Volume 40, No. 4

Success InSight®

Winter 2023

Small Business Priorities

Organizing and reconciling your financial records is crucial at tax time but successful businesses make it a priority all through the year. Up to date financial records are essential for helping you monitor the progress of your business and where changes or improvements are required. If you apply for a loan, grant or other assistance, the first thing that will be required is a proof of your financial health. Here's a general list to help you ensure your small business has the tools you need to succeed.

1 Don't wait until tax time to catch up. Your business bank and any other financial accounts should be reconciled and reviewed by you every month. You can outsource to a bookkeeping service or do it yourself or use a popular accounting software like QuickBooks, Xero or FreshBooks.

2 Your structure. A sole proprietorship works for a small operation just starting out. But as your business grows, you may need to convert to an LLC or S corporation. Changing your business form can make a big difference in your tax and other liabilities so be sure to consider all aspects before choosing. Don't forget to file your annual report to keep your entity active. The late filing penalties can be triple the price of filing on time.

3 Make a calendar detailing important due dates. To avoid penalties, stay up to date with any reports you are required to file and don't be late on sales tax and payroll tax payments. Don't forget local and state licenses and entity renewals. These are some key tax calendar dates to watch for in 2023.

- **Jan. 31, 2023:** Deadline for any employees or independent contractors you hired last year to receive their W-2, 1099-NEC, or 1099-MISC tax forms.
- **March 15, 2023:** Deadline to file business tax returns for partnerships, S corporations, or LLCs that are taxed as partnerships.
  Deadline to file Form 2553 to switch your business election to an S corporation (S corp) for tax year 2023.
- **April 18, 2023:** Deadline for C corporations, sole proprietorships (Schedule C), single-member LLCs or LLCs taxed as corporations, and individuals to file their tax returns
  Last day for you to make 2022 contributions to traditional and Roth IRAs
- **Sept 15, 2023:** Deadline to file If you received a filing extension on your return for partnership, S corp or LLCs that are taxed as partnerships
- **Oct. 16, 2023:** If you received a filing extension on your 2022 income tax return, your extended individual return is due on this date.

• *continued on page 6*

Filing your 1040

What You Need to Know

The IRS officially started processing 2022 tax year returns on Monday, January 23, 2023, with a final date to file (or extend) of April 18, 2023.

2022 Marginal Tax

37% for individual single taxpayers with incomes over $539,900 ($647,850 for married couples filing jointly and $539,900 for head of household)

35%, for incomes over $215,950 ($431,900 for married couples filing jointly and $215,950 for head of household);

32% for incomes over $170,050 ($340,100 for married couples filing jointly and $170,050 for head of household);

24% for incomes over $89,075 ($178,150 for married couples filing jointly and $89,075 for head of household)

22% for incomes over $41,775 ($83,550 for married couples filing jointly and $55,900 for head of household)

12% for incomes over $10,275 ($20,550 for married couples filing jointly and $14,650 for head of household)

The lowest rate is **10%** for incomes of single individuals with incomes of $10,275 or less ($20,550 for married couples filing jointly and $14,650 for head of household)

The standard deduction this year is $12,950 for single filers (and married filing separately), $25,900 for married filing jointly, and $19,400 for head of household. If you are blind or 65 or older, you can add an additional $1,400 to your standard deduction.

Q: How do I determine if I take the standard deduction or itemize?

The simple rule is: If the total of your itemized deductions is more than your standard deduction then you may benefit by itemizing deductions on Schedule A (Form 1040). Qualifying deductions include mortgage interest paid on up to two homes, state and local income or sales taxes, property taxes, unreimbursed medical and dental expenses that exceed 7.5% of adjusted gross income, unreimbursed casualty, or theft losses from a Federally declared disaster (in excess of 10% of your AGI) and contributions to qualified charities. You may also deduct long term care insurance premiums to the extent the premiums exceed 10% of your AGI.

Q: Are there deductions I can take even if I don't itemize?

Absolutely. These are referred to as 'above the line' deductions. Here's a list of the most common:

- Educators can take up to $250 for any unreimbursed classroom supplies, teaching materials or services.
- You may be able to take up to $2,500 of paid interest on student loans. This tax break for single filers completely phases out if you modified adjusted gross income (MAGI) is higher than $70,000, and $140,000 for married couples filing jointly.
- If you have a Health Savings Account (HSA) Single folks under the age of 55 can deduct up to $3,650. Those with family coverage can deduct up to $7,300 in 2022. Account holders who are age 55 and over get an additional $1,000.
- An individual can contribute up to $6,000 to a

traditional IRA (up to $7,000 for those over age 50) However, your ability to qualify for the traditional IRA deduction depends on your income level. It's also based on whether you or your spouse has an employer-sponsored retirement plan. Single tax filers and heads of household with a 401(k) or a similar account at work can take the full deduction if their MAGI is under $68,000, and it phases out completely above $78,000. Filers age 72 or older are no longer eligible for the IRA deduction. And there's no deduction for Roth IRA contributions.

- Self-employed individuals can deduct contributions from self-directed retirement plans like SEP-IRAs or SIMPLE IRAs. The IRS says that employers can deduct up to 25% of an employee's salary or $61,000 (whichever is less) for SEP-IRA contributions in 2022. And, if you're the sole proprietor or partner of a business, you could deduct your own salary reduction contributions and your own matching or non-elective contributions.
- You can deduct early withdrawal penalties. If you withdrew earnings from a certificate of deposit (or another time-deposit account) before it matures, the fee your bank charged can be deducted in full on your 1040.
- You might be able to write off any alimony payments you've made to an ex-spouse as long as your divorce agreement was finalized by the end of 2018. You could lose this deduction if changes to your divorce agreement were made after 2018.
- Certain business expenses. For the most part, employees have to itemize their business expenses using Schedule A. But some workers – like performing artists and certain government officials – can simply include them on their income tax returns as an above the line deduction.

Q: What is the difference between a deduction and a tax credit

Deductions can reduce the amount of your income before you calculate the tax you owe. Credits can reduce the amount of tax you owe or increase your refund. Here are some popular tax credits:

- The Child Tax Credit could get you up to $2,000 per child, with $1,500 being potentially refundable. The higher your income, the less you'll qualify for. You may qualify for the full credit only if your modified adjusted gross income is under $400,000 for those married filing jointly and $200,000 for all other filers.
- The Child and Dependent Care Credit may give you up to 35% of up to $3,000 of child care and similar costs for a child under 13, spouse or parent unable to care for themselves, or another dependent so you can work — and up to $6,000 of expenses for two or more dependents. The percentage of allowable expenses decreases for higher-income earners.
- The Earned Income Credit will get you between $560 and $6,935 in tax year 2022 depending on your tax-filing status and how much you make.
- The Adoption Credit covers up to $14,890 in adoption costs per child. The credit begins to phase out at $223,410 of modified adjusted gross income, and people with AGIs higher than $263,410 don't qualify. Also, you can't take the credit if you're adopting your spouse's child.
- The Saver's Credit runs 10% to 50% of up to $2,000 in contributions to an IRA, 401(k), 403(b) or certain other retirement plans ($4,000 if married filing jointly). The percentage depends on your filing status and income, but you may qualify if your AGI in 2022 was less than $68,000 if married filing jointly, $51,000 if head of household and $34,000 if single.
- There are two education credits. The American Opportunity Tax Credit runs up to $2,500 per student for tuition, activity fees, books, supplies and equipment during the first four years of college.

  The Lifetime Learning Credit can get you up to $2,000 for tuition, activity fees, books, supplies and equipment for undergraduate, graduate or even nondegree courses at accredited institutions.

  The $2,000 limit is per return, not per student, so the most you can get back is $2,000 regardless of how many students you pay expenses for. You can claim both the American Opportunity Credit and the Lifetime Learning Credit on the same tax return, but you can't claim both for the same student.
- The Residential Energy Tax Credit gets you up to 30% of the cost of solar energy systems, including solar water heaters and solar panels.
- The Electric Vehicle Credit, also known as the Clean Vehicle Credit, could get you up to $7,500 for buying a plug-in electric vehicle.

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Q&A

Q: I am 62 and my wife is 58. We are healthy but starting to worry about the possibility that the cost of long term ccare ould deplete all our assets in the future. Long term care insurance premiums were out of our budget at $1953 per month for a policy with many restrictions and limitations. Should we consider Medicaid Planning?

The American Counsel of Aging provides a Medicaid Eligibility Test on their website at www.medicaidplanningassistance.org Take the test. If you don't qualify, it may be a good idea for you to consider Medicaid Planning. The basic idea is to align your assets and income in such a way that if the time comes that you need long term care, you will qualify for Medicaid to pay for it.

This is one area where it may be difficult to tackle the details without professional help. Medicaid eligibility rules vary greatly by state and the application is time consuming. Making one mistake can cause costly delays. Medicaid Planners help clients structure their financial resources and prepare documentation to ensure the greatest possibility of being accepted into the Medicaid program. They create trusts, manage asset transfers, and convert countable assets into exempt assets to ensure eligibility and preserve a family's resources. They can also protect a family home from Medicaid recovery or help couples manage finances to ensure a non-applicant spouse has the income and assets they need to live comfortably while the Medicaid recipient is in care.

Q: Who is eligible for Long term Medicaid?

Requirements vary by state and are subject to change. However, currently, in many states, one Medicaid eligibility factor is that a single applicant cannot own more that $2,000 in assets. A 'countable' asset doesn't include exempt assets such as a personal residence or car.

If the applicant has countable assets between $2,000 and $15,000 (or $30,000 if married), they may have the option to spend down those assets or transfer funds to an irrevocable funeral trust. For example, you can use any funds you have over $2,000 to pay off your house or credit card debt, or even prepay for your funeral and all the associated expenses. Medicaid will no longer consider that money a "countable asset" and they are no longer over the Medicaid limit. If you still have assets left after spending down, your planner may recommend an irrevocable asset protection trust.

Meeting maximum income requirements is another factor. The average maximum income is $2,742 per month. If your income is over the limit, your planner may recommend a qualified income trust that will help you protect your loved ones while also allowing you to get the care you need.

In addition, Medicaid has a look back period of 5 years in which all asset transfers immediately preceding one's Medicaid application date are scrutinized to ensure none were given away or sold for less than fair market value. There are two exceptions. California has a 2.5 year look back period, and no earlier than March 31, 2024, New York will implement a 2.5 year look back period for long-term home and community-based benefits. If this "look back" rule has been violated, persons are penalized with a period of Medicaid ineligibility. Florida and New York are the only 2 states that allow 'spousal refusal'. The spousal refusal law asserts that non-applicant spouses are entitled to retain their assets by refusing to make them available to their applicant spouse. The 'refusal' strategy allows the Medicaid applicant to transfer assets to a non-applicant spouse with no look back period.

Q: How Much Does Medicaid Planning Cost?

The average cost of working with a Medicaid planning professional is generally less than the cost of one month's care in a nursing home. The American Council on Aging website is a great resource for the types of Medicaid Planners and their associated fees.

Q: Are there any other options I should consider?

You may also want to see if your state offers a Long Term Care (LTC) Partnership Program. LTC Partnership Programs are a collaboration between a state's Medicaid program and private long term care insurance companies. The policy does not pay your healthcare costs directly like traditional insurance, however Medicaid applicants who participate in Partnership programs can retain assets

• *continued next page*

Small business priorities • *continued from page 1*

4 Your income and expenses. Keeping a close watch on what's coming in versus what's going out is a must. When it comes to income, don't forget to count every source including employment income, personal services income, bank interest, dividends, capital gains, employee stock options (exercised or sold), investment income, government payments, prizes and awards.

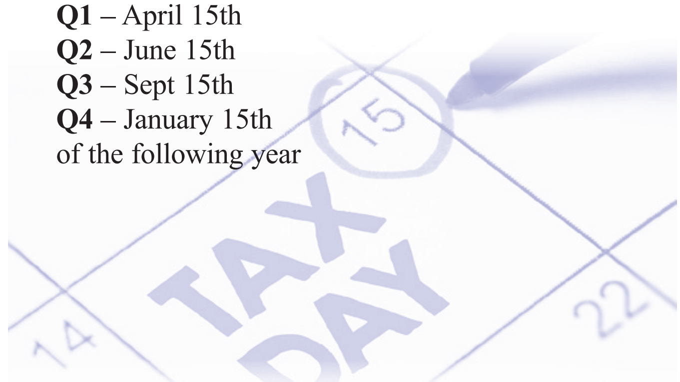
Tracking your expenses is doubly important because these may also become deductions. A deduction could be any expense that is directly related to earning your income. Check expenses every month and make sure you have a receipt or other proof that these costs occurred. The list of possibilities is long but typical deductions include vehicle, travel, entertainment, food, supplies, tools, equipment, postage, utilites commissions, bank fees, licenses and legal.

5 Your home office expenses. If you work from home, you may be able to claim deductions related to the cost of working from your home. These include items such as additional electrical, phone, and internet expenses. The home office deduction is only available to business owners who have a dedicated office space in their home primarily used for business purposes.

6 Business Mileage. Keep a log to track your business mileage. The 2022 mileage rate was 58.5 for Jan 1 to June 30, 2022 and then went to 62.5 cents per mile for the remainder of the year. The rate jumps to 65.5 for 2023.

7 Your estimated quarterly tax payments. If you find you will need to prepay your taxes, make a note of these important due dates:

Q1 – April 15th
Q2 – June 15th
Q3 – Sept 15th
Q4 – January 15th
of the following year



Long-term care • *continued from page 5*

above and beyond the limits set forth by Medicaid. These programs protect all, or a portion, of an elderly individual's assets from Medicaid's asset limit should they require long term care Medicaid. This means any assets above and beyond the $2,000 limit are protected and do not have to be 'spent down' or transferred for qualification purposes. The exact amount that is protected is based on the amount a senior's partnership policy has paid out for long term care.

These programs are available nearly nationwide. The exceptions are the District of Columbia, and the states of Alaska, Hawaii, and Mississippi. To find out more, contact your state's Department of Insurance. Note that many partnership programs have state specific names, such as the Indiana Long Term Care Insurance Program (ILTCIP), the New York State Partnership for Long-Term Care (NYSPLTC) Program, and the Arizona Long Term Care Partnership Program.

Asset protection extends to Medicaid's estate recovery program, in which a state attempts reimbursement of funds paid for long term care following the death of a Medicaid recipient. (All states have an estate recovery program). One's home is often the only remaining asset of any value, and it is through this asset that the state usually attempts to be reimbursed. To be clear, while one's home is usually exempt from the asset limit, it is not exempt from estate recovery. Through participation in a LTC Partnership Program, a Medicaid recipient can declare their home as a "protected" asset, protecting it from Medicaid's estate recovery

Another option is using the services of a Life Resource Planner, also known as Eldercare Resource Planners. These professionals offer an alternative to traditional Medicaid planning. They take a more personalized, all-encompassing approach. A long term care plan is part of that process. Their goals include helping you identify government income and care support programs, protecting your assets, assisting with health, medical care and final arrangement decisions as well as helping you maximize family and community support.

Q: What happened to the federal program for government employees and military personnel?

The Federal Long Term Care Insurance Program (FLTCIP) provided long term care insurance for most Federal and U.S. Postal Service employees and annuitants, active and retired members of the uniformed services, and their qualified relatives were eligible to apply for insurance coverage under the FLTCIP. As of December 19, 2022, individuals not currently enrolled may not apply for coverage, and current enrollees may not apply to increase their coverage. The suspension will remain in effect for 24 months, unless OPM issues a subsequent notice to end or extend the suspension period. Coverage will not change for current policy holders as long as premiums are paid.

Forecast Season

Particularly as we enter a new year, the financial services industry, and the print, online and broadcast media that cover it seem to love market predictions. Whether they are bullish, bearish, conservative, or outrageous, we're treated to what is essentially a non-stop onslaught of market prognostications from a host of individuals with impressive sounding résumés.

Anytime I come across some market guru pinning a specific number on the year-to-come market performance, I view it for entertainment purposes only, and it has absolutely no impact on my investment decision making process. "Mr. or Ms. Adams, who is a very nice individual that graduated with honors from their Ivy League school and now works for some big-time Wall Street firm says the market is going to go up … or down … X% this year." Hmnnn.

There's no question that this industry attracts some of the best and brightest minds in the world, who have good intentions and essentially unlimited research resources. They have significant in-house support and often have direct access to high-ranking corporate leaders and government officials. They can and do create very compelling arguments. But being bright and well educated, even experienced and clever, doesn't really qualify one to be able to predict the future. Does anything?

I think at best, these efforts are about as valuable as predicting the weather. With some level of confidence, I believe you may be able to use current conditions and the information you have at the moment to reasonably predict what is likely happen in the next few days or so. However, drawing specific conclusions about the climate (or the stock market) on any given day 6 to 12 months down the road is really nothing more than a guess.

I bring this up as a cautionary tale. Be careful to protect yourself from allowing these predictions, regardless of how convincingly they're presented, to exert any influence on your investment decision making process. In-depth research and analysis are absolutely required of any serious attempt to build and maintain an investment portfolio that's designed to meet your long-term goals. Rather than chasing predictions, your focus should be on trying to control the things that you can.

Building a portfolio that has an appropriate risk/reward profile for your situation and temperament; purchasing only high quality investments; paying attention to fees and expenses; recognizing tax consequences; and keeping a long-term outlook are all areas of foucs that are likely to serve you better than any prediction.

It all starts with a plan. Understanding your current financial situation, clearly identifying your financial goals and desires, creating a plan to get from point A to point B, and recognizing the challenges and opportunities that lie between you and your goals, will be time well spent. This type of personal financial analysis will help you build a solid foundation from which you can make informed decisions about your financial future, and provides the critical information you need to build an appropriate investment portfolio. Consider this exercise the financial equivalent of an exhaustive medical exam - with all the same prevention and early-detection benefits.

If you have any questions about your current investment strategy or about mapping out your financial future, please feel free to contact Ted Black, CFP® at 407-475-0001, extension 3, or email Ted at ted@royalpalminvestmentadvisors.com.

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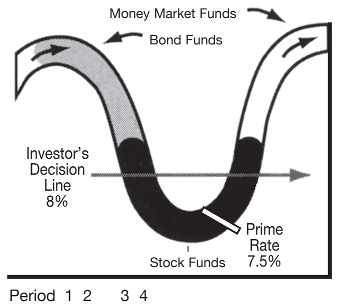
The Money Movement Strategy

Prime Rate Chart for Money Movement Strategy



Long-Term Direction: Level
Monthly Change: 0.00%

How It Works

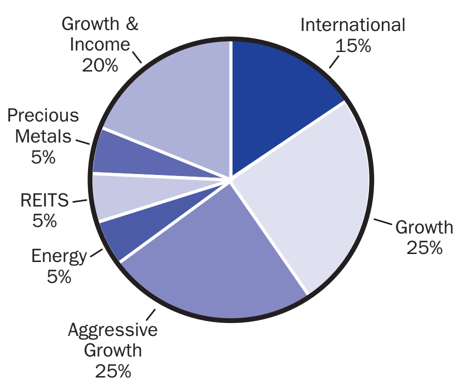
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average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

Models For Portfolio Management

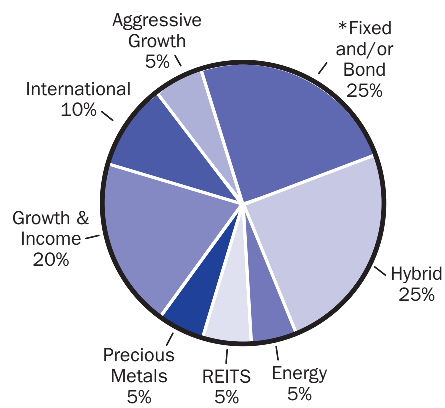
Aggressive

Keep all mutual funds and retirement money in stock funds.



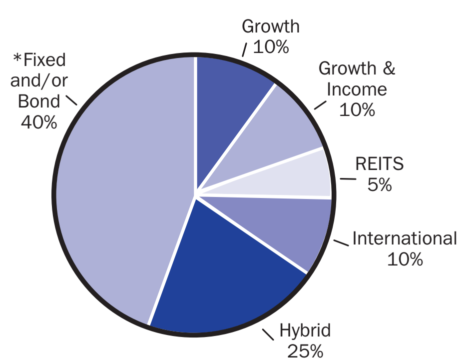
Moderate

Keep most mutual funds and retirement money in stock funds.



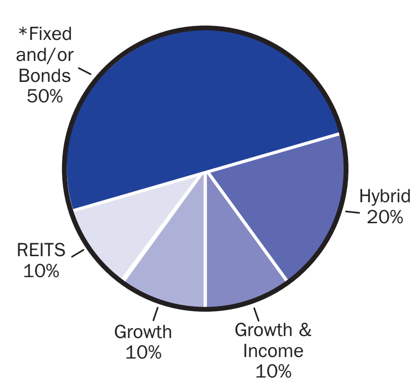
Conservative

Keep most mutual funds and retirement money in stock funds.



Retirees

Note: This portfolio <u>does</u> <u>not</u> 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 12/31/22 1 Year % Change	5 Year % Change	10 Year/ % Change	Expense Ratio
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	9.05	-16.57	5.42	10.32	0.50
Kinetics Paradigm No Load	WWNPX	Buy	21.54	29.18	17.84	16.50	1.64
Needham Growth	NEEGX	Buy	3.97	-33.66	8.90	9.83	1.78
Schwab Health Care	SWHFX	Buy	13.73	-4.67	10.16	13.15	0.80
Value Line Small Cap Opp	VLEOX	Buy	9.99	-19.11	7.06	10.82	1.16
Growth							
American Century Mid Cap	ACMVX	Buy	13.64	-1.47	6.69	10.92	0.97
BNY Mellon MidCap Index	PESPX	Buy	10.60	-13.52	6.18	10.26	0.50
Harbor Disruptive Innovation Inv	HIMGX	Buy	-1.89	-44.48	3.40	8.51	1.24
Janus MidCap Value T	JMCVX	Buy	11.93	-5.10	4.72	8.44	0.75
Neuberger Berman Partners Inv	NPRTX	Buy	14.51	-1.22	12.21	12.71	0.76
Selected American Shares	SLASX	Buy	10.50	-20.27	3.39	8.96	0.98
American Century Small Cap Value	ASVIX	Hold	10.30	-14.72	7.09	10.37	1.09
Growth & Income							
American Century Equity	TWEIX	Buy	10.07	-3.14	.6.29	9.52	0.94
American Century Large Value	ALVIX	Buy	13.62	1.71	7.64	10.20	0.83
Fairholme	FAIRX	Hold	15.49	-20.49	4.84	5.74	1.00
Parnassus Equity Income Inv	PRBLX	Buy	9.58	-18.61	10.41	12.41	0.82
Janus Contrarian T	JSVAX	Buy	9.99	-21.63	10.66	10.29	1.01
T. Rowe Price Equity Income	PRFDX	Buy	12.88	-3.28	7.17	9.82	0.63
Hybrid							
American Century Balanced	TWBIX	Buy	5.94	-17.33	4.42	6.62	0.90
James Balanced Golden Rainbow	GLRBX	Buy	4.66	-12.77	0.02	2.89	1.21
Oakmark Equity & Income	OAKBX	Buy	7.19	-12.92	4.70	7.31	0.84
Impax Sustainable Allocation Inv	PAXWX	Buy	5.88	-16.42	5.36	6.87	0.89
Permanent Portfolio	PRPFX	Buy	8.60	-5.49	6.13	4.30	0.81
Value Line Asset Allocation Inv	VLAAX	Buy	6.23	-15.67	6.82	8.20	1.02
International							
American Century Intl Growth	TWIEX	Buy	15.63	-24.99	2.07	4.82	1.21
Artisan International Inv	ARTIX	Buy	17.13	-19.57	1.67	4.36	1.19
Matthews China Investor	MCHFX	Hold	16.98	-24.40	0.07	4.72	1.06
William Blair Intl. Growth	WBIGX	Buy	12.47	-28.51	1.78	4.60	1.24
T. Rowe Price Emerging	PRMSX	Buy	10.45	-23.36	-3.07	1.59	1.11
Sector Funds							
American Century Real Estate Inv	REACX	Buy	4.37	-24.71	3.91	6.15	1.14
Cohen & Steers Realy Shares	CSRSX	Buy	3.72	-24.96	5.76	7.75	0.88
T. Rowe Price Health Sciences	PRHSX	Buy	8.82	-12.29	11.08	15.91	0.75
USAA Precious Metals/Minerals	USAGX	Sell	21.84	-11.81	4.58	-4.10	1.12
US Global Investors Global Res	PSPFX	Hold	3.83	-12.10	2.04	-2.58	1.92
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	1.85	-12.38	1.56	0.63	0.46
Fidelity Capital & Income	FAGIX	Buy	4.40	-10.46	4.31	5.82	0.67
Janus Flexible Bond	JAFIX	Buy	1.38	-13.86	0.44	1.27	0.68
Loomis Sayles Bond Retail	LSBRX	Buy	2.74	-12.78	-0.26	1.63	0.92
Impax High Yield Bond Indv Inv	PAXHX	Buy	3.94	-12.89	1.35	2.55	0.93
American Century Sh-Dur Bd fund	APOIX	Buy	1.20	-3.90	2.39	1.12	0.56
Western Asset Core Bond	WATFX	Buy	2.21	-16.92	-0.47	1.33	0.46

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

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.

From the Financial Hotline

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

Q: Does everyone have to file a tax return?

If your income is not from self-employment and it does not exceed your standard deduction, you aren't required to file a return in 2022. For example, if you are single and under age 65, with income less than $12,950, you may not be required to file. However, even if you aren't required to file, there are many reasons you may still want to file. If you are due a refund, you won't receive it unless you file a return. You may also be due money back from the Earned Income Credit or for insurance premiums you paid (Premium Tax Credit). You may also need to show a return to qualify for college financial aid or other benefits.

Q: For the medical expense deduction, can I claim the cost of hearing aids that were not covered by insurance?

Yes, you can deduct payments for false teeth, reading or prescription eyeglasses, contact lenses, hearing aids, crutches, wheelchairs, and for a guide dog or other service animal to assist a visually impaired or hearing disabled person, or a person with other physical disabilities. You can also deduct payments for transportation primarily for and essential to medical care that qualify as medical expenses, such as payments of the actual fare for a taxi, bus, train, ambulance, or for transportation by personal car; the amount of your actual out-of-pocket expenses such as for gas and oil; or the amount of the standard mileage rate for medical expenses, plus the cost of tolls and parking. The standard mileage rate allowed for a car when you use it for medical expenses is 18 cents for January 1, 2022 to June 30, 2022 and jumps to 22 cents for the remainder of the year.

Q: I am filing a tax return for the first time. How should I prepare?

Typically, your year-end forms arrive by mail or are available online by the end of January. Gather all your tax related documents and keep them in one place. These documents include but are not limited to: Forms W-2 from employers, Forms 1099 from banks or other payers, Form 1099-K from third-party payment networks, Form 1099-NEC for nonemployee compensation, Form 1099-MISC for miscellaneous income, or Form 1099-INT if you were paid interest, as well as records documenting all digital asset transactions. Carefully review each income statement for accuracy and contact the issuer to correct information that needs to be updated. Don't forget any deduction or credit related receipts that were listed above that may qualify you to itemize.

The IRS recommends all taxpayers sign up for an online account. An IRS Online Account lets taxpayers securely access their personal tax information, including tax return transcripts, payment history, certain notices, prior year adjusted gross income, and power of attorney information. Filers can log in to verify if their name and address are correct. They should notify the IRS if their address has changed. They must notify the Social Security Administration of a legal name change to avoid a delay in processing their tax return.

Q: How long should a refund take?

Many different factors can affect the timing of a refund after the IRS receives a return. Although the IRS generally issues most refunds in less than 21 days, taxpayers should not rely on receiving a 2022 federal tax refund by a certain date. As such, making major purchases or paying bills is not wise until the refund is received. Some returns may require additional review and may take longer to process if IRS systems detect a possible error, the return is missing information, or there is suspected identity theft or fraud.

Also, taxpayers should be aware that the IRS cannot issue refunds for people claiming the EITC or Additional Child Tax Credit (ACTC) before mid-February. The law requires the IRS to hold the entire refund – not just the portion associated with EITC or ACTC.

The fastest way to get a tax refund is by filing electronically and choosing direct deposit. Direct deposit is quicker than waiting for a paper check in the mail. It also avoids the possibility that a refund check could be lost, stolen, or returned to the IRS as undeliverable. Prepaid debit cards or mobile apps may allow direct deposit of tax refunds. They must have routing and account numbers that can be entered on a tax return.

15 Ways to SAVE on Car Insurance

For most of us, insurance takes a big chunk of our money every month. It is also one of the most common expenses where we neglect to take advantage of ways to save. Here are some key points to consider:

1 **Shop Around.** Look at it the same as you would when shopping for a new washing machine or Television. Get quotes from a variety of carriers. Differences in prices can vary greatly. Online sites like TheZebra.com or QuoteComparisons.com can help you compare.

2 **Ask for Discounts Offered.** Common price breaks are based on bundling auto and home policies, your location and how many miles you drive. However, you may also qualify for a lower rate based on random circumstances like where you work, where your car is usually parked or what organizations you are a member of.

3 **Avoid tickets and accidents.** Of course, an insurance company doesn't want to pay claims, so following traffic rules and driving safely will help you get the best rate and keep it.

4 **Location.** When you are calculating the cost or savings of a move, make sure you compare the cost of insurance. Policy rates are based on the zip code where you live. If the new area has a higher claim history, you will pay more for the same coverage.

5 **Take advantage of Low Mileage Discounts.** Update your insurer if a change in job or other circumstances lower the miles you drive daily. Driving fewer miles decreases your accident risk and your premium.

6 **Maintain your Credit Score.** Higher insurance rates are one more disadvantage in letting your credit score slip. If you have recently improved your credit score, update your insurer, and see if you qualify for a lower rate.

7 **Compare prices on a Higher Deductible.** Do the math. If increasing your deductible by $500 saves you $800 in premiums per year, it makes sense to take the higher deductible and put the extra you would have spent on premiums in your emergency fund each month. Chances are you won't be faced with paying a deductible every year. If you can save $50 per month by increasing your deductible an extra $1,000 and end up paying a deductible every 3 years, you still saved $800 in premiums.

8 **Use Based policy.** If you have a care that is only used sporadically you may benefit from a Pay-Per-Mile policy. You pay a basic rate each month and then a small fee for mileage if you drive the car that month.

9 **Put your Driving to the Test.** Using a telematics device that plugs into the OBD II port under your dashboard, your insurance company can track when you drive, how far you drive, and your driving habits. If you accelerate aggressively, brake hard, or trigger advanced safety systems, such as stability control or automatic emergency braking, your insurer will know and base your risk assessment on the results. If you are a conscientious, meticulous driver who is getting hit with high-risk rates, this may be helpful But for some folks, this may be a bad idea.

10 **Review your Policy Carefully.** Don't pay for coverage and add-ons that you don't need. Some insurers automatically add road assistance or gap insurance that you may not need.

11 **Don't Pay More in Premiums than your Vehicle is Worth.** Check the value of your vehicle and do the math. If the value of your vehicle has declined to the price of or less than the yearly comprehensive and collission premium and you are financially able to replace your vehicle out-of-pocket you should consider removing this coverage from your policy.

12 **Paper Statements, Auto Debit and Payment in Full.** Ask your carrier if they offer discounts for different payment methods. You can also pay your bill with a cash back reward credit card. But be sure to pay the balance in full each month or the interest will overcome any savings.

13 **Check Insurance Rates Before you Buy.** When comparing vehicles, don't forget to get an insurance quote. It may cost a little more for that car with anti-theft or advanced safety systems but if it translates to monthly discounts in the future, it may be the cheaper option in the long run.

14 **Get a Short Loan and Make a Big Down Payment.** Doing so keeps your loan to value (LTV) ratio low, and lets you avoid the need to purchase gap insurance.

15 **You Don't Always Have to Make a Claim.** If there are no injuries, the damage is minor and doesn't include anyone else's property, you may not need to call your insurer. Visit a repair shop and get an estimate first. If the estimate is less than your deductible, it may not be worth filing a claim and risking an increase in your premiums.

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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Economic Outlook

–By Russ Colbert

The housing market benefited from the loose monetary policy during 2020 and 2021. Once the Federal Reserve started to tighten, housing took a downward fall. This is not a repeat of 2006 thru 2011, but it will drag on for a while. Do not expect a recovery in housing until at least late 2023 or 2024. The drop in home prices should continue, nothing like the drop in 2006 thru 2011. Sales hit a 6.65 million annual rate in January 2021. But, by November of 2022 sales were down to a 4.09 million rate. Existing home buyers are currently facing higher mortgage rates. It amounts to a 52% increase in mortgage payments since December 2021. Meanwhile it is hard to convince current homeowners with low fixed-rate mortgages to sell. Sellers want more for their homes and buyers want to pay less. That will translate to weaker sales in 2023. Once we have a solid recovery in place housing will rebound swiftly.

Trying to predict stock values this year is more difficult than in past years. The wide range of unprecedented actions that we have taken during Covid leaves a range of different possible outcomes for this year. We feel the U.S. economy may enter a recession during the middle period of this year for several reasons. To start with we never fully felt the full impact of the lockdowns due to the government flooding the system with liquidity and borrowed money. Monetary policy is now in reverse, and we see a monetary policy tight enough to slow inflation but one that could also generate a recession. It is possible the Federal Reserve going from a rapid M2 growth in 2022 to almost zero M2 growth without the economy temporarily slowing will cause a mild recession. But we could be wrong, and it may just be a continuous moderate slowing without any negative surprises causing the desired soft landing we want.

Stocks are likely to bottom out during the first few months of a recession once investors realize this is not another financial panic like the one that we experienced in 2008 and 2009. That being the case, it would most likely give stocks some room to rally later in the year, even if we are in a recession. The stock market will start to see some light at the end of the tunnel and start to show some improvement. If this occurs, it is possible that we finish the second half of the year higher than the first half. Inflation has now started to come down, and the Fed could continue to make smaller interest rate increases going forward as they meet every six weeks. If they could reach the increased interest rate target needed to bring inflation in check by mid-year or shortly thereafter, this would show the Federal Reserve that future improvement in the economy is on the way very soon. The stock market would react favorably to this and start to rise at that point.

If it turns out that the Federal Reserve and Chairman Powell have engineered a soft landing and no recession in 2023 and the stock market ends 2023 confident of not having a recession in 2024, then stocks should rally in 2023 moving into higher territory. But keep in mind, even without a recession, the stock market's biggest risk in 2023 is to lower in corporate earnings.

In summary, we believe improvement could begin during the second half of 2023 and continue into 2024 with the next Bull market running long and strong.

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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___ College Funding for my children/family
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___ 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 2023

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

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___ $10,001 - $50,000
___ $50,001 - $100,000
___ $100,001 - $500,000
___ $500,001 +

Investment Goals:

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