Loose Change®

a penny saved is a penny earned

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ALISON BREW
Account Manager

LTM Client Marketing
45 Prospect Avenue
Albany, NY 12206
ltmclientmarketing.com

abrew@ltmclientmarketing.com
Tel: 518-870-1083
Toll Free: 1-800-243-5334
Fax: 1-800-720-0780

I am committed to helping my clients pursue their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Securities and investment advisory services offered through ABC Company, member FINRA/SIPC.

LTM Client Marketing
helping financial professionals stay connected

Year-end Moves Can Benefit Investors

November through December is typically busy, so you may need to focus on something other than your current investments. But, before you carve the turkey and bring out the noisemakers, take some time to review year-end strategies that may improve your finances.

Contribute to Your Retirement Fund

Contributing to your retirement account can build savings and lower your tax bill. For 2023, you can contribute up to $22,500 to a 401(k), 403(b), or 457 retirement plans. If you're 50 or older, you can make a catch-up contribution of $7,500. If you haven't contributed the maximum, consider adding to your retirement account before December 31.

Open an Individual Retirement Account

You may be able to contribute up to $6,500 to a traditional IRA. Account holders aged 50 or older can also make a $1,000 catch-up contribution. If eligible, you have until the April 15, 2024, tax filing deadline to make the contribution and claim the deduction on your 2023 tax return.

Fund an HSA

Members of high deductible health insurance plans (HDHP) can set money aside in a health savings account (HSA). In 2023, the limits are $3,850 for individuals and $7,750 for families covered under the plan. Members aged 55 and older can contribute an additional $1,000. You can withdraw contributions tax-free to pay out-of-pocket healthcare expenses.

Sell Those Losers

Selling stocks in a brokerage account that have declined in value allows you to deduct the loss to offset capital gains on stocks you sold during the year. You can use losses to offset up to $3,000 of ordinary income. You can carry over excess losses to future tax years.

Donate to Charity

With the higher standard deduction, fewer people are itemizing their taxes. If you itemize, donating to a charity whose mission is important to you could reduce your tax bill. The charity must be a qualified tax-exempt organization for contributions to be deductible.

Schedule a Meeting

Meet with your financial professional to review your strategy and assess your progress. Then consider additional end-of-year moves that make sense for you.

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Want to Share Your Wealth with Grandkids?

When grandchildren are young, finding a cool toy or the latest electronics for them during the holidays is easy. But last year's presents may be long forgotten when the next holiday rolls around. This year, consider giving grandkids gifts that will benefit them for many years. Your financial and tax professionals can help.

Annual Gifts

Wealthy grandparents can reduce their taxable estates by making annual gifts to grandchildren and others without paying gift taxes. For 2023, the annual gift tax exclusion allows you to give up to $17,000 per recipient — $34,000 if your spouse joins in the gift. Make sure you are confident that your grandchild will treat the gift responsibly before you gift a large sum.

Educational or Medical Costs

Beyond what the annual gift tax exclusion allows you to gift tax-free, you can give unlimited amounts to your grandchildren to pay for school tuition or medical expenses. The only catch is that you must pay the school or medical facility directly.

Life Insurance

Naming a grandchild as beneficiary of your life insurance policy provides tax-free benefits when you die.

Head Start on Retirement

If your grandchild has earned income, you can contribute up to that amount to a Roth IRA for your grandson or granddaughter. The annual contribution limit is $6,500. Withdrawals are tax-free at retirement, assuming qualifications have been met.

Custodial Accounts

Consider contributing to a custodial account for your grandchild. Under the Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA), up to $1,250 of earnings are tax-free, while the next $1,250 of earnings are taxed at the child's tax rate. (Additional gains are taxed at the parent's rate.)

However, there are downsides. Your grandchild's ownership of the account could affect eligibility for financial aid. And your grandchild has full control of the funds at either age 18 or 21, depending on the state.

HIGHER 2024 HSA AND HDHP LIMITS

There's good news for anyone with a high-deductible health plan (HDHP) and health savings accounts (HSAs).

In one of the largest jumps in recent years (7.8%), the HSA contribution limits for 2024 will rise to $4,150 (from $3,850 in 2023) for employees with single health plan coverage and to $8,300 (from $7,750) for those with family coverage. Workers aged 55 and older can contribute an extra $1,000 (unchanged from 2023). So an older married couple will be able to contribute $10,300 in 2024.

Your high deductible health care plan will qualify if the 2024 annual deductible is at least $1,600 for self-coverage or $3,200 for family coverage.

Employee out-of-pocket expenses (deductibles, copayments, coinsurance, and some uncovered services) cannot exceed $8,050 (self-only) or $16,100 for family coverage.

HSAs are triple tax-advantaged with tax-deferred contributions, tax-free potential earnings and tax-free withdrawals for qualified medical expenses, and you can roll over any balance to the next year.

NOTE: Nonqualified withdrawals incur a tax penalty before age 65. After reaching 65, you can take penalty-free withdrawals for any reason, but must pay income tax on the nonqualified amount.

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Tax Planning for Your Business

How much do you understand about your business's tax situation? Simply filing taxes each year without first engaging in strategic tax planning could mean your business overpays its taxes. Your tax, financial and legal professionals can provide guidance with the big picture in mind.

Why Hire a Tax Consultant?

While your accountant may have the expertise needed to file your taxes, he or she may need more experience developing a strategic tax plan. A professional tax consultant generally will know current bookkeeping practices and the ever-changing tax laws that affect your business and can help you create a strategy that maximizes savings and profitability.

A Limited Opportunity

The qualified business income deduction (QBI) allows eligible self-employed and small business owners to deduct up to 20% of their qualified business income. A professional tax consultant can help you navigate the complex rules and calculations determining your eligibility. QBI is scheduled to sunset in 2025 unless Congress acts.

Additional Moves To Consider

Reducing adjusted gross income (AGI) may result in a smaller tax liability. Here are steps to help lower your AGI and manage taxes.

- Contribute to a retirement account for yourself and your employees.
- Contribute to a Health Savings Account (HSA) as part of a high deductible health plan (HDHP).
- Invest in business insurance. Premiums are tax deductible.
- Offer employees fringe benefits, such as health, disability, and long-term care insurance; tuition assistance; childcare assistance; transportation benefits, etc.
- Develop a marketing plan. The IRS provides tax benefits for the money you spend.
- Charitable contributions made by your business may be tax deductible.

Tracking Holiday Debt

LendingTree, an online lending marketplace that allows borrowers to compare rates from multiple lenders, has conducted an annual holiday spending survey for eight years. The graphic shows the debt Americans incurred over the holidays for every year through 2022.

Source: Annual LendingTree Holiday Debt Survey, December 2022

Adopt Healthy Money Habits

Your relationship with money may have its roots in your childhood. If your family saved responsibly for the things they wanted to buy, chances are good that you will, too. But, if your family squandered money and never saved, their bad money habits may be influencing how you handle your finances. Make sure you're practicing good money habits like the ones below.

Examine Your Spending Habits

Write down everything you buy over one or two weeks to find out how much you're spending. You might be surprised at the total. You can adjust your spending habits once you see where your money goes.

Live Within Your Income

Paying with cash means you'll be able to spend only as much money as you have on hand. If you use a credit card, make sure you can pay off the balance when the bill comes.

Pay Yourself

Treat your savings as a bill by putting money in your account every month before you pay anyone else. As your income rises, increase the amount you're saving.

Follow a Spending Plan

Build a monthly budget based on your income and expenses. Remember to account for items you pay yearly, such as insurance or homeowner association dues. Then track your progress. Automate retirement fund contributions and set an amount for discretionary spending.

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Age 18? Legally an Adult

You might have a different opinion as a parent, but in most states, 18-year-olds are considered adults. That means you may no longer be able to make medical or financial decisions or access your child's records without your child's consent. Before heading to college or moving into an apartment with friends, your child should sign these basic documents, giving you legal rights on your child's behalf.

Durable Power of Attorney — authorizes you to make financial decisions for your child, including everyday financial tasks (good to have if your child is away at school) or if your child becomes incapacitated. It allows you to pay bills, file taxes, perform banking tasks, apply for government services, etc. It can also give you access to college records.

Health Care Proxy — authorizes you to make medical decisions if your child becomes incapacitated or incompetent and unable to make them. A health care proxy comes into effect only under these circumstances.

HIPAA Release — gives you access to your child's medical information. The release lets you speak to doctors concerning your child's health and view medical and billing records. Keep these documents where you can easily access them. Parents should make sure they have these important documents for themselves as well.

The SECURE 2.0 Act May Impact Your Financial Plans

The SECURE Act and SECURE 2.0 Act made several changes that could affect your retirement and estate planning. Understanding what they could mean for your plans and discussing your options with your tax and financial professionals should be a priority. This article summarizes some of the Act's provisions.

Raising the Withdrawal Age

SECURE 2.0 Act raised the age at which you must take the required minimum distributions (RMDs) from qualified retirement accounts, such as a 401(k). Retirees can wait until April 1 of the year after the year in which they turn 73 to begin taking withdrawals, potentially allowing another year for their account balance to grow. In 2033, the age for taking RMDs will increase to 75. In addition, penalties for missing a required withdrawal have been reduced.

A 10-year Time Limit

The Act imposes a 10-year limit on distributions from inherited IRAs. Previously, IRA beneficiaries could take RMDs throughout their lifetimes and leave the IRA principal to the next generation. Now, recipients of an inherited IRA must deplete the account within ten years. This rule curtails the ability to transfer wealth from one generation to the next. Spouses, dependent children, and disabled beneficiaries are not affected by the 10-year limit.

New Use for Unused Funds

You can convert funds in 529 savings plans not used for education expenses to a Roth IRA for the account beneficiary. A child or grandchild who does not need all the money in the account to pay for education can now get a head start on retirement savings.

A Searchable Database

The Act requires the creation of a "lost-and-found" database where families can search for qualified retirement accounts that may have been forgotten by the deceased.

Lost funds generally default to the state. The purpose of the database is to help beneficiaries claim the funds.

Get Professional Help

Changes brought about by the SECURE Acts may impact your situation. Getting your legal, tax, and financial professionals to review your current plans can help determine whether you need to make changes.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

July 20, 2023

Reference: **FR2023-0714-0077/E**
Link Reference : FR2023-0518-0042

Org Id: 23568

1. Loose Change Newsletter NovDec 2023
   Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568