenses
- Assuming too much risk to “catch up” for a savings shortfall
- Holding too large of an allocation to a few securities and/or company stock
- Filing for early (reduced) Social Security benefits despite expected longevity

<sup>1</sup> Source: Fidelity – “How Much Should I Save for Retirement?” (January 2023). Fidelity’s suggested total pre-tax savings goal of 15% of annual income (including employer contributions) is based on our research, which indicates that most people would need to contribute this amount from an assumed starting age of 25 through an assumed retirement age of 67 to potentially support a replacement annual income rate equal to 45% of preretirement annual income (assuming no pension income) through age 93.

# Choosing a Prudent Spending Rate

The “4% spending rule” is well-known but may **not** be applicable for all retirees. Ideally, a sustainable spending rate should be built on: time horizon, portfolio allocation and risk tolerance.



Source: Schwab – “Beyond the 4% Rule: How Much Can You Spend in Retirement?” (February 27, 2023).

Source: Schwab Center for Financial Research, using Charles Schwab Investment Advisory's (CSIA) 2023 10-year long-term return estimates and volatility for large-cap stocks, mid/small-cap stocks, international stocks, bonds and cash investments. Spending rates target a 90% confidence level for time horizon.

Distribution rates are hypothetical and should be reviewed for an individual's personal goals and risk factors.

# How Can You Save for Retirement?

While contributing to a 401(k)/403(b) retirement plan is a great first step, it may not be sufficient in adequately providing for retirement needs, particularly for high-income earners. Aim to maximize contributions to retirement plans, and, whenever possible, seek additional savings opportunities.



Account Examples	Individual, Joint, Trust accounts	Traditional 401(k)/403(b) Plans, Traditional IRAs	Roth 401(k)/403(b) Plans, Roth IRAs
<b>Taxable Income</b>	Interest, dividends and capital gains	Account withdrawals	Earnings not taxable Qualified Withdrawals not taxable
<b>Tax Deductions</b>	Contributions not tax-deductible	Contributions tax-deductible (AGI limits for IRAs)	Contributions not tax-deductible
<b>Contribution Limits</b>	None	Yes, specific to type of account	Yes, specific to type of account

# Maximizing Your Savings: Traditional vs. Roth?

Review objectives and marginal income tax bracket to evaluate whether to contribute to a Traditional retirement account, a Roth retirement account or a combination of both.

	Traditional IRA <sup>1</sup>	Traditional 401(k)/403(b) <sup>2</sup>	Roth IRA <sup>1</sup>	Roth 401(k)/403(b) <sup>2</sup>
<b>Tax Benefits</b>	Tax-deferred growth		Tax-free growth and tax-free qualified withdrawals	
<b>Tax Deduction</b>	Contributions may be tax-deductible depending on AGI	Yes, for current year contributions	No, funded with after-tax contributions	
<b>Taxation of Withdrawals</b>	Taxed as ordinary income		Qualified withdrawals are tax-free	
<b>Early Withdrawal Penalties</b>	With limited exceptions, withdrawals prior to age 59½ result in a 10% penalty (in addition to the distribution being treated as ordinary income)		Contributions can be withdrawn penalty-free while earnings are taxable and may be subject to a 10% penalty	The earnings portion of a non-qualified distribution will be taxable and may be subject to a 10% penalty
<b>Income Limits for Contributions</b>	No, but deductibility is subject to income limits	None	Yes	None
<b>Age Limits for Contributions</b>	As of 2022, none	None	As of 2022, none	None
<b>Eligibility to Contribute</b>	Must have earned income	Actively employed	Must have earned income	Actively employed
<b>Deadline to Contribute</b>	April 15 of the following tax year	December 31	April 15 of the following tax year	December 31

**Tax Diversification:** Individuals may consider utilizing a combination of both Traditional and Roth retirement plan accounts as a ‘tax hedge’ given uncertainty over future income tax rates.

<sup>1</sup> Source: Vanguard Investor Resources – “Roth vs. Traditional IRAs: A Comparison”

<sup>2</sup> Source: Nerdwallet – “Roth 401(k) vs. 401(k): Which Is Best for You?” (January 2024)

# Retirement Contribution Limits

## Retirement Benefit Limits 1, 2

	2023	2024
Contribution Limits for 401(k)/403(b) Plans	22,500	23,000
Age 50+ Catch-up	7,500	7,500
Contribution Limits for SIMPLE IRA Plans	15,500	16,000
Age 50+ Catch-up	3,500	3,500
Contribution Limits for IRAs	6,500	7,000
Age 50+ Catch-up	1,000	1,000
Contribution Limits for Defined Benefit Plans	265,000	275,000
Contribution Limits for SEP IRA and Solo 401(k) Plan	66,000	69,000

## Modified Adjusted Gross Income (MAGI) Limitations for IRA Contributions 2,3

	2023	2024
<b>Traditional IRA:</b>		
Single, Head of Household	73,000 – 83,000	77,000 – 87,000
Married Filing Jointly	116,000 – 136,000	123,000 – 143,000
<b>Roth IRA:</b>		
Single, Head of Household	138,000 – 153,000	146,000 – 161,000
Married Filing Jointly	218,000 – 228,000	230,000 – 240,000
Married Filing Separately	0 – 10,000	0 – 10,000
Roth Conversions	None	None

<sup>1</sup> Source: TIAA – “IRS Announces 2024 Plan Contribution and Benefit Limits”

<sup>2</sup> Source: Fidelity – “IRA contribution limits for 2023 and 2024” (November 2, 2023)

<sup>3</sup> Source: Fidelity – “Roth IRA contribution limits for 2023 and 2024” (November 16, 2023)

<sup>4</sup> Source: The Motley Fool – “Roth IRA 5-Year Rule” (January 2023)

<sup>5</sup> Source: USA Today – “What is the Roth IRA 5-Year Rule?” (November 8, 2023)

### Beware of the 5-Year Rule for Roth IRAs:

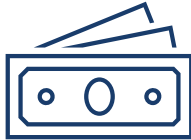
Earnings cannot be withdrawn tax-free unless it has been at least five years since contributions were first made to the Roth IRA.

Converted funds must remain in the Roth IRA for at least five years, regardless of an individual's age.

A separate five-year period applies for each Roth conversion. Failure to do so may result in a 10% early withdrawal penalty.<sup>4,5</sup>

# Questions to Ask a Fiducient Advisor

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## Do I have enough savings to retire?

Before deciding to retire, an evaluation should be completed comparing current savings to future income needs.

Reviewing a Monte Carlo simulation can be a helpful exercise to gauge the sufficiency of current retirement savings, while also estimating what might be left for beneficiaries.



## Does my portfolio allocation reflect my longer-term goals and needs?

Given the potential for a retirement which could last 30+ years, it is imperative to have a portfolio allocation which is anchored to longer-term goals, risk tolerance and time horizon.

Some retirees may think retirement signals a time to “de-risk” the portfolio, but one cannot overlook the importance of continuing to grow portfolio assets during the retirement years.



## How long might my savings last relative to my income needs?

Periodically revisiting a retirement plan can be helpful to alleviate any concerns of running out of money.

Your goals and needs may change over time; your retirement plan should have the flexibility to adjust accordingly.

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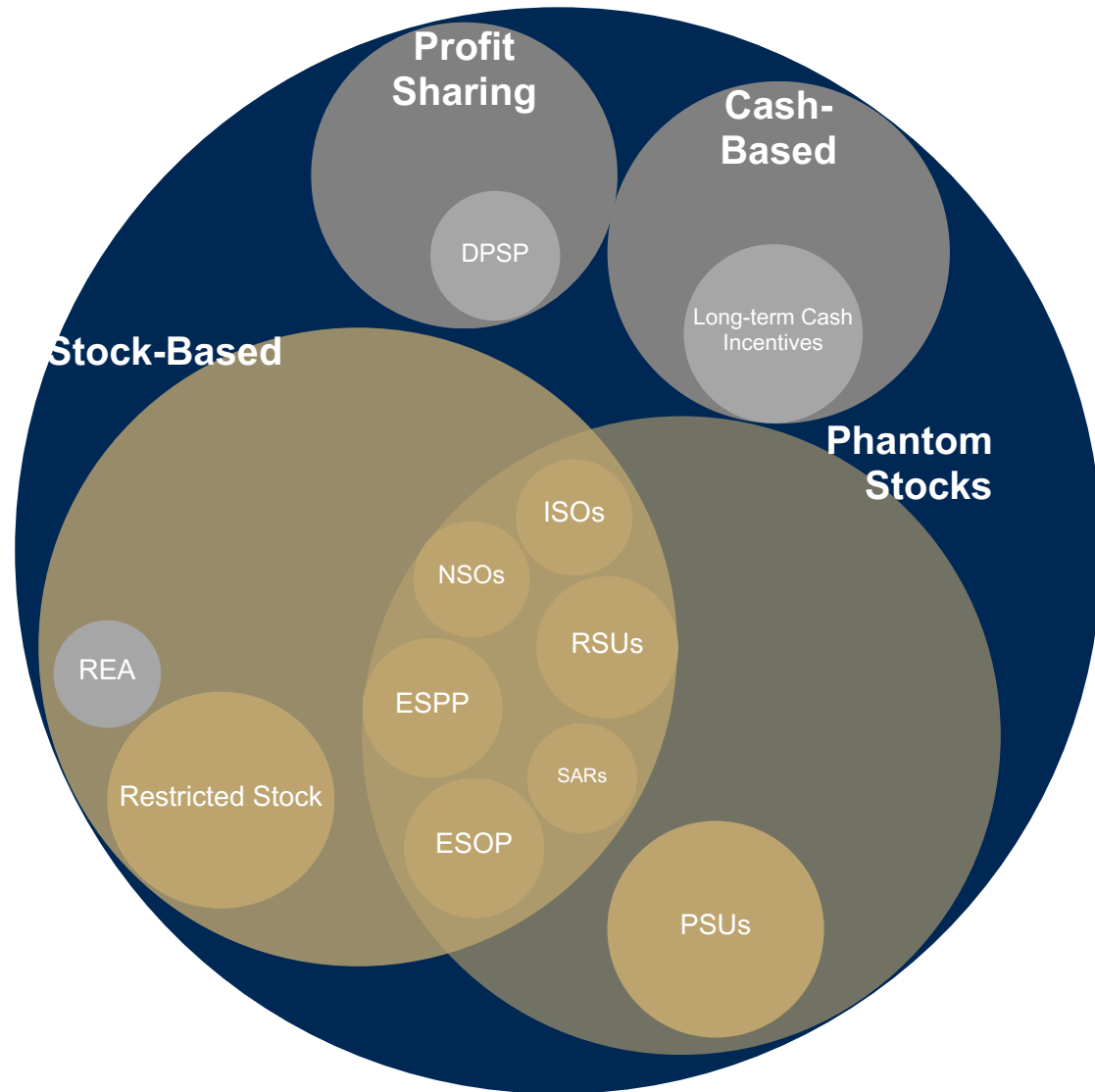
# Stock Compensation Planning

# Why Should I Pay Attention to My Stock Compensation?

Stock compensation, if managed correctly, can potentially help in achieving long-term financial success.

On average, equity compensation comprises **59%**<sup>1</sup> of an executive's total compensation.

However, only **45%**<sup>2</sup> of executives end up exercising all granted options before expiration.



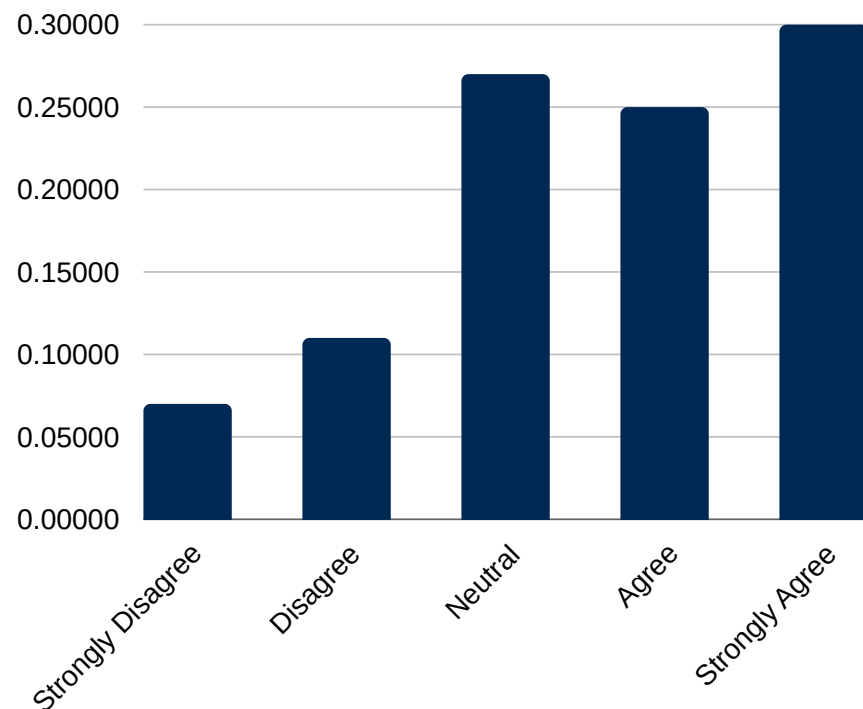
<sup>1</sup>Groysberg, Boris, et al. "Compensation Packages That Actually Drive Performance." *Harvard Business Review*, 1 January - February 2021, [hbr.org/2021/01/compensation-packages-that-actually-drive-performance](https://hbr.org/2021/01/compensation-packages-that-actually-drive-performance).

<sup>2</sup>Hodge, Ann, and Peter Walker. "2022 Employee Stock Options Report." *Carta*, 6 Feb. 2023, [carta.com/blog/2022-employee-stock-options-report/](https://carta.com/blog/2022-employee-stock-options-report/).



# The Difficulties to Managing Stock Compensation

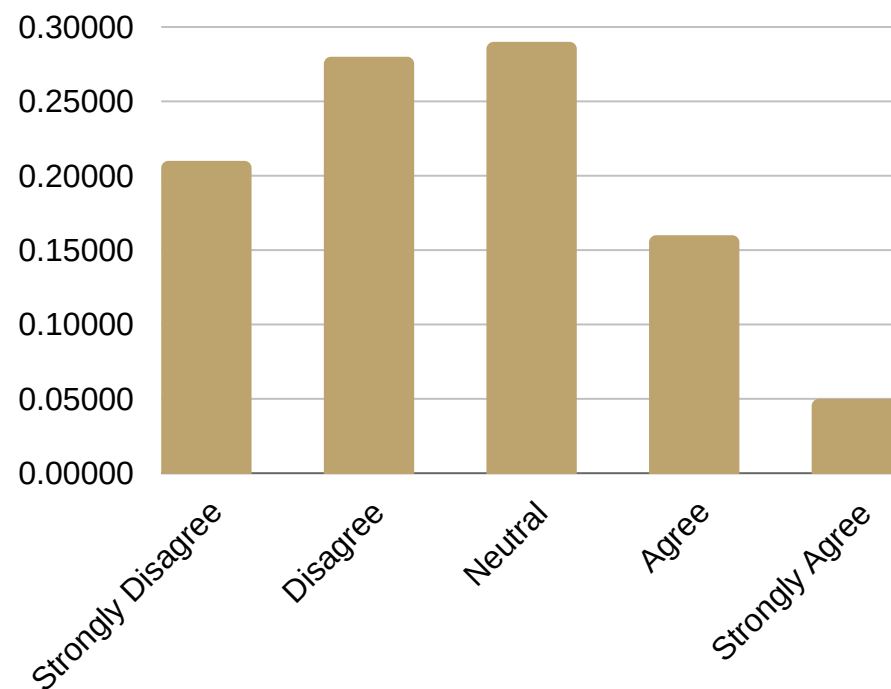
Is my company a prudent, long-term investment? How much should I own?



46%

of in-the-money options expired without being exercised in 2022. Main reasons cited were:

1. Too much of a financial risk
2. Couldn't afford the cost to exercise or associated taxes
3. Worried about making a mistake



28%

of options are exercised during a company's post-termination period (PTEP), which is typically 90 days.

This truncated timeline creates issues for those who have not planned appropriately for liquidity needs for exercising options / purchasing shares. This could potentially leave meaningful value on the table.

# Unique Considerations to the Most Common Stock Compensation

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Use it or Lose It ---- Beware of Expiration!

## Restricted Stock

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- Restricted Stock v. Restricted Stock Units (RSU)
- Not All Vesting Schedules Are Created Equal
- Understand Taxation Timing

## Employee Stock Purchase Plan

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49%

- 49% of S&P 500 companies offer ESPP<sup>1</sup>
- Typically Provides a Discount to Market Price
- Windows to Buy & Windows to Sell (Pre-Planning Is Essential)

## Incentive Stock Option

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- AMT Considerations
- Understand Your Taxation Timeline (2-Year Minimum for Maximum Benefits)

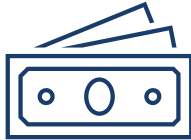
## Non-Qualified Stock Option

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- Bargain Element / 'No Free Lunch'
- Cashless Exercise: *Do I Need Outside Cash to Buy Stock?*

<sup>1</sup>Kapinos, Dan, et al. "How Common Are Employee Stock Purchase Plans? It Varies Widely by Demographics." Human Capital Solutions Insights, Apr. 2020, [humancapital.aon.com/insights/articles/2020/how-common-are-employee-stock-purchase-plans-it-varies-widely-by-demographics](https://humancapital.aon.com/insights/articles/2020/how-common-are-employee-stock-purchase-plans-it-varies-widely-by-demographics).

# Questions to Ask Your Advisor



## How Do I Create a Plan to Manage My Stock Compensation?

Understanding your cash flow is a critical in identifying when you can initiate transactions.

Analyzing the distinctive characteristics of your employer's plan mitigates missing deadlines or leaving money on the table.

Features like a lookback period on an ESPP and the type of vesting schedule for your options (graduated or cliff) provide opportunities to maximize value.



## How Much Exposure to My Company Stock is Too Much?

Before you can determine a diversification plan, identifying the proper proportion of company stock for your portfolio is a crucial exercise.

With the right allocation size determined, you can create a pacing model to either move to or maintain that size over time, accounting for future cash flows and tax liabilities.



## When Should I Get My Tax Adviser Involved in Option Planning?

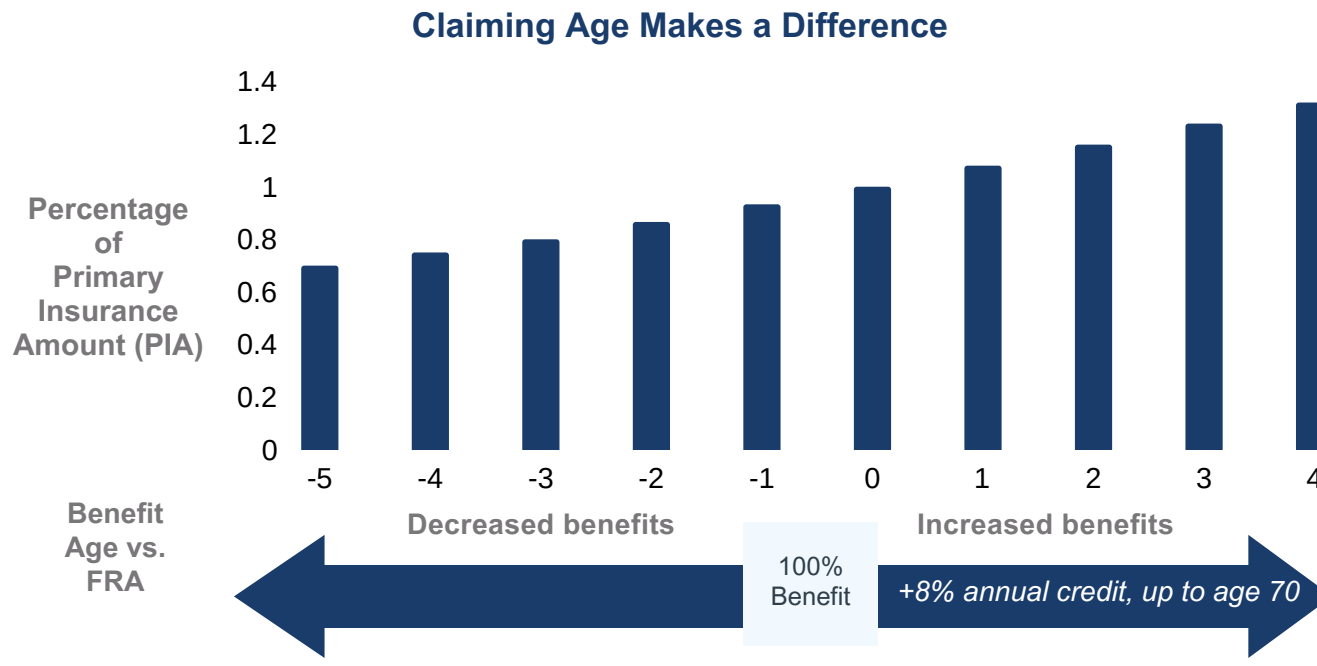
Immediately! There are many unique tax considerations associated with stock compensation that your tax adviser can opine.

Implementing the optimal strategic time to incur tax (it's when, not if) should be the result of an intentional process rather than an afterthought.

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# Social Security & Medicare

# Choosing When to Begin Social Security Benefits



You can apply for retirement benefits or spousal benefits directly online at <https://www.ssa.gov/benefits/forms/>



Check your Social Security statement for a current estimate of your benefits at <https://www.ssa.gov/myaccount/retire-calc.html>.

## Key Considerations

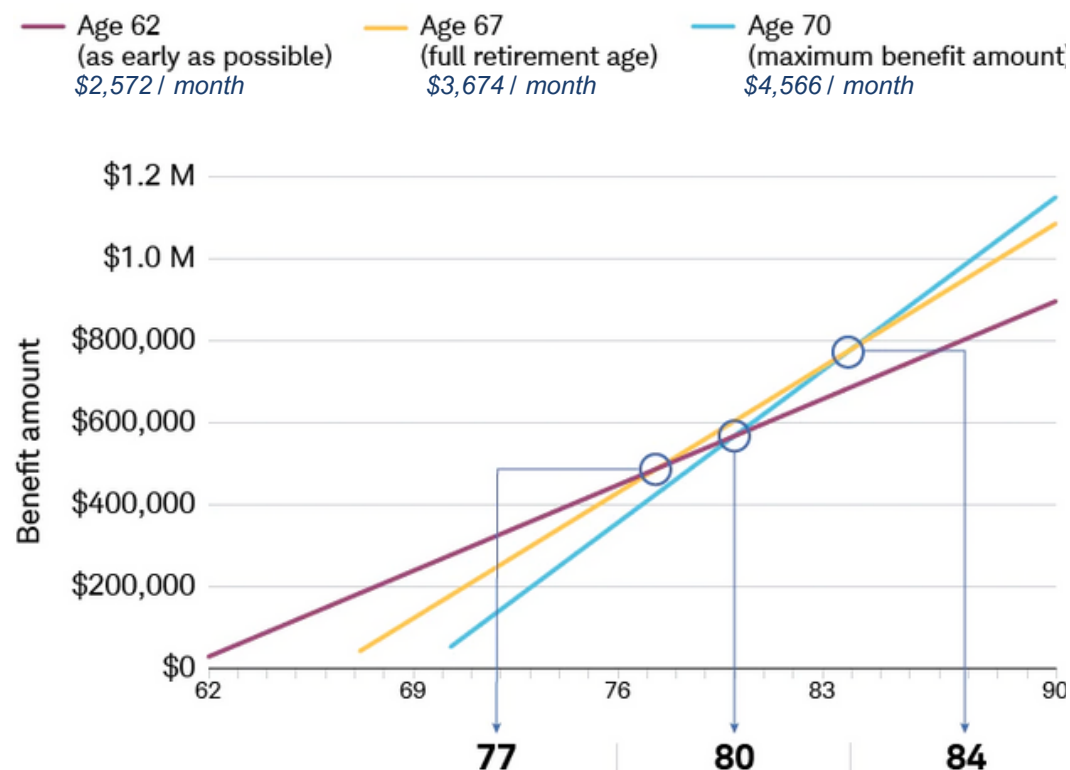
- You may start receiving your Social Security retirement benefits as early as age 62 or as late as age 70.
- Benefits are permanently reduced if you begin before your “full retirement age (FRA).” FRA can be ages 65-67 depending on when you were born.
- Conversely, monthly benefits will increase if you start after FRA, with delayed retirement credits up to age 70.
- Given that FRA is age 67 for anyone born in 1960 or later, delayed credits can only be accrued up to three years.

## 6 Key Factors

- Life expectancy (single or joint)
- Income needs
- Health Insurance
- Spousal benefits
- Changes in employment
- Family benefits

Source: Charles Schwab: “A Guide on Taking Social Security” (July 18, 2023)

# Evaluating a “Breakeven Age” with a Hypothetical Illustrative Scenario



## Key Takeaways:

- If the individual believes, based on current health and family health history, that there is a strong chance of living well beyond age 84, then he/she may benefit from delaying benefits until age 70.
- If the individual instead believes that age 84 is unlikely but living past age 77 is probable, then he/she should consider collecting benefits at full retirement age.

## Conclusions:

- **Age 77:** The cumulative benefit of collecting at age 67 would surpass the cumulative benefit of collecting at age 62
- **Age 80:** The cumulative benefit of collecting at age 70 would surpass the cumulative benefit of collecting at age 62
- **Age 84:** The cumulative benefit of collecting at age 70 would surpass the cumulative benefit of collecting at age 67

Sources: Charles Schwab: “Social Security FAQs” (January 2023), SSA.gov.

Hypothetical cumulative benefits assume the retiree was age 62 in 2023, age 67 in 2028, and age 70 in 2031 and began collecting a monthly benefit in January of each year. This example is hypothetical and provided for illustrative purposes only. Monthly benefit at any age varies widely by individual based on their earning history.

# Social Security: Common Misconceptions

## **Social Security is going broke**

Without any changes, the Social Security trust fund is estimated to be depleted by 2034; however, Social Security is a pay-as-you-go system and, as such, will continue to collect revenue from payroll taxes. Even if Congress were to enact no changes (which is rather unlikely), based on incoming payroll tax collections, Social Security would still be able to pay an estimated 80% of benefits

## **Full Retirement Age (FRA) is 65 for everyone**

Full Retirement Age (FRA) depends on birth year and varies from age 65 to 67

## **Social Security will replace most of a retiree's income needs**

The program was never intended to be the sole source of income for retirees. The general rule of thumb is Social Security will replace around 33% of pre-retirement income for an individual with average lifetime earnings, though the replacement ratio is far lower for individuals with high lifetime earnings.

## **Earned income is not allowed while collecting Social Security benefits**

Individuals can continue to work after receiving Social Security benefits. If an individual collects benefits before full retirement age (FRA) and has income which exceeds the earnings limit, then a portion of benefits will be reduced; however, any benefits which were reduced due to the earnings limit will later be credited back. [There is no earnings limit upon reaching FRA.]

# Medicare Basics



- **Part A (Hospital Insurance)**

- Free for people 65+ who paid payroll tax for ~10 years
- Covers care in hospitals, skilled nursing facilities, hospice and home health care



- **Part B (Medical Insurance)**

- Anyone eligible for Part A is eligible to enroll in Part B and pay a monthly premium
- Helps cover physician services, outpatient care, home health care, therapy services, ambulance services, preventive services and durable medical equipment

-6.25% average per year

- **Part C (Medicare Advantage)**

- The private health insurance alternative to 'Original Medicare' (Parts A & B), which might also include Part D coverage
- If enrolling in Medicare Advantage, must still enroll in Parts A & B and pay the Part B premium; will need to sign up and pay for the chosen Medicare Advantage plan



- **Part D (Prescription Drug Coverage)**

- Run by private insurance companies that follow rules set by Medicare
- Helps cover the cost of prescription drugs
- Once total drug costs (between what you and the plan have spent) reach \$5,030 (2024 limit), enrollee will pay no more than 25% of the drug price



## Original Medicare (Parts A&B) vs. Medicare Advantage (Part C):

“Think of it as choosing between ordering the prix fixe meal (Medicare Advantage) at a restaurant where the courses are already selected for you or going to the buffet (Original Medicare) where you must decide for yourself what you want.”<sup>2</sup>

<sup>1</sup> Source: AARP - Understanding Medicare's Options: Parts A, B, C and D" (December 2022)

<sup>2</sup> Source: AARP – “The Big Choice: Original Medicare vs. Medicare Advantage” (June 29, 2023)



# Medicare: Important Dates to Remember

Medicare benefits generally do not require annual enrollment. Key dates for enrollment and changes are highlighted below.

Date	Notes
<b>Initial Enrollment Period</b>	Individuals who do not sign up during the IEP may be subject to a late
	January 1 – March 31
<b>General Enrollment Period</b>	Those missing the Initial Enrollment Period can sign up during this period; coverage will subsequently start July 1
	January 1 – March 31 (only for individuals who already have a MA plan)
<b>Medicare Advantage Open Enrollment</b>	If enrolled in a Medicare Advantage plan, enrollee can: <ul style="list-style-type: none"><li>◦ Switch to a different Medicare Advantage plan</li><li>◦ Drop Medicare Advantage plan and return to Original Medicare</li><li>◦ Sign up for Medicare Part D (if returning to Original Medicare)</li></ul>
	October 15 – December 7
<b>Annual Open Enrollment Period</b>	Individuals can join, switch, or drop a plan for coverage beginning January 1
<b>Special Enrollment Period</b>	married, having a baby or adopting a child) may be eligible to sign up during a Special Enrollment Period
<b>January 1</b>	New coverage begins; monthly premium adjustments go into effect

Source: Medicare.gov

Source: Aetna Medicare – “Unpacking Medicare: What you need to know about Medicare enrollment periods (and when you can change your plan)”

# Questions to Ask a Fiducient Advisor

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## **When should I start taking Social Security?**

It is hard to predict an optimal age to begin collecting Social Security benefits, because it is dependent on so many different factors.

Understanding that every individual's situation is unique, weighing the pros and cons of early versus normal versus delayed benefits is an important consideration as part of an integrated retirement plan.



## **How can I check my estimated Social Security benefits?**

You can go to the Social Security website to review your most recent estimated Social Security monthly benefits.



## **How do I apply for retirement or spousal Social Security benefits?**

This information can also be found on the Social Security website, under the 'Benefits' section.



## **What Medicare plan makes the most sense for me?**

This is another very important question which is top-of-mind for many retirees.

Understanding your health history and specific medical and drug coverage needs are important components to identify a plan best suited to you.

## **SECTION 3**

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### Estate Planning

# Why is Estate Planning Important?

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## **Provide protection for you during your lifetime**

- Durable power of attorney, living will and healthcare proxy



## **Distribute wealth in accordance with *your* wishes**

- Without a will, assets are distributed according to state law and may not align with your intentions



## **Select responsible individuals to carry out your wishes**

- Guardian for minor children, trustee (manages assets within trust), executor (handles the settlement of an estate),



## **Minimize transfer taxes and expenses**

- Proper use of trusts and titling of assets can help mitigate tax implications and estate administration expenses



## **Philanthropic legacy**

- Incorporate charitable causes within your estate plan



## **Protect family wealth**

- Asset protection trusts and pre-nuptial agreements may help protect assets from litigation liability, creditors and divorce

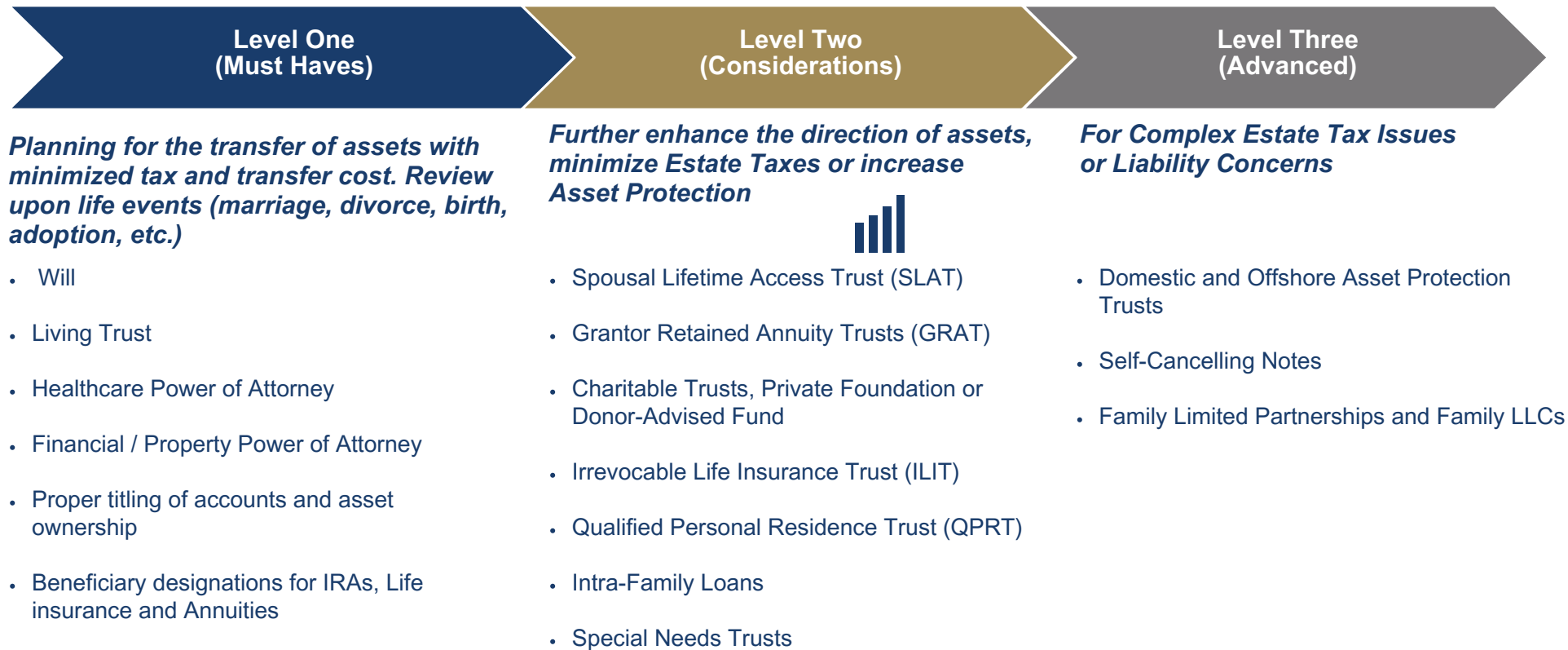


## **Prepare the next generation**

- Facilitate dialog and understanding within the family and stewardship for the future

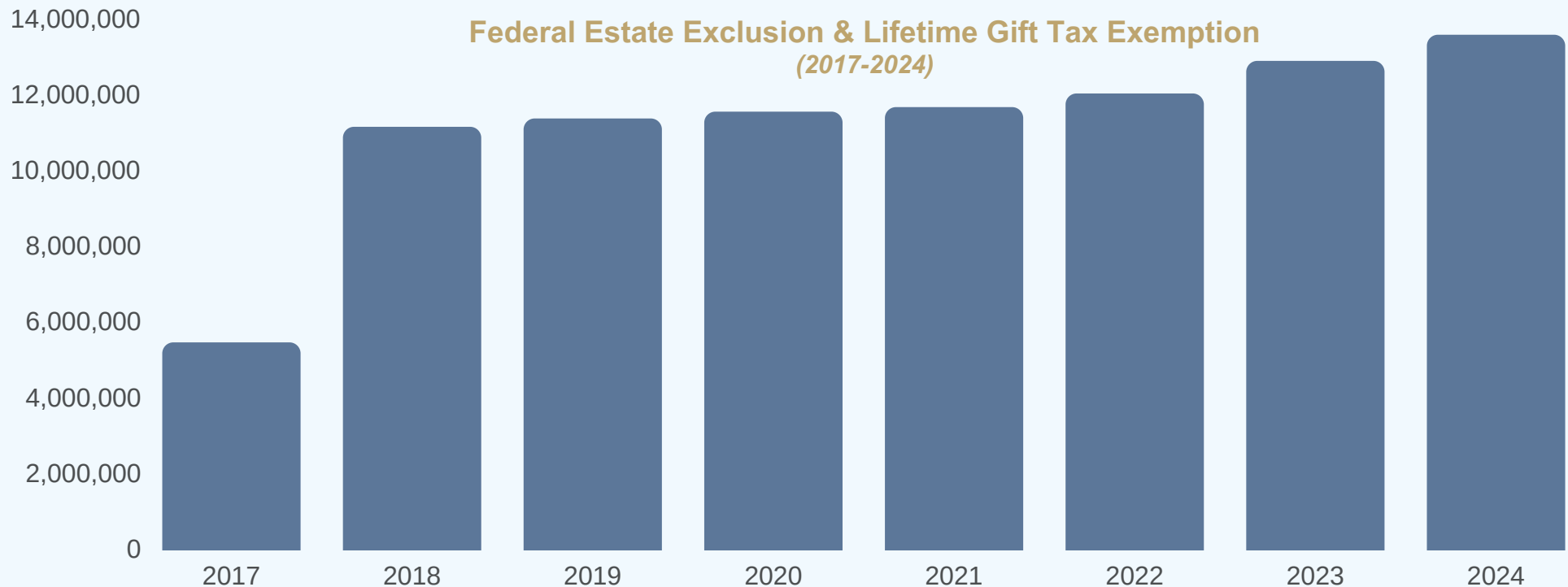
# Guide to Estate Planning

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# Take Advantage of Favorable Exemption Amounts

Under the Tax Cuts and Jobs Act (TCJA), the federal estate exclusion and lifetime gift tax exemption are scheduled to drop significantly after 2025 (barring any action by Congress).



## Key Takeaways

- The federal estate exemption has increased due to the inflation adjustment, providing additional gifting opportunity to those who had previously exhausted the lifetime gift tax exemption.
- With the scheduled decrease in exemption amounts in 2026 (to a \$5,000,000 base amount, adjusted for inflation), individuals who have – or are likely to have – a taxable estate *and* who have sufficient assets for retirement may want to consider gifting additional assets.

<sup>1</sup>Source: IRS - "What's New- Estate and Gift Tax

# Advanced Estate Planning

**Use it or Lose It...Beware of Scheduled Changes after 2025!**

## Spousal Lifetime Access Trust (SLAT)

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- Married individuals with assets in excess of the estate exclusion (\$13.61 million per person for 2024) might consider this strategy as an opportunity to further utilize the currently elevated lifetime gift tax exemption, while retaining indirect access to trust assets while their spouse is alive.

## Charitable Remainder Trust (CRT)

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- Individuals with philanthropic intent and a current need for an income may find a CRT an attractive option. Assets contributed to the trust can provide an income stream for life (or a period of years) and eventually benefit charity. May help reduce income taxes during life or at death depending on how the trust is structured.

## Qualified Personal Residence (QPRT)

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- Individuals interested in transferring a family home to the next generation may consider a QPRT as a means of minimizing gift or estate taxes. The owner irrevocably transfers the home to a trust, retaining the right of use and enjoyment for a period of years. Upon expiration of the term, the home passes to the trust's designated beneficiaries.

## Grantor Retained Annuity (GRAT)

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- Transferring assets to a GRAT can help “freeze” the value of your estate. A grantor transfers assets to a trust in exchange for an annual payment from the trust based on the Sec. 7520 rate. Assuming the assets appreciate in excess of the sum of the payments, remaining trust assets pass to the beneficiary without additional estate taxes.

# Questions to Ask Your Advisor

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## **Are my current documents in alignment with my wishes?**

Estate planning is very specific to a family's needs goals, needs, and level of wealth.

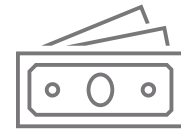
We can review your current documents, summarize your plan and reconnect/connect you with an estate planning professional if adjustments are needed.



## **What can I do to reduce my taxable estate?**

The estate tax exemption is set to sunset in 2025 absent a change in law. This may result in a higher estate tax liability if proper planning is not implemented.

Being mindful of what assets you need to live on for the remainder of your life and other factors, we can recommend wealth transfer strategies that may enhance tax savings and benefit your family.



## **Is my family prepared to manage my assets when I'm gone?**

Legal documents are not the only component of a successful estate plan. A team of professionals who is familiar with both you and your beneficiaries is key to protecting and preserving wealth.

We can facilitate conversations and educate the next generation about managing family wealth.



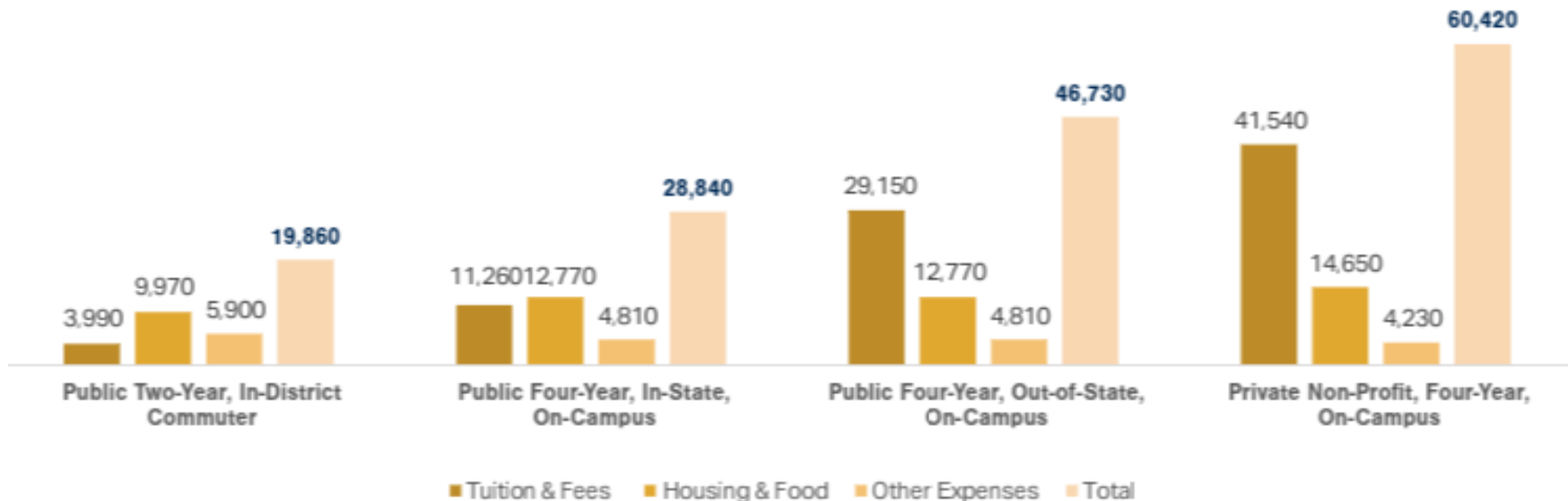
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# Education Planning

# The High Cost of a College Education

The cost of college tuition and fees – for four-year public and private colleges and for two-year colleges – has outpaced inflation for the past several decades. It is impossible to predict the future cost of college though it is reasonable to expect that such costs will continue to increase, making the need for a 529 account more important.

**Average Estimated Full-Time Undergraduate Budgets (Enrollment-Weighted)  
(2023-24)**

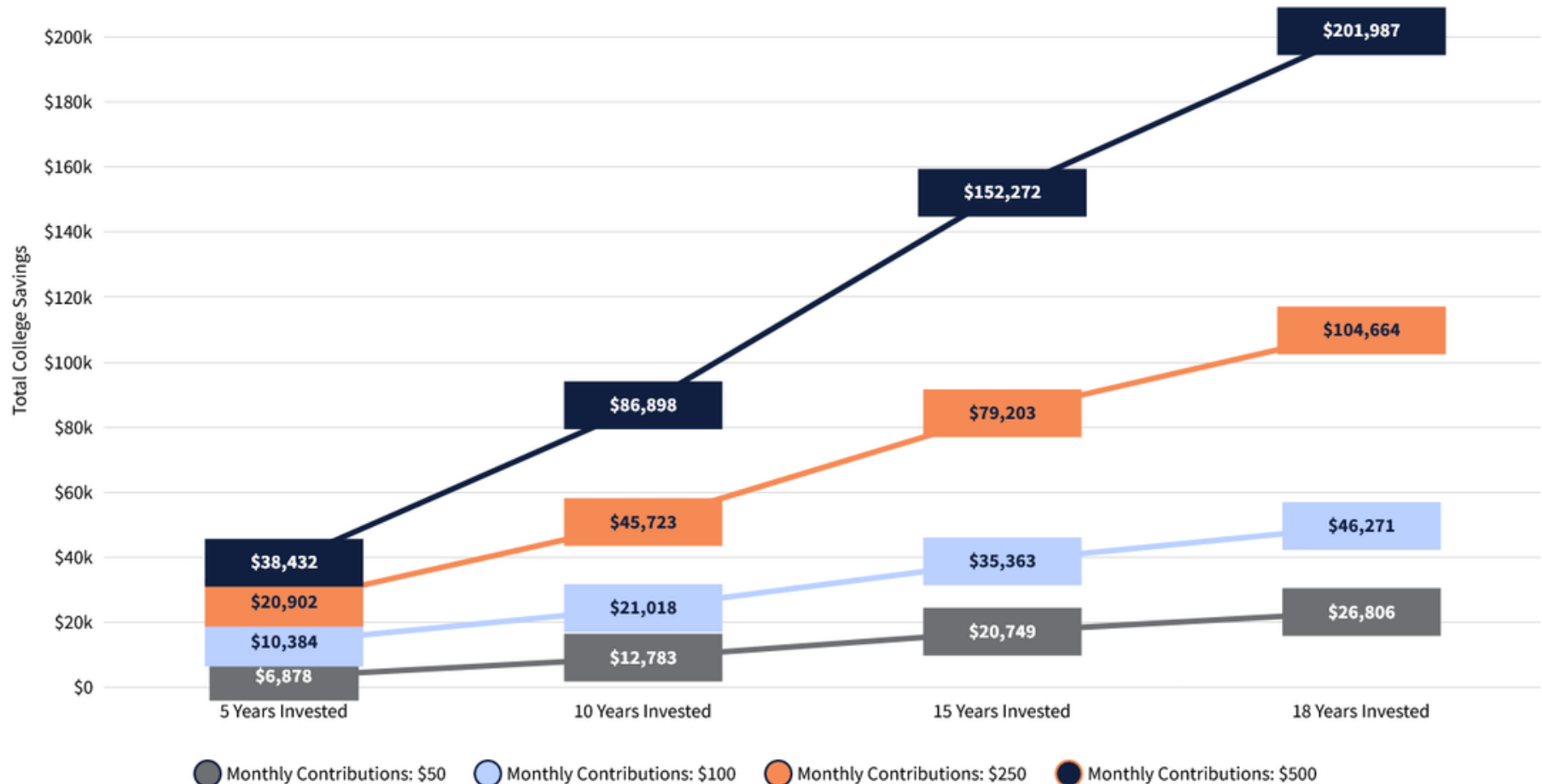


NOTE: Expense categories are based on institutional budgets for students as reported in the College Board's Annual Survey of Colleges. Figures for tuition and fees and housing and food mirror those reported in Table CP-1. Data for books and supplies, transportation, and other expenses are projected and reflect the average amounts allotted in determining the total cost of attendance and do not necessarily reflect actual student expenditures. Books and supplies may include course materials such as hardcopy textbooks, online textbooks, textbook rentals, and other supplies such as a personal computer used for study. Source: College Board, Annual Survey of Colleges; NCES, IPEDS Fall 2021 Enrollment data; Student Watch and Student Monitor.

Source: The College Board "Trends in College Pricing" (October 2023).

# Make Time Your Ally: The Power of Compounding

Saving consistently over time can better prepare for future education expenses



\* For illustrative purposes only. This hypothetical example illustrates the accumulation potential with a \$2,500 initial investment and a monthly contribution plan at a 6% projected average annual return. The above example is based on projections and does not reflect an actual investment in the Bright Start Direct-Sold College Savings Program. If fees were included, the returns would be lower. Actual results may differ considerably from the illustration above. These results are hypothetical and do not represent results earned by clients of Fiduciant Advisors.

Source: Bright Start – “Plan for the rising cost of college” (<https://brightstart.com/cost-of-college/>)

# Key Benefits of 529 Plans

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## Flexibility and Control

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- Owned by the individual who opens the account, not the beneficiary. The beneficiary can be changed at any time.
- The new beneficiary must be a family member (sibling, step-sibling, spouse, or cousin are eligible).<sup>1</sup>
- Investment allocations can be changed up to twice per year for previously invested funds. New deposits can be changed at any time.<sup>2</sup>

## Favorable Financial Aid Treatment

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- The value of an account owned by a dependent student or parent is considered a parental asset on the Free Application for Federal Student Aid (FAFSA.).
- Recent FAFSA changes benefit grandparent-owned accounts. Effective October 1, 2023 (for the 2024-25 academic year), students are no longer required to disclose cash distributions.<sup>3</sup>

## Tax Benefits

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- Tax-free investing and withdrawals for qualified education expenses, as well as up to \$10,000 per child per year for K-12 expenses.
- May be eligible for a state income tax deduction depending on state of residence.<sup>1</sup>
- Effective January 1, 2024, SECURE Act 2.0 provides for a new allowance of tax-free and penalty-free rollovers directly to a Roth IRA.<sup>4</sup>

## Who Can Contribute?

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- Accepts third-party contributions, regardless of who owns the account.
- While parents are the most likely to contribute to an account, anyone (including grandparents, aunts, uncles and friends) can contribute.<sup>1</sup>

<sup>1</sup> Savingforcollege.com - "What is a 529 Plan?" (October 2023)

<sup>2</sup> Savingforcollege.com - "How Many 529 Plan Investment Changes can you Make a Year" (February 2020)

<sup>3</sup> Savingforcollege.com - "Does a 529 Plan Affect Financial Aid?" (August 2023)

<sup>4</sup> Savingforcollege.com - "New Federal Tax Law Enhances 529 Plan Benefits" (January 2023)

# Questions to Ask Your Advisor

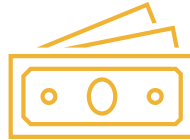
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## What is a 529 savings plan?

529 savings plans are flexible, tax-advantaged accounts designed specifically for education savings.

Earnings on contributions grow federal income tax-deferred, and qualified withdrawals taken to pay for qualified higher education expenses such as tuition, fees, books, computer expenses or room-and-board are free from federal income taxes.



## Am I on track? How do I estimate higher education costs?

Given the high cost of a college education, saving early and often should be a priority for parents.

Periodically reviewing the cost of a four-year college education against current savings can be a helpful exercise to determine whether you are on track.



## What can I do with the money left in the account?

The 529 account beneficiary can be changed to an eligible family member to use for their qualified education expenses.

Alternatively, you could take a non-qualified withdrawal. However, the portion of the non-qualified withdrawal attributed to investment earnings will be subject to federal and state income taxes plus a 10% federal tax penalty.

## SECTION 4

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### Risk Management (Insurance)

# Best Practices to Managing Personal Risk

A thoughtful risk management (insurance) plan requires periodic evaluations to reassess objectives and sufficiency of coverages

## Life Insurance

Death benefit for debt payoff, income replacement for heirs, payment of estate/inheritance tax

## Property & Casualty

Protection against major claims and lawsuits, generally covering homes, autos, jewelry, collectibles and other valuables

## Umbrella Insurance

Excess liability coverage above underlying coverages from homeowners and auto insurance to protect net worth against lawsuits

## Health Insurance

Coverage for routine medical care and prescription drugs; protection from high, unexpected health costs

## Disability Insurance

Income replacement in event of illness or injury

## Long-Term Care

Protection for prolonged illness, accident and disability

# Choosing the Right Type of Life Insurance Policy

The right type of policy and amount of death benefit depends on specific factors, such as age, number of children, financial lifestyle and employee benefits.

Generally speaking, there are two types of life insurance: Term and Permanent. Understanding the components and cost of each is essential to choosing which might be best for you.

## Term Insurance

- Coverage for finite period
- Premiums do not change during term
- No cash value
- Used to cover a specific financial obligation (e.g., mortgage, college)

## Permanent Insurance

- Lifetime coverage
- Premiums may change
- Cash value component allows for policy loans or withdrawals
- More expensive than Term
- Examples: Whole Life, Universal Life, Variable Life



# Preparing for a Rainy Day

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## **The Marketplace for Homeowners Insurance has Changed**

- Due to more frequent and intense weather-related incidents, common insurance providers may decline coverage in certain states, with underwriting standards and costs increasing dramatically.
- Before purchasing a property in any state, and specifically in those states prone to weather-related disasters, advance due diligence is necessary.



## **Umbrella (Excess Liability) Coverage = A Necessity**

- Provides additional liability coverage against judgments in lawsuits in excess of primary home and auto liability coverages.
- Insurance experts often recommend policy coverage be a multiple (e.g., 2x or 3x) of your net worth.

### *Common Mistakes with Umbrella Coverage*

- 1 *Failing to understand policy coverage terms and gaps.*
- 2 *Purchasing coverage which does not cover the full replacement/fair value.*
- 3 *Not revisiting/updating coverage as net worth changes over time.*

# Picking the Right Health Insurance Plan Matters

Types of Plans	Description
<b>Health Maintenance Organization (HMO)</b>	Typically, less expensive annual premiums, lower-to-no deductible, out-of-network doctors are not covered, and many plans require primary care physician to provide a referral to see a specialist
<b>Preferred Point Provider (PPO)</b>	Premiums tend to be higher, higher deductible, out-of-network doctors/hospitals may be covered, and specialists can generally be seen without a referral from a primary care physician
<b>High-Deductible Health Plan (HDHP)</b>	Lowest monthly premiums of the main plans, higher annual deductibles and out-of-pocket maximum limits and ability to contribute to a Health Savings Account

## Medical Savings Plans

### • **Health Savings Account (HSA)** <sup>1</sup>

- Available only to individuals covered by a qualified High-Deductible Health Plan (HDHP)
- Contributions limited to \$4,150 self / \$8,300 family; additional \$1,000 limit for age-55+ catch-up contributions
- Contributions are tax-deductible
- Earnings grow tax-free and distributions for qualified medical expenses are tax-free
- Unused balances roll over to the next year

### • **Flexible Savings Plan (FSA)** <sup>1</sup>

- Available to individuals with benefits package from employer
- Pre-tax payroll deduction; contributions limited to \$3,200
- Unused annual balances are forfeited, unless employer offers rollover

<sup>1</sup> Source: Kiplinger – “How Much Can You Contribute to Your HSA and FSA in 2024?” (November 13, 2023)

# Considerations for Long-Term Care Insurance

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## General Coverage & Benefits

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- Skilled care – licensed therapists, nursing homes, rehabilitation services
- Custodial care – home health aides, companion services
- Assisted living and sheltered care
- Adult day care and hospice care
- Care coordination services

## When to Buy

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- Consider at age 50, no later than age 70
- Before developing medical issues that might disqualify coverage

## When to Begin Benefits

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- Qualifying for long-term care benefits generally involves assistance with two of the Activities for Daily Living (ADLs): dressing, eating, toileting, bathing, transferring and continence

## Other Considerations

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- Premium payment amounts are not guaranteed and may increase significantly after purchase
- Most long-term care policies have a waiting period before benefits kick in (typically 90 days). All costs during waiting period are out-of-pocket

# Questions to Ask Your Advisor

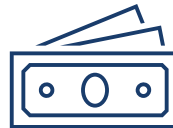
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## **How do I know which medical plan is right for me/my family?**

Working with your Human Resource Department can help determine the pros/cons of your employer plans.

For those retired or approaching Medicare age, online tools like Healthcare.gov and Medicare.gov can help you compare and navigate the choices available.



## **How do I estimate how much insurance I may need?**

Engaging with a Life Insurance agent and a Property & Casualty Insurance agent is a good place to start.

Other online tools can assist with quantifying insurance needs based on simple inputs such as monthly income, assets, family history and current debt.



## **How does cash value life insurance fit into my investment portfolio?**

Life Insurance can serve an investment need, due to the tax deferral/tax-exempt nature of most insurance policies.

Careful consideration of costs and access are essential.

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# Cybersecurity & Fraud Protection

# Important Steps for Cybersecurity

## PREVENT

1. **Strong Passwords:** Use a combination of numbers, symbols and letters to form a long, complex password. Use unique passwords for each online login and regularly change all passwords.
2. **Multi-Factor Authentication:** If available, enable two-factor authentication for email, social media, financial accounts, etc. This functionality sends a one-time code to a mobile device to verify access, thus preventing unauthorized parties from accessing your account without the code.
3. **Secure Wi-Fi Network:** Avoid unsecure access to public Wi-Fi networks, such as in coffee shops, airports, hotels, etc. A virtual private network (VPN) creates a personal, private network across public networks.
4. **Cautiousness with targeted telephone calls:** Avoid divulging any banking or personal information to a caller over the phone and do not give in to pressure to take immediate action. The IRS and law enforcement agencies will not call you. Beware of the question “can you hear me” which leads to the recording of you saying “yes” to authorize unwanted charges, etc.
5. **Safe Surfing:** Only open emails, attachments and links from people you know. Pay attention to a website's URL; hover over any links to see where they lead. Only visit trusted websites.

## DETECT

1. **Account Review:** Open your credit card bills and bank statements right away. Check carefully for any unauthorized charges or withdrawals and report them immediately.
2. **Review Your Credit Report:** By law, you can obtain a free credit report every 12 months from [www.annualcreditreport.com](http://www.annualcreditreport.com). According to the Federal Trade Commission, this is the only authorized source for the free annual credit report (though it will not include your FICO score). You should review your credit report for any discrepancies (unauthorized accounts, etc.).

## REACT

If you have been a victim of identity theft:

- File a report with the local law enforcement agency.
- File Form 14039 (Identity Theft Affidavit) with the Internal Revenue Service.
- Contact one of the three credit bureaus (Equifax, Experian, TransUnion) to report the crime and freeze credit. Once one of the credit bureaus issues a fraud alert, the other two bureaus are automatically notified.

# Practical Steps to Guard Against Fraud

## Spot imposters

Scammers often pretend to be someone you trust, like a government official, a family member, a charity or a company you do business with. Don't send money or give out personal information in response to an unexpected request — whether it comes as a text, a phone call or an email.

## Don't believe caller ID

Technology makes it easy for scammers to fake caller ID information, so the name and number you see aren't always real. If someone calls asking for money or personal information, hang up. If you think the caller might be telling the truth, call back to a number you know is legitimate.

## Consider how you pay

Credit cards have significant fraud protection built in, but some payment methods don't. Wiring money is risky because it's nearly impossible to get your money back; that's also true for reloadable cards (like MoneyPak or Reloadit) and gift cards (like iTunes or Google Play). Government offices and honest companies won't require you to use these payment methods.

## Be skeptical of free trial offers

Some companies use free trials to sign you up for products and bill you every month until you cancel. Before you agree to a free trial, research the company and read the cancellation policy. Always review your monthly statements for charges you don't recognize.

## Opt out of solicitations

Discuss opting out of solicitations to limit interaction with scammers. Registering phone number(s) on the Do Not Call Registry<sup>5</sup> to eliminate unwanted phone calls and contact the Direct Mail Association<sup>4</sup> to opt-out of receiving unsolicited mail.

If you spot a scam, report it at [ftc.gov/complaint](https://ftc.gov/complaint). Your reports help the FTC and other law enforcement investigate scams and bring criminals to justice. If you or anyone you know has been a victim of exploitation, consider reporting this to [the Department of Justice National Elder Abuse Hotline](https://www.justice.gov/oea/nelderabuse) or to the [FBI Internet Complaint Center](https://www.fbi.gov/complaint).

<sup>1</sup>Source: *FTC – 10 Things You Can Do to Avoid Fraud*– <https://www.commonlit.org/enl/texts/10-things-you-can-do-to-avoid-fraud/>

<sup>2</sup>Source: *FTC – Report to help Fight Fraud - ReportFraud.ftc.gov*

<sup>3</sup>Source: *FTC – Scams*– <https://consumer.ftc.gov/scams>

<sup>4</sup>Source: *Direct Mail Association – Opt Out Service*– <https://www.dmachoice.org/>

<sup>5</sup>Source: *FTC – National Do Not Call Registry* - <https://www.donotcall.gov>

# Questions to Ask Your Advisor

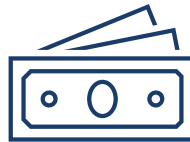
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## How do I stay educated on trends in fraud?

Follow reputable news sources that report on fraud and cybersecurity issues, as these sources provide valuable insights into emerging scams and fraud trends.

Subscribe to newsletters or blogs from organizations which specialize in fraud prevention. Examples include newsletters from government agencies, financial institutions or cybersecurity companies.



## What steps should I take if I suspect fraudulent activity?

Carefully review all bank and credit card statements for any unauthorized transactions.

Reach out to a credit bureau to verify your credit report is accurate. If you find any fraudulent activity, file a police report. Remember to keep a copy of the report as it may be needed when disputing charges.

After reporting to the police, contact your financial institution to report the activity.



## How can I protect my personal information from being stolen?

Update passwords regularly, only visit safe and secure websites, and avoid giving out any personal information unless required.

If you suspect fraudulent activity on your account or would like more information on what you can do to prevent it, reach out to your financial advisor.



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*Appendix:*  
2024  
Reference  
Guide

# 2024 Tax Reference Guide

## Federal Income Tax Brackets<sup>1</sup>

Marginal Tax Rate	Single Filers	Head of Household	Married Filing Jointly	Trusts and Estates <sup>2</sup>
10%	0 – 11,600	0 – 16,500	0 – 23,200	0 – 3,100
12%	11,601 – 47,150	16,551 – 63,100	23,201 – 94,300	
22%	47,151 – 100,525	63,101 – 100,500	94,301 – 201,050	
24%	100,526 – 191,950	100,501 – 191,950	201,051 – 383,900	3,101 – 11,150
32%	191,951 – 243,725	191,951 – 243,700	383,901 – 487,450	
35%	243,726 – 609,350	243,700 – 609,350	487,451 – 731,200	11,151 – 15,200
37%	609,351 +	609,351 +	731,201+	15,201 +

## Alternative Minimum Tax (AMT)<sup>2</sup>

	AMT Exemption	AMT Exemption Phaseout
Single and Head of Household	85,700	609,350
Married Filing Jointly	133,300	1,218,700

The AMT exemption is reduced by \$0.25 for each dollar that a taxpayer's Alternative Minimum Taxable Income (AMTI) exceeds the phase-out threshold

<sup>1</sup> Source: The Tax Foundation – “2024 Tax Brackets” (November 9, 2023)

<sup>2</sup> Source: Forbes – “IRS Announces 2024 Tax Brackets” (November 9, 2023)

## Long-Term Capital Gains Tax Rates<sup>2</sup>

**Taxable Income:**

0%	<	47,025 Single 63,000 Head of Household 94,050 Married Filing Jointly 3,150 Trusts & Estates
15%	between	47,025 – 518,900 Single 63,000 – 551,350 Head of Household 94,050 – 583,750 Married Filing Jointly 3,150 – 15,450 Trusts & Estates
20%	>	518,900 Single 551,350 Head of Household 583,750 Married Filing Jointly 15,450 Trusts & Estates

# 2024 Tax Reference Guide

## Standard Deduction vs. Itemized Deductions<sup>1</sup>

*Taxpayers may take the greater of the standard deduction or total itemized deductions*

Standard Deduction	Itemized Deductions <sup>2</sup>
\$14,600 Single	Medical expenses greater than 7.5% of adjusted gross income are deductible
\$21,900 Head of Household	SALT Deduction capped at \$10,000 for <u>the sum of</u> : 1) property taxes and 2) greater of state and local income taxes or sales taxes
\$29,200 Married Filing Jointly	Home mortgage interest on mortgages up to \$750,000. <i>(Note: Mortgages before December 15, 2017 up to \$1 million grandfathered.)</i>
	Charitable contributions (subject to AGI limits based on contributed property and receiving charity)

<sup>1</sup> Source: The Tax Foundation – “2024 Tax Brackets” (November 9, 2023)

<sup>2</sup> Source: IRS – “Find Out if Net Investment Income Tax Applies to You”



## “Must Know” Healthcare Taxes<sup>2</sup>

### Net Investment Income Tax (NIIT):

3.8%

On the *lesser* of net investment income or Modified AGI above threshold:  
\$ 200,000 for Single/Head of Household  
\$ 250,000 for Married Filing Jointly  
\$ 125,000 for Married Filing Separately

*Note: These threshold amounts are not indexed for inflation.*

Investment income includes, but is not limited to:

- Interest
- Dividends
- Capital Gains
- Rental/Royalty Income
- Taxable Portion of Non-Qualified Annuity Payments
- Business Income from Financial Trading
- Passive Activities

### Medicare Surtax:

0.9%

On *earned* income above:  
\$ 200,000 for Single  
\$ 250,000 for Married Filing Jointly  
\$ 125,000 for Married Filing Separately

*Note: These threshold amounts are not indexed for inflation.*

# 2024 Tax Reference Guide

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States with individual income taxes

1

States which only tax dividends and interest (New Hampshire)

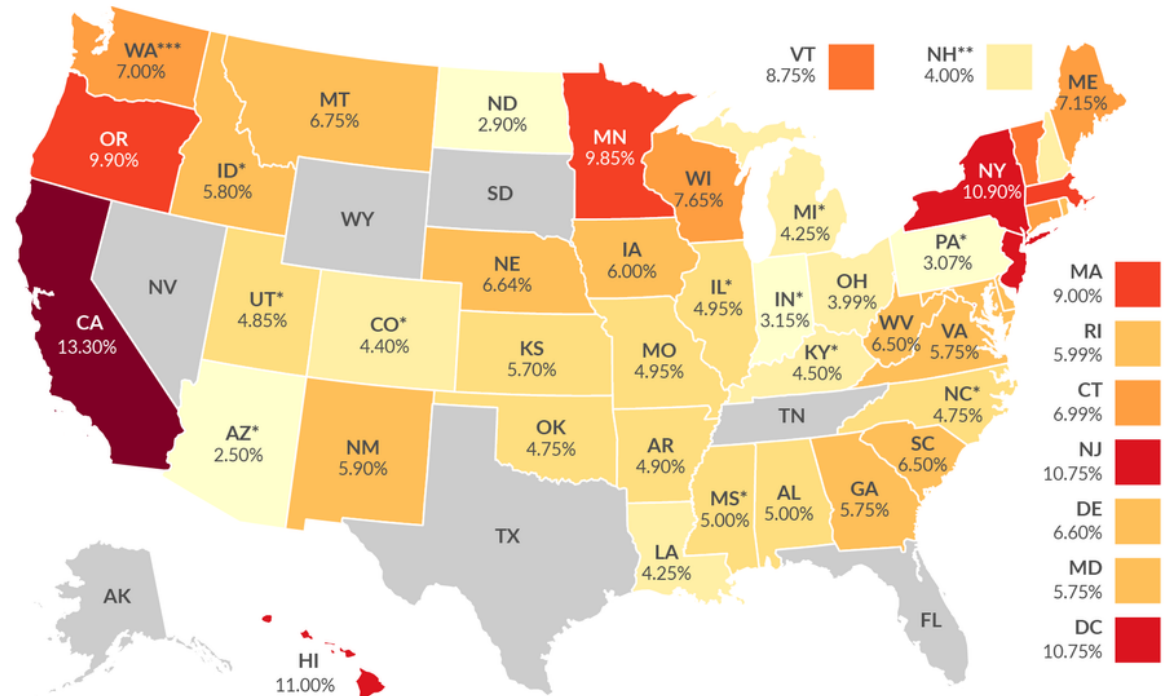
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States which only tax capital gains (Washington)

7

States with no individual income tax (Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Wyoming)

## Top Marginal State Individual Income Tax Rates (as of January 3, 2023)



Note: Map shows top marginal rates: the maximum statutory rate in each state. This map does not show effective marginal tax rates, which would include the effects of phase-outs of various tax preferences. Local income taxes are not included.

(\*) State has a flat income tax.

(\*\*) State only taxes interest and dividends income.

(\*\*\*) State only taxes capital gains income.

Sources: Tax Foundation; state tax statutes, forms, and instructions; Bloomberg Tax.

Top State Marginal Individual Income Tax Rates



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# 2024 Tax Reference Guide

## Retirement Benefit Limits 1, 2

	2023	2024
Contribution Limits for 401(k)/403(b) Plans	22,500	23,000
Age 50+ Catch-up	7,500	7,500
Contribution Limits for SIMPLE IRA Plans	15,500	16,000
Age 50+ Catch-up	3,500	3,500
Contribution Limits for IRAs	6,500	7,000
Age 50+ Catch-up	1,000	1,000
Contribution Limits for Defined Benefit Plans	265,000	275,000
Contribution Limits for SEP IRA and Solo 401(k) Plan	66,000	69,000

### Beware of the 5-Year Rule for Roth IRAs:

Earnings cannot be withdrawn tax-free unless it has been at least five years since contributions were first made to the Roth IRA.

Converted funds must remain in the Roth IRA for at least five years, regardless of an individual's age. A separate five-year period applies for each Roth conversion. Failure to do so may result in a 10% early withdrawal penalty.<sup>4,5</sup>

## Modified Adjusted Gross Income (MAGI) Limitations for IRA Contributions 2,3

	2023	2024
<b>Traditional IRA:</b>		
Single, Head of Household	73,000 – 83,000	77,000 – 87,000
Married Filing Jointly	116,000 – 136,000	123,000 – 143,000
<b>Roth IRA:</b>		
Single, Head of Household	138,000 – 153,000	146,000 – 161,000
Married Filing Jointly	218,000 – 228,000	230,000 – 240,000
Married Filing Separately	0 – 10,000	0 – 10,000
Roth Conversions	None	None

<sup>1</sup> Source: TIAA – “IRS Announces 2024 Plan Contribution and Benefit Limits”

<sup>2</sup> Source: Fidelity – “IRA contribution limits for 2023 and 2024” (November 2, 2023)

<sup>3</sup> Source: Fidelity – “Roth IRA contribution limits for 2023 and 2024” (November 16, 2023)

<sup>4</sup> Source: The Motley Fool – “Roth IRA 5-Year Rule” (January 2023)

<sup>5</sup> Source: USA Today – “What is the Roth IRA 5-Year Rule?” (November 8, 2023)



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[www.neirg.com](http://www.neirg.com)