

Financial Insight Quarterly

Your Source for Financial Well-Being



Blaise Benoist, AIF®
Benoist Wealth Strategies, Inc.
Managing Partner, BWS
Branch Manager, RJFS
390 N. Orange Avenue
Suite 2300
Orlando, FL 32801
407-900-2185
blaise.benoist@benoistws.com
www.benoistws.com



12.0%

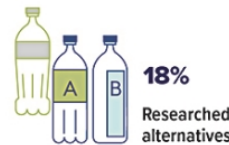
Percentage increase in prices for food at home (primarily groceries) for the 12-month period ending November 2022. By comparison, prices for food away from home increased 8.5% and general inflation ran at 7.1%.

Source: U.S. Bureau of Labor Statistics, 2022

Honey, They Shrunk the Groceries

Have you noticed that packages are smaller at the grocery store? If so, you're not alone. A majority of U.S. adults have noticed shrinkflation — products shrinking in size while prices stay the same or increase. And about two out of three are very or somewhat concerned about the trend.

Consumers were most likely to say they noticed shrinkflation with snack items, followed by pantry items and frozen food. Shoppers also noticed it with meat, bread, beverages, dairy, produce, and other items. Here's what consumers did when they noticed shrinkflation.



Source: Morning Consult, August 29, 2022 (multiple responses allowed)

Key Retirement and Tax Numbers for 2023

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2023.

Estate, Gift, and Generation-Skipping Transfer Tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2023 is \$17,000, up from \$16,000 in 2022.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2023 is \$12,920,000, up from \$12,060,000 in 2022.

Standard Deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2023, the standard deduction is:

- \$13,850 (up from \$12,950 in 2022) for single filers or married individuals filing separate returns
- \$27,700 (up from \$25,900 in 2022) for married joint filers
- \$20,800 (up from \$19,400 in 2022) for heads of household

The additional standard deduction amount for the blind and those age 65 or older in 2023 is:

- \$1,850 (up from \$1,750 in 2022) for single filers and heads of household
- \$1,500 (up from \$1,400 in 2022) for all other filing statuses

Special rules apply for those who can be claimed as a dependent by another taxpayer.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is \$6,500 in 2023 (up from \$6,000 in 2022), with individuals age 50 or older able to contribute an additional \$1,000. The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges (see *chart*). For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges (see *chart*). The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges: Contributions to a Roth IRA

	2022	2023
Single/Head of household	\$129,000–\$144,000	\$138,000–\$153,000
Married filing jointly	\$204,000–\$214,000	\$218,000–\$228,000
Married filing separately	\$0–\$10,000	\$0–\$10,000

MAGI Ranges: Deductible Contributions to a Traditional IRA

	2022	2023
Single/Head of household	\$68,000–\$78,000	\$73,000–\$83,000
Married filing jointly	\$109,000–\$129,000	\$116,000–\$136,000

Note: The 2023 phaseout range is \$218,000–\$228,000 (up from \$204,000–\$214,000 in 2022) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is \$0–\$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-Sponsored Retirement Plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$22,500 in compensation in 2023 (up from \$20,500 in 2022); employees age 50 or older can defer up to an additional \$7,500 in 2023 (up from \$6,500 in 2022).
- Employees participating in a SIMPLE retirement plan can defer up to \$15,500 in 2023 (up from \$14,000 in 2022), and employees age 50 or older can defer up to an additional \$3,500 in 2023 (up from \$3,000 in 2022).

Kiddie Tax: Child's Unearned Income

Under the kiddie tax, a child's unearned income above \$2,500 in 2023 (up from \$2,300 in 2022) is taxed using the parents' tax rates.

Creating Your Own Operation London Bridge

"London Bridge is down." On September 8, 2022, those words were reportedly used to launch what was arguably the most complex end-of-life proceedings the world has ever witnessed: the funeral arrangements for Queen Elizabeth II. The plan, known as Operation London Bridge, laid out in exacting detail how the ensuing days would unfold. Although most families don't need a playbook as intricate as the royals, a comprehensive end-of-life plan can significantly ease the burden on family members during a highly emotional period.

Guidance in a Medical Crisis

What would happen if you became incapacitated and could not make financial or medical decisions for yourself? To help ensure that your affairs continue to be managed by someone you trust and according to your wishes, you might consider creating a durable power of attorney (DPOA) and an advance medical directive.

A DPOA authorizes someone to manage your finances on your behalf, while a medical directive documents your wishes for medical care, such as whether you want extraordinary measures to prolong life if there is no chance of recovery. There are several types of DPOAs and advance medical directives; each has its own purpose, benefits, and drawbacks and may not be effective in some states.

Funeral Instructions

Planning your funeral or similar commemoration can relieve significant stress on your family members. Decisions would typically cover whether you want a burial or cremation, a wake with or without viewing, a religious ceremony or secular event, and could include details such as music, readings, speakers/clergy, flowers, venues, and an obituary. You might discuss thoughts with family members, taking their ideas into consideration. You might also consult a trusted funeral director who can help you navigate the various options, decide whether to prepay for arrangements, and become a valuable resource to your family when the time comes.

Estate Management

The most fundamental components of an estate plan are also among the most important: a will and a letter of instruction.

A will states how you wish to disburse your assets, names an executor to act as your legal representative, provides guidance for the management of your financial affairs, and (if appropriate) identifies who you want to be guardian of your minor children and their assets. A letter of instruction has no legal status but provides vital details that complement your will (see *graphic*).

You might also familiarize yourself with the death-related tax rules at both the federal and state levels. The 2023 federal estate tax exemption is \$12.92 million. Although that sounds like a lot, 17 states impose their own estate and/or inheritance tax — most at much lower thresholds. When you consider that an estate includes the value of your home, insurance policies, retirement plans, and other assets, it may be easier than you'd expect to trigger a taxable situation. (Estate tax is imposed on the estate of the deceased, while an inheritance tax is imposed on the beneficiary.)

Seek Assistance

For more information on how to create your own Operation London Bridge, contact an estate planning attorney. Once your plan is established, store all documents in a safe place and communicate its location to your executor.

What Might a Letter of Instruction Include?



- Funeral instructions or how to find them
- The location of your will and other estate planning documents, as well as other legal documents (e.g., Social Security cards, birth and marriage certificates, titles, deeds)
- Contact information for attorneys and financial professionals
- Financial institution names, account numbers, usernames, passwords, and PINs, with beneficiaries and account balances (as of a given date)
- Bills, credit, and loan account information
- Life insurance policy information, including beneficiaries
- A list of all tangible assets (e.g., jewelry, antiques, art), their location, and related inheritance instructions not included in your will
- Location of keys to safes or safe-deposit boxes
- Social media usernames and passwords
- Care instructions for your pets
- Preferred charities

Tips for Safe Online Shopping

According to the National Retail Federation, online sales accounted for over \$1 trillion of total U.S. retail sales in 2021.¹ Online shopping is especially popular during the holiday season, enabling you to avoid the crowds and conveniently purchase gifts using your smartphone or computer. Unfortunately, the popularity of online shopping also means that cyber criminals and online scams are more prevalent than ever. Here are some tips to help protect yourself when shopping online.

Check your device. Make sure that all of your devices (e.g., mobile phone, computer, and tablet) are up-to-date and configured to update automatically or notify you when updates are available.

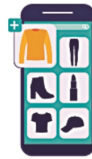
Maintain strong passwords. Create strong passwords, at least 8 characters long, using a combination of lower- and upper-case letters, numbers, and symbols, and don't use the same password for multiple accounts.

Use multi-factor authentication when available.

Two-factor or multi-factor authentication, which involves using a one-time code sent to your mobile device in addition to your password, provides an extra layer of protection.

Watch out for phishing emails. Beware of emails that contain links or ask for personal information. Legitimate shopping websites will never email you and randomly ask for your personal information.

In addition, don't be fooled by fake package delivery updates. Make sure that all delivery emails are from reputable delivery companies you recognize.



The increase in popularity of online shopping means that cyber criminals and online scams are more prevalent than ever before.

Beware of scam websites. Typing one word into a search engine to reach a particular retailer's website may be easy, but it might not take you to the site you are actually looking for. Scam websites often contain URLs that look like misspelled brand or store names to trick online shoppers. To help determine whether an online retailer is reputable, research sites before you shop and read reviews from previous customers. Look for *https://* in the URL and not just *http://*, since the "s" indicates a secure connection.

Use credit instead of debit. Credit cards generally have better protection than debit cards against fraudulent charges. In addition, consider using a mobile payment service (e.g., Apple Pay or Google Pay), which doesn't require you to give your credit-card information directly to a merchant.

1) National Retail Federation, 2022

This information, developed by an independent third party, has been obtained from sources considered to be reliable, but Raymond James Financial Services, Inc. does not guarantee that the foregoing material is accurate or complete. This information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Investments mentioned may not be suitable for all investors. The material is general in nature. Past performance may not be indicative of future results. Raymond James Financial Services, Inc. does not provide advice on tax, legal or mortgage issues. These matters should be discussed with the appropriate professional.

Benoist Wealth Strategies, Inc. is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc., member FINRA/SIPC. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc.