

What to Know for 2023 Tax Year

It is tax time again! Here's a quick review of key points:

Taxpayers get a little bigger break in the 2023 tax brackets. The rates didn't change but due to inflation there was roughly a 7% increase in the brackets, which increased the amount of taxable income you can have in each level. This means you can earn a little more this year without fear of crossing to the next tax bracket.

The standard deduction was increased again this year. The good news is the standard deduction increased to \$27,700 for married couples filing jointly and \$13,850 for single filers. This reduces your taxable income but may make it harder for you to itemize and cause you to lose deduction such as medical expenses and charitable contributions.

conversions or accelerating income.

The mortgage interest deduction is limited to \$750,000

of indebtedness. But people who had \$1,000,000 of home mortgage debt before December 16, 2017, will still be able to deduct the interest on that loan.

Only medical expenses that exceed 7.5% of adjusted gross income (AGI) can be deducted in 2023.

You can contribute up to \$6,500 to an IRA, and those age 50 and older also qualify to make an additional \$1,000 catch-up contribution. In addition, the 2023 contribution limits for tax-deferred 401(k)s and

Roth 401(k)s have increased to \$22,500. If you're age 50 or older, you qualify to make an additional \$7,500 catch-up contribution for this tax year as well.

For 2023, the maximum you can contribute to an HSA is \$3,850 for an individual (up \$50 from 2021) and \$7,750 for a family (up \$100). People 55 and older can contribute an extra \$1,000 catch-up contribution. To be eligible for an HSA, you must be enrolled in a high-deductible health plan (which usually has lower premiums as well).

For this tax year, the Child Tax Credit is \$2,000 per child under age 17. The credit is also subject to a phase-out starting at \$400,000 for joint filers and \$200,000 for single filers. For other qualified dependents, you can claim a \$500 credit.

• continued on page 4



Taxpayers get a little bigger break in the 2023 tax brackets. You can earn a little more this year without fear of crossing to the next tax bracket.

The higher standard deduction that came with the Tax Cuts and Jobs Act of 2017 is scheduled to phase out in 2026, along with lower tax rates. This year may be a good time to consider tax planning moves such as Roth IRA

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Note to Self: Time to Rebalance

Asset Allocation and Rebalancing is a topic we like to revisit each year around this time. We've covered this several times in the past, but as a quick reminder, "Asset Allocation" is the process of creating an investment portfolio that combines different assets (Stocks, Bonds & Cash) in varying proportions, with the ultimate goal of providing an investor with a balance between capital preservation and long-term growth that suits their particular situation. This approach was born from research that demonstrates that over long periods of time, Stocks, Bonds and Cash perform quite differently from one another, and as such, an investor's mix of these assets proves to be a significant factor in their long-term results.

Rebalancing is the process of making adjustments (buys and/or sells) to the portfolio to bring the asset allocation schedule back to its "base setting". And although there are no hard and fast rules as to how often an investor should rebalance their portfolio, a minimum of once per year is recommended.

This process can be particularly important in years in which there are significant differences in the performance of one's holdings. 2023 was just that type of year. Although it was full of starts and stops, 2023 turned out to be quite a strong year for the U.S. stock markets. Meanwhile, because of the Federal Reserve Board's (The Fed) aggressive increases of interest rates in an effort to tame inflation, the last couple of years have been challenging for Bonds.

As a result of the large variance in recent performance between Stock and Bonds, one's current allocation may differ from the original desired allocation.

For example, let's assume that after much thought and a careful evaluation of current personal financial conditions and future financial goals, an investor decides that an appropriate asset allocation schedule calls for them to direct 60% of their investments into Stocks, 30% into Bonds, and 10% into Cash or Money Markets. If left untended, after periods in which the assets owned perform significantly different from one another, a portfolio may end up with an

asset allocation schedule, and importantly, a risk/reward profile, that is quite different from its original design.

This may be a particularly good time to take a close look at one's allocations. The Fed likes to say that their policy decisions are "data dependent", meaning that new information regarding GDP, inflation, employment, etc. will influence their decisions moving forward. With that said, given the information currently available, it would appear that we've reached peak interest rates. If in fact that turns out to be the case, the question now becomes when will the Fed lower rates, and how many times will they do so.

Although the Fed has no direct role in setting the Prime Rate, it does set federal funds overnight rate, which serves as the basis for the Prime Rate. The Prime Rate currently sits at 8.5%, it's highest level in over 20 years. If 2024 turns out to be a year in which we see several interest rate cuts, which at the moment seems likely, it could result in a solid year for Bonds.

Please keep in mind as you review your holdings that longer term Bonds react more dramatically to interest rate changes than shorter term Bonds. This is a function of a concept called "duration". Duration is expressed in terms of years, but it is not the same thing as a bond's maturity date, which is just one of the factors in calculating duration.

As an example, in theory, if rates were to fall 1%, a bond or bond fund with a 5-year average duration would likely gain approximately 5% of its value, a bond or bond fund with a 10-year average duration would gain approximately 10% of its value.

If you have questions about Asset Allocation or Rebalancing and how they may currently apply to your situation, please feel free to call Ted Black, CFP® at 888-878-0001, extension 3.

Ted Black, CFP®
888-878-0001, extension 3
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2023 Tax Year

• *continued from page 1*

The alternative minimum tax (AMT) exemption is higher.

Until it expires in 2025, the AMT will continue to have an impact on households with incomes over \$500,000. For 2023, the AMT exemptions are \$81,300 for single filers and \$126,500 for married taxpayers filing jointly. The phase-out thresholds are \$1,156,300 for married taxpayers filing a joint return and \$578,150 for all other taxpayers. (Once your income for the AMT hits the phase-out threshold, your AMT exemption begins to phase out at 25 cents for every dollar over the threshold.)

The estate and gift tax exemption, which is indexed to inflation, and rose to \$12,920,000 for 2023 is set to expire in 2025.

The annual gift exclusion, which allows you to give money to your loved ones each year without incurring any tax liability increases to \$17,000 per recipient.

The annual income tax deduction limits for gifts to public charities are 30% of AGI for contributions of non-cash assets—if held for more than one year—and 60% of AGI for contributions of cash. If you give both cash and non-cash assets, the overall limit is generally 50% of AGI.

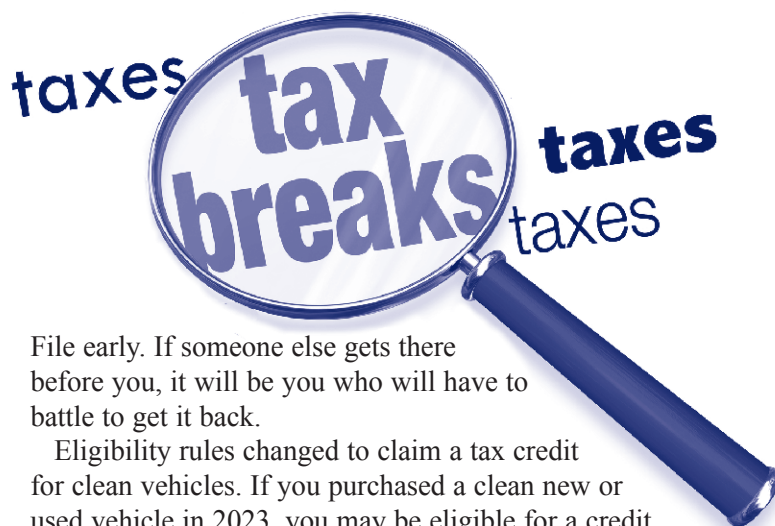
Want the secret to getting your refund check the fastest? Filing electronically with direct deposit is important because it can help avoid refund delays. If you need a tax refund quickly, don't file on paper. Most people with no issues on their tax return should receive their refund within 21 days of filing electronically if they choose direct deposit.

Filing electronically with direct deposit is important because it can help avoid refund delays. If you need a tax refund quickly, don't file on paper.

It's not too late to file a 2022 return. Even if you were not required to – you may have money to claim. You may qualify for certain tax credits or already paid some federal income tax by having taxes withheld from a paycheck. This can include students, part-time workers and retirees.

More people may be eligible for the Premium Tax Credit. For tax year 2022, taxpayers may still qualify for temporarily expanded eligibility for the Premium Tax Credit. (PTC) The PTC is for certain people who enroll, or whose family member enrolls, in a qualified health plan. Qualified taxpayers must file Form 8962 to compute and take the PTC on their tax return.

Worried about Identify theft or someone else claiming your dependent or grabbing a credit you are entitled to?



File early. If someone else gets there before you, it will be you who will have to battle to get it back.

Eligibility rules changed to claim a tax credit for clean vehicles. If you purchased a clean new or used vehicle in 2023, you may be eligible for a credit up to \$7500. Go to www.fueleconomy.gov to see if your vehicle qualifies.

You can track your refund. Taxpayers can check Where's My Refund? on IRS.gov for a personalized refund status within 24 hours after the IRS accepts their e-filed tax return. The "Where's My Refund?" tool updates once every 24 hours, usually overnight.

Don't expect refunds that include the Earned Income Tax Credit (EITC) and the Additional Child Tax Credit (ACTC) to be issued before mid-February. The reason why is the 2015 PATH Act law passed by Congress provided additional time to help the IRS process those returns and stop fraudulent refunds from being issued. The law requires the IRS to hold the entire refund – not just the portion associated with EITC or ACTC. Regardless, the IRS predicts most EITC/ACTC related refunds will be available in taxpayer bank accounts or on debit cards by Feb. 28 if they chose direct deposit and there are no other issues with their tax return.

Many taxpayers don't realize they may be eligible for the EITC even if they can't claim a qualifying child. If you are a grandparents raising your grandchildren, Native American, a veteran, self-employed, recently divorced, unemployed or experienced other changes to your marital, financial or parental status, not proficient in English, living in a rural area, receiving certain disability pensions or have children with disabilities – contact the IAS Tax Hotline for more info or go to the IRS.gov website and use the Interactive Tax Assistant to see if you qualify.

Anyone can use the IRS.gov website Interactive Tax Assistant. This tool can help you determine if you need to file, what dependents you can claim, if your income is taxable, which expenses are deductible and more.

Need a copy of past years tax info? You can view or create an Online Account at IRS.gov. This will allow you to request a copy of the tax record you need online, including transcripts of past tax returns, tax account information, wage and income statements, and verification of non-filing letters. You can also view your account payment history, balances and make payment online.

Small Business Checklist for 2024

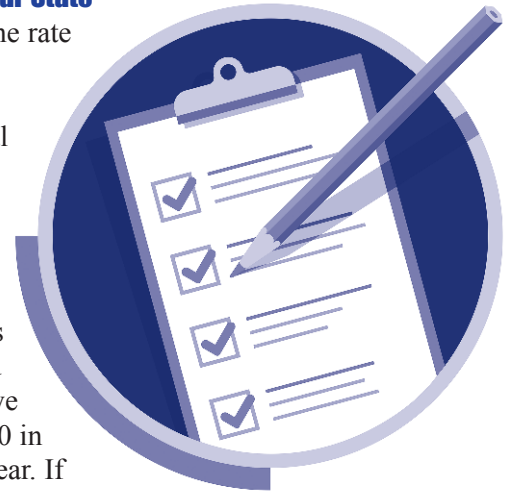
Prepare to file your 2023 Tax Return. Review your accounting records for 2023 and make sure your books are balanced and all bank statements and financial records are up to date and accurate.

Gather necessary information such as your Federal Tax ID number (EIN), previous year's tax returns, employee's updated information, cash receipts and mileage ledgers.

Calculate expenses. It's easy to track if your business expenses are all paid through a business account, but it doesn't hurt to go through your personal statements as well to check for any forgotten expenses you occurred. For tax purposes, business expenses should be both ordinary (common in the industry) and necessary (essential for the business) to be deductible. Examples include but aren't limited to: home office, supplies, rent, utilities, subscriptions, entertainment, travel, marketing, professional fees, insurance policies, and equipment.

Don't forget your State Income Tax. The rate varies by state and may have additional local requirements.

Review your estimated taxes paid in 2023. This was required if you expected to owe more than \$500 in taxes for the year. If you were required to pay estimated taxes and neglected to do so, you may end up paying a penalty.



Start 2024 Off Right!

■ **Take note of important tax dates. Depending on your entity structure, these may include:**

Jan 31: Send W-2s and other wage statements to employees and 1099s to contractors. Submit copies to the IRS.

Feb 28: Deadline for 1099 and 1096 information returns.

Mar 15: Deadline to file Partnerships, S-corps, and multi-member LLCs file yearly tax returns.

Estimated Tax Deadlines for 2024: April 15, June 17, September 16. January 15, 2025, for the 4th quarter of 2024.

April 18: Deadline to file Single-member LLCs, sole proprietors, and C-corps (calendar year) file yearly returns.

Sept 16: If you filed an extension on March 15, 2024, this is your deadline to file for partnerships, S-corps, and multi-member LLCs.

Oct 15: Deadline for single-member LLCs, sole proprietors, and C-corps who filed an extension on April 18, 2024.

■ **Other important tax facts for 2024 include:**

Self-Employment Taxes: 15.3% in 2024, divided between **Social Security and Medicare taxes.** Applies to sole proprietors and partners actively involved in their business.

Employment Taxes: Social Security and Medicare: Employers must deduct employee portions and pay an equal amount. Current rates are 6.2% Social Security and 1.45% Medicare.

Federal and State Income Tax Withholding: Employers must withhold based on employee W-4 forms.

Federal Unemployment Tax (FUTA): 6% on the first \$7,000 of employee income. Some states have additional unemployment taxes.

C Corporations pay taxes twice, once at the corporate level and again on dividends to shareholders. For 2023, the corporate federal rate is 21%.

Flow-Through Entities (S Corporations, Partnerships, Sole Proprietorships) are referred to as pass-through entities. These get a 20% tax deduction. The income flows through to the individual owner's tax return and is taxed at their personal income tax rate.

■ **Review your entity structure and stock the tax forms your business will need this year to report accurately to the IRS. These may include:**

Schedule C: If you're a sole proprietor, you use this form along with Form 1040 to report your income.

Schedule K-1: For owners of pass-through entities like S corporations or partnerships, this form is used to report income.

1099-MISC: Use this form to report rental income to landlords or payments to attorneys.

1099-NEC: Use this form for reporting non-employee compensation.

Form 1120: If your business is a C corporation, use this form to report income.

Form 1120-S: For S corporations, this form is used to report income. It's filed separately from your personal income tax return.

Form 1065: Owners of partnerships use this information return, filed separately from their personal income tax return.

Form 720: This is for reporting excise taxes related to your business.

Consumer Questions for 2024



Will this be a better year for car buyers?

A: This Spring may be the best time to buy since the pandemic. New vehicle inventory is expected to hit pre-pandemic norms in 2024 with a projected 3 million units. With higher inventory, dealers may need to compete for sales and that could lead to buyers seeing more sales and incentives. The high cost of parts and labor will keep the overall vehicle cost high but if the dealerships are forced to take slimmer profits that may result in more favorable terms for consumers.

Unfortunately, financing a vehicle may still be a burden for many. While rates have come down since fall, the average interest rate for a new car loan is still just under 8% and used car loans are averaging around 12%.



My wife and I have one joint account at our local bank totaling nearly \$500,000. Do we get double FDIC protection or just the standard \$250,000?

A: The standard deposit insurance amount is \$250,000 per depositor, per insured bank, for each ownership category. So, in this circumstance, your account would be insured up to \$500,000.



I got a random call from someone who said he was a private investigator hired to review my assets and business license. I got suspicious when he mentioned a creditor that I am disputing a debt with. I only found out by reverse verifying the phone number that this was a debt collector that uses intimidation to scare businesses into paying overinflated debts. They keep contacting me consistently even though I have disputed the debt. Is this legal?

A: No. The Fair Debt Collection Practices Act made it illegal to threaten or harass you when trying to collect a debt. An update on November, 30, 2021 clarified how debt collectors can communicate with you, including what information they're required to provide at the outset of collection about the debt, your rights in debt collection, and how you can exercise those rights. Here are some other key points:

When a debt collector first communicates with you, or shortly thereafter, they need to validate certain information including their name and mailing information, the name of the creditor you owe, the account number and an itemization of the debt including all fees, interest and payments. They also need to provide you with your debt collection rights and how to dispute the debt. Basically,



they need to give you enough information to allow you to make sure the debt is accurate and then be able to easily dispute it if applicable. In addition, collectors are presumed to violate the law if they place a telephone call to you about a particular debt more than seven times within a seven-day period, or within seven days after engaging in a phone conversation with you about a particular debt.



Can a debt collector contact me on social media about debt?

A: Yes, they can contact you by just about anyway possible, but debt collectors must follow certain rules. The message must be completely private and not viewable by your friends, contacts, or followers. They must also always identify themselves as debt collectors. For example, if a debt collector attempts to send you a private message requesting to add you as a friend or contact, the debt collector must identify themselves as a debt collector. They must also provide you, in each message, a simple way to opt out of receiving further communications from them on that social media platform. Even though debt collectors can contact you, you can ask them to stop. If you ask them not to contact you at work, they must comply. You can also send a letter asking them not to contact you again in any form.

Report any problems you have with a debt collector to:

- your state attorney general's office
- the Federal Trade Commission
- the Consumer Financial Protection

Many states have their own debt collection laws that are different from federal laws. Your state attorney general's office can help you determine your rights under your state's law.

Buy a Home in 2024

Q *My rent has finally stabilized and now my landlord is selling our home. I can't afford to keep moving, but I don't have great credit or a big down payment. Is there any hope I can ever finance a home?*

A: For many low and moderate income people, the most significant barrier to homeownership is the down payment and closing costs associated with getting a mortgage loan. Even if you have poor credit, the key to owning your own home is to find your state's Housing Finance Agency (HFA) and then work with a qualified lender and realtor that can help you reach that goal.

First Step: Get acquainted with what programs your state offers. Go to NSCHA.org to search for programs offered by state. Keep in mind, this list of programs can change according to funds available to your state's HFA. Some other helpful sites to search include: USA.gov, FDIC.gov, homesforheros.com, rd.usda.gov and themortgagereports.com

A few states offer stand-alone down payment and closing cost assistance that borrowers can combine with any non-HFA eligible mortgage product. Some programs are targeted toward specific populations, such as first-time homebuyers, active military personnel and veterans, or teachers. Others offer assistance for any homebuyer who meets the income and purchase price limitations of their programs. These programs are structured in a variety of ways including forgivable grants; zero interest, deferred payment second mortgages; and full interest, fully amortizing second loans. Depending on your circumstances you may also consider contacting these organizations:

- NACA offers affordable mortgages and down payment assistance without considering credit score.
- Habitat for Humanity - home construction using sweat equity and assisted financing.
- HUD's Community Development Block Grants (CDBG) recipients may offer homebuyer assistance in your area.
- HUD's HOME Investment Partnership Program provides funding to local agencies to help you purchase or repair your home.
- State Housing Initiatives Partnership (SHIP) Program
- USDA Rural Housing Service - direct loans and grants for building, purchasing or repairing.

Second: Identifying the right team to help you find a home and navigate the loan requirements is invaluable. Look for a mortgage broker and realtor who are familiar with your state's programs and who can help you navigate the down payment assistance process.

Finally, don't get discouraged. The road may be bumpier and it may take a little longer, but if you stick with it, you will get there.

Q *Are there Real estate and federal lands for sale by the government direct to the consumer?*

A: Yes, government agencies sell real estate and federal lands either by auction or they may be offered for sale through their websites on the multiple listing. Federal agencies acquire these properties through foreclosure, forfeiture, or failed banks.

Fannie Mae's HomePath (homepath.fanniemae.com) lists many single-family homes for sale across the U.S.

Federal Deposit Insurance Corporation Real Estate and Property Marketplace (fdic.gov/buying/owned/) sells real estate from failed banks.

U.S. Department of Agriculture (properties.sc.egov.usda.gov/resales/public/home) sells homes, farms, and ranches, by auction or offer.

U.S. Department of Housing and Urban Development's (hudhomestore.gov) lists homes for auction throughout the U.S.

The auctions below sell real estate, federal lands, and other types of government-owned surplus or seized property:

GSA Auctions and Sales (realestatesales.gov) real estate, land, and lighthouses along with other government-owned excess property

U.S. Treasury auctions (treasurydirect.gov/auctions/upcoming/) for homes, land, commercial property, and other items forfeited by owners for violations of Treasury law.

U.S. Marshals Service auctions (usmarshals.gov/what-we-do/asset-forfeiture) auctions seized homes, condominiums, commercial real estate, and land in the U.S. and Caribbean, plus other items.

Q *I represent a non-profit organization and we are looking for property to build a community center. Are there any government agencies that assist with that?*

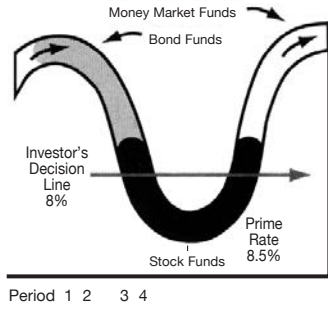
A: The General Services Association (GSA) is responsible for promoting effective use of federal real property assets, as well as the disposal of real property that is no longer useful for government purposes. This could include any real estate from vacant land to office buildings, military holdings or even single family residences. The GSA works with your state or community or direct with non-profits to repurpose these properties to provide benefits to the community.

Realestatesales.gov – GSA's Real Property auction website allows the public to bid on property 24 hours a day/365 days a year. State agencies and public organizations looking for real property should check disposal.gsa.gov/SurplusNotices

Citizens looking for real property can go to blm.gov - Bureau of Land Management. This department sells public lands, which are undeveloped land tracts with no improvements.

The Money Movement Strategy

Prime Rate Chart for Money Movement Strategy



Long-Term Direction: Level
Monthly Change: 0.00%

How It Works

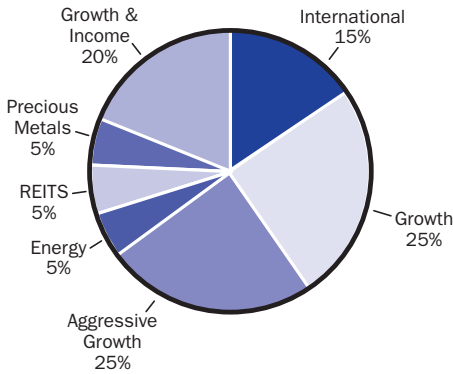
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average returns at any given time.

The Money Movement chart represents typical changes of interest rates smoothed out over time. The Investor's Decision Line (IDL) indicates the point at which you should move your money from one type of fund to another. Contact the Stock and Mutual Hotline or Investment Hotline for the best evaluation of how the Money Movement Strategy will work for your specific circumstances.

Models For Portfolio Management

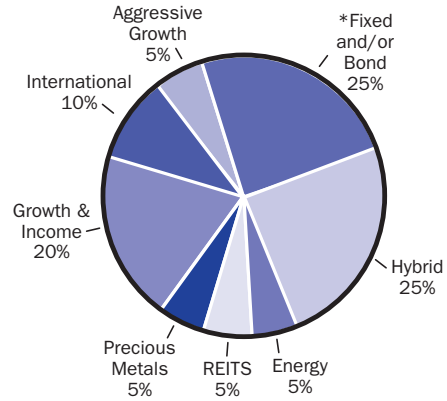
Aggressive

Keep all mutual funds and retirement money in stock funds.



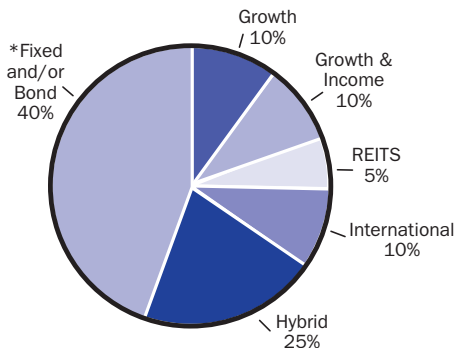
Moderate

Keep most mutual funds and retirement money in stock funds.



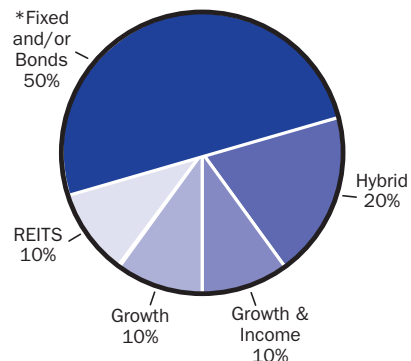
Conservative

Keep most mutual funds and retirement money in stock funds.



Retirees

Note: This portfolio does not follow the Money Movement Strategy! Create the proper mix of Stock, Bond, and money market funds.



*Fixed Market-Linked CDs

No-Load Mutual Funds*

Fund Name/Type	Stock Symbol	Buy, Sell or Hold	3 Month % Change	Average Annual Returns as of to 12/31/23			Expense Ratio
				1 Year % Change	5 Year % Change	10 Year/ % Change	
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	15.00	15.51	10.54	8.16	0.50
Kinetics Paradigm No Load	WWNPX	Buy	-3.63	-16.89	14.86	10.26	1.64
Needham Growth	NEEGX	Buy	11.53	26.85	16.71	9.18	1.86
Schwab Health Care	SWHFX	Buy	6.13	0.65	9.45	9.48	0.80
Value Line Small Cap Opp	VLEOX	Buy	12.11	22.00	12.49	9.61	1.18
Growth							
American Century Mid Cap	ACMVX	Buy	10.45	6.15	11.02	8.70	0.98
BNY Mellon MidCap Index	PESPX	Buy	11.56	15.89	12.06	8.76	0.51
Harbor Disruptive Innovation Inv	HIMGX	Buy	17.33	32.37	9.81	8.26	1.19
Janus MidCap Value T	JMCVX	Buy	11.48	11.26	10.07	7.11	0.74
Neuberger Berman Partners Inv	NPRTX	Buy	3.77	-1.74	12.02	9.48	0.76
Selected American Shares	SLASX	Buy	13.80	32.33	12.70	8.89	0.99
American Century Small Cap Value	ASVIX	Hold	14.43	16.08	14.54	8.72	1.09
Growth & Income							
American Century Equity	TWEIX	Buy	5.44	3.90	8.07	8.00	0.93
American Century Large Value	ALVIX	Buy	7.25	6.06	10.73	7.86	0.84
Fairholme	FAIRX	Hold	9.08	46.72	19.32	6.58	1.00
Parnassus Equity Income Inv	PRBLX	Buy	11.77	24.93	15.48	11.63	0.82
Janus Contrarian T	JSVAX	Buy	12.15	21.38	16.00	8.85	0.98
T. Rowe Price Equity Income	PRFDX	Buy	10.42	9.65	11.32	7.98	0.67
Hybrid							
American Century Balanced	TWBIX	Buy	9.85	16.18	8.46	6.51	0.91
James Balanced Golden Rainbow	GLRBX	Buy	7.16	11.52	4.53	2.75	1.25
Oakmark Equity & Income	OAKBX	Buy	9.95	17.34	10.00	6.70	0.83
Impax Sustainable Allocation Inv	PAXWX	Buy	10.07	13.17	8.91	6.57	0.90
Permanent Portfolio	PRPFX	Buy	7.58	11.96	10.27	5.70	0.82
Value Line Asset Allocation Inv	VLAAX	Buy	11.89	21.39	10.60	8.30	1.04
International							
American Century Intl Growth	TWIEX	Buy	10.68	12.31	8.05	3.87	1.36
Artisan International Inv	ARTIX	Buy	9.90	14.26	6.84	3.41	1.20
Matthews China Investor	MCHFV	Hold	-5.16	-19.22	0.62	1.83	1.12
William Blair Intl. Growth	WBIGX	Buy	13.75	15.12	6.93	4.29	1.24
T. Rowe Price Emerging	PRMSX	Buy	5.63	2.06	0.83	2.28	1.15
Sector Funds							
American Century Real Estate Inv	REACX	Buy	16.13	10.99	7.18	7.13	1.15
Cohen & Steers Realy Shares	CSRSX	Buy	17.10	12.67	9.25	8.71	0.88
T. Rowe Price Health Sciences	PRHSX	Buy	7.87	3.08	11.49	11.54	0.80
USAA Precious Metals/Minerals	USAGX	Sell	15.40	6.70	8.75	3.73	1.18
US Global Investors Global Res	PSPFX	Hold	-0.50	-7.67	5.36	-3.28	1.60
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	4.67	3.16	2.72	1.92	0.51
Fidelity Capital & Income	FAGIX	Buy	6.44	13.00	8.17	6.14	0.93
Janus Flexible Bond	JAFIX	Buy	7.37	5.53	1.76	1.83	0.70
Loomis Sayles Bond Retail	LSBRX	Buy	7.32	7.83	1.90	1.85	0.91
Impax High Yield Bond Indv Inv	PAXHX	Buy	6.94	11.09	4.15	2.94	0.92
American Century Sh-Dur Bd fund	APOIX	Buy	2.87	3.82	3.14	1.74	0.63
Western Asset Core Bond	WATFX	Buy	7.95	5.90	0.80	2.10	0.45

The performance data quoted represents past performance and the principal value and investment return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns shown, unless otherwise indicated, are total returns, with dividends and income reinvested. Past performance is no guarantee of future results.

Since it purchases equity securities, including common stocks, the Fund is subject to the risk that stock prices will fall over short or extended periods of time. The Fund may buy and sell securities frequently as part of its investment strategy. This may result in higher transaction costs and additional tax liabilities.

Mutual funds are sold by prospectus. An investor should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before you invest or send money.

Statistics and information provided by Morningstar.

** IAS Owners and employees may hold a position in any of the listed funds.

* Some funds may be closed to New investors due to demand.

From the Financial Hotline

Call, fax or e-mail for answers to all your financial questions.

Q *Should I take advantage of Section 179 expensing?*

A: If eligible, you can elect to use Section 179 expensing or bonus depreciation to deduct a large portion of the cost (and in some cases the full cost) of eligible property in the year it's placed in service. Or, you may follow regular depreciation rules and spread deductions over several years or decades, depending on how the asset is classified under the tax code. While taking current deductions can significantly lower your company's taxable income, it isn't always the smartest move.

Section 179 expensing may allow you to currently deduct the full cost of purchasing eligible new or used assets, such as equipment, furniture, off-the-shelf computer software, and qualified improvement property (QIP). An annual expensing limit applies (\$1.16 million for 2023 and \$1.22 million for 2024), which begins to phase out dollar for dollar when asset acquisitions for the year exceed the applicable threshold (\$2.89 million for 2023 and \$3.05 million for 2024). You can claim the election only to offset net income, not to reduce it below zero to create a net operating loss.

First-year bonus depreciation is available for qualified assets, which include new tangible property with a recovery period of 20 years or less (such as office furniture and equipment), off-the-shelf computer software and water utility property. Under the TCJA, through 2026, the definition has been expanded to include used property and qualified film, television and live theatrical productions. In addition, QIP is now eligible for bonus depreciation. For 2023, bonus depreciation was 80%. It drops to 60% for 2024, to 40% for 2025 and to 20% for 2026. After that, it will be eliminated, unless Congress acts to extend it.

Here are two examples when it may be preferable to forgo Sec. 179 expensing and bonus depreciation:

You're planning to sell QIP. If you claim Sec. 179 expense or bonus depreciation on QIP and sell the building soon, this current write-off may be a tax trap. That's because your gain on the sale up to the amount of Sec. 179 or bonus depreciation deductions you've claimed will be treated as "recaptured" depreciation that's taxable at ordinary-income tax rates, up to 37%. But if you deduct the cost of QIP under regular depreciation rules (generally, over 15 years) and sell the building, any long-term gain attributable to the deductions will be taxable at a top rate of 25%.

You're eligible for the qualified business income (QBI)

deduction. This deduction allows eligible business owners to deduct up to 20% of their QBI from certain pass-through entities, such as partnerships, limited liability companies and sole proprietorships. The deduction can't exceed 20% of an owner's taxable income, excluding net capital gains. (Other restrictions apply.)

Claiming Sec. 179 or bonus depreciation deductions reduces your taxable income, which may deprive you of an opportunity to maximize the QBI deduction. Because the QBI deduction is scheduled to expire after 2025, taking full advantage of it while you can will generally make sense.

Keep in mind that only the timing of deductions is affected by the strategy you choose. You'll still have an opportunity to write off the full cost of eligible assets if you forgo Sec. 179 expensing and bonus depreciation; it will just be over a longer time period. Contact the office for help analyzing your company's overall tax benefit picture and determining the optimal strategy.

Q *My lawyer advised me to have my assets appraised. Why would that be necessary?*

A: That depends. An appraisal may be needed for determining estate tax consequences, for valuing a gift, for insurance purposes or even just dividing your estate equally among your heirs. For many hard-to-value items, such as closely held business interests, real estate, art and collectibles, you may need an appraisal to set the value. Knowing the value of your assets can also allow you to identify strategies for minimizing or eliminating taxes. An appraisal can also help ensure that your heirs receive the most accurate tax basis when applicable.

Q *I am anticipating a lot of driving in 2024. What are the mileage rates for expensing?*

A: The IRS has issued the 2024 optional cents-per-mile rates used to calculate the tax-deductible costs of operating a vehicle: Effective Jan. 1, 2024, the standard mileage rate for the business use of a car (including vans, pickups, and panel trucks) is 67 cents per mile. (This is up from 65.5 cents per mile for 2023.) The 2024 rate for medical or eligible moving purposes is 21 cents per mile. (For 2023, the rate was 22 cents per mile.) For charitable driving, the 2024 rate is 14 cents per mile (unchanged from 2023).

REAL ESTATE OUTLOOK 2024

The National Association of Realtors (NAR) predicts 4.71 million existing-home sales in 2024, up 13.5% from the \$4.1 million in 2023.

With the median home price around \$389,500, home prices are expected to stay pretty much the same at the national level in 2024, for the second straight year. If interest rates fall as projected and incomes increase, this may make homes more affordable for many buyers.

2024 is not expected to see dramatic rent increases and we may see some calming in the already high rent prices. This should be another historically low year

for homeowner defaults, with less than 1 percent of mortgages expected to end in foreclosure,

Texas remains a top Real Estate market for 2024. Metro areas with job growth and affordable housing are expected to see the most gains.

NAR Chief Economist Lawrence Yun expects the 30-year fixed mortgage rate to average 6.3% and that the Fed will cut rates four times – calming inflationary conditions – in response to slower economic activity. Yun also foresees 1.48 million housing starts in 2024, including 1.04 million single-family and 440,000 multifamily.

Top 10 Real Estate Markets with the Pent-up Housing Demand in 2024

NAR identified 10 real estate markets with the most pent-up housing demand, which it expects to outperform other metro areas in 2024. In order, the markets are as follows:

- 1 Austin-Round Rock-Georgetown, Texas
- 2 Dallas-Fort Worth-Arlington, Texas
- 3 Dayton-Kettering, Ohio
- 4 Durham-Chapel Hill, North Carolina
- 5 Harrisburg-Carlisle, Pennsylvania
- 6 Houston-The Woodlands-Sugar Land, Texas
- 7 Nashville-Davidson-Murfreesboro-Franklin, Tennessee
- 8 Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland
- 9 Portland-South Portland, Maine
- 10 Washington-Arlington-Alexandria, D.C.-Virginia-Maryland-West Virginia

“The demand for housing will recover from falling mortgage rates and rising income,” Yun said. “In addition, housing inventory is expected to rise by around 30% as more sellers begin to list after delaying selling over the past two years.

Q *With interest rates trending down, is it cheaper to buy than rent now?*

A: In many areas, if you make a minimal down payment, the monthly housing cost of buying is around the same price (or even higher) than renting. However, buying still has its perks. You may be eligible for tax breaks, your monthly payment reduces your mortgage (not your landlords) and you don’t have to worry about lease renewals. If you are debating whether to buy or rent – do the math.

For example, in Florida, you can purchase a four bedroom, 2 bath home for \$389,500. With a 5% down payment your loan amount would be \$370,025. With a conventional 30-year fixed mortgage rate at 6.3% your monthly principal and interest would be \$2290 per month. Add in property taxes (\$405.65), private mortgage insurance (PMI \$241) and homeowners’ insurance (\$113.58) Your total monthly is \$3,051. You can rent the same home for \$3,200 so that’s pretty even.

However, if you bought this home with a 30% down payment and eliminated PMI, your total monthly payment is \$2,208 and that would definitely be a better choice than renting.

If you are tired of renting, try visiting new builder sites. Many offer incentives such as rate buy downs and down payment assistance. It’s also a good idea to check out your state’s homeowner down payment assistance programs. Ask your lender to check out the down payment assistance programs through FreddieMac and HUD.

Is Your Retirement Savings Too Volatile?

Have You Explored All Your Options?

Now that you have built your investment portfolio, is asset preservation more important than volatile growth? If you are interested in strategies focused on methods that may offer less volatility while still offering growth potential, then call Daniel Trivison at

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800-697-2662

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Economic Outlook

—By Russ Colbert

This past year, in 2023 we saw the economy remain resilient and the stock and bond markets rallied to finish strong for the year. So far, Chairman Powell and the Federal Reserve have engineered a path for a safe landing without a recession. If the economy continues to grow and a soft landing is achieved, then the economy and stock market should continue to improve and therefore we should be optimistic about the future. Things have gotten much better, but we may not be clear of some volatile times ahead which could still lead to a mild recession during 2024.

We need to keep an eye on some areas of concern. One being commercial and industrial loans. Even though they have declined lately, they have been temporarily and artificially supported by government subsidies during the past couple of years. Also, payrolls have grown very fast in the past year even with an unusually low employment rate, suggesting over hiring by businesses. We are also starting to notice that consumer spending looks as though it may start to slow. Government payouts, rent and student loan moratoriums, and temporary tax cuts during Covid led to extra savings for many consumers which are likely to start running out in 2024.

What will happen with the inflation picture? We believe it will continue to head down, toward the 2.0% Federal Reserve target. The Federal Reserve is likely to continue to cut interest rates. It is possible we will see several rate cuts before the election. This should be good news for the stock market, causing it to rise. Investors will need to be more selective in what they purchase.

Overall we believe 2024 will bring continued decline of inflation in our goods and services. We think the Federal Reserve will continue to cut interest rates several times as mentioned above before the election unless there is a spike upward in inflation. We don't anticipate that currently. We see continued revenue growth in many businesses this year. With an election

around the corner, our politicians will try to keep things running smoothly so many of them will be re-elected. So, unless something pops out of the woodwork, we should have a decent year.

Looking ahead at the election later this year, we anticipate a return of Biden versus Trump for the Presidency. At this point we think Trump is a slight favorite but will face a constant challenge given how much the electorate dislikes him. The House of Representatives might have an edge to go to the party that wins the White House. The Senate might be easier to call, with the GOP in a good position many believe to win for fundamental reasons. At present the GOP has 49 seats. The Republicans don't have to defend any seats in blue (Democratic) states. But, in my opinion, there is so much time left before the election that anything is possible. Who really knows for sure, I am certainly no expert in this area and I get my advice from Political advisors and periodicals that are sometimes off the mark. So, there you go, only time will tell, and often over time there are many changes. So much for politics! We will have to wait and see how things shape up between now and then. The election will have a major influence on what happens to the Trump tax cuts originally enacted in 2017 and are set to expire at the end of 2025. So, we will have to wait and see.

If you have any questions or need a portfolio review to keep you on track with your investments or retirement plan, please call me.

Russ Colbert
Senior Portfolio Manager
1-888-878-0001



FREE Portfolio Review

Remove or copy and complete this form and return it to us by fax or mail for a free analysis and consultation.

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I would like help with the following:

- Setting up or analyzing retirement plan(s)
- Opening a Retirement Plan for my business
- College Funding for my children/family
- Investing for Current Income
- Review of 401(k), 403(b) or other retirement plan
- Investing in Mutual Funds
- Transferring or Rollover of IRA or retirement account
- Review of my Investment Portfolio
- Where to invest in 2024

Savings (IRA, 401(k), CDs, etc.):

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