



Our vision...

To be a financial services team as distinct as the people we serve, transforming lives, businesses and communities through the power of personal relationships and professional advice.

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FROM JIM'S DESK: 2/6/23

In the last newsletter we put out in November 2022, I said "in order to win the long game of successful investing, we must be there for the rallies- it's what makes it all work." I came across a paper that Raymond James Research did that underscores this in spades! The numbers are so startling that even after being in financial services for more than 40 years, I find it amazing. I would ask each of you reading this to contemplate how important this is.

The study looked at the total return performance of the S&P 500 for the 20 years ending on 12/31/2021. This is not the best 20 year period but it's representative. If you had stayed invested every trading day in the S&P 500 for the full 20 years, your total return would have been 7.3% per year. Here's the shocker- if you missed just the five best days, your return would have decreased to 4.9% per year. If you missed the 20 best days, your return drops to 0.6% per year!!

I don't think we have to go into the odds of being able to pick out the 20 best days in advance. I submit impossible. So, how do we make sure we're there for the 20 best days? By being there through thick and thin. I know it's an old theme, but if those numbers don't make the case, not sure what would?

Remember this as well: some of the very best days we have in the markets happen when we are recovering from a correction or bear market like we have experienced in 2022. Unfortunately, these are the very same times when investors may have chosen to be "out" of the market due to worry and concern.

As of this writing, the markets continue to show some improvement while some of the headwinds have slowed. This is encouraging. So far the Federal Reserve seems to be about right in their hiking of interest rates to tamp down inflation. It takes time, though we wish it was a faster resolution- but it will happen. Stay invested and patient. Stay in touch with questions, concerns or changes in your lives that could affect your financial plan.

FROM TRACY'S DESK: FAQs about the Vault

There are many reasons to be proud of our resources at Raymond James, so I would like to highlight a small piece of technology that could make our clients' lives a bit easier. Thanks to Client Access Vault, collaborating has never been easier, faster or safer. Vault gives you one place to store and share digital copies of your important documents, and the security of knowing each one is protected.

From financial statements and legal agreements to passports and photos of valuable assets, Vault puts it all right at your fingertips. And with the ability to upload, download and add comments to the files you place in Vault, you can work directly with your advisor from your own computer. You can also grant access to other professionals, such as your attorney or accountant, at your discretion. Through convenience, collaboration and multiple layers of digital protection, the Client Access Vault takes our relationship with you to the next level.

Q. What types of documents are recommended for storing in Vault? Financial reports and statements; legal documents (wills, trusts, deeds, powers of attorney); tax documents; insurance policies (life, disability, home, auto, etc.); external account statements; and copies of licenses, passports, certifications, etc.

Q. What file types does Vault accept? Virtually all common file types are supported by Vault. However, executables (.exe, .bat, .pif, .pi, .vbs, etc.) are not supported.

Q. Will documents ever be deleted from Vault after a certain time period? No, documents will never be automatically deleted. You can choose to delete any document at any time, however, and your advisor can delete documents that they uploaded themselves.

Q. Does Vault have a storage limit? No, Vault lets you store as much as you need to.

Q. What limitations will be placed on file size/number of documents that can be uploaded to Vault? The maximum total file size per upload is 200MB. Multiple documents can be uploaded at once as long as total file size does not exceed this limit.

Q. Who has access to my documents in Vault? Your advisor, and office professionals (advisor support staff) with proper entitlements, will have access to all documents uploaded to Vault.

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COMMUNITY SPOTLIGHT: *Q&A with Crystal River Mayor Joe Meek*



Mayor Joe Meek is currently serving his second term as the Mayor of Crystal River, running unopposed in both elections. He is a former two-term Republican Citrus County Commissioner. Meek joined his family business, Citrus Builder, in 2003, and also started multiple other companies including Meek Development & Investment LLC and Meek Real Estate. Tracy sat down with Mayor Meek for some Q&A.

Mayor Meek, tell us about growing up in the area: *My wife Amy and I were both born and raised in Crystal River. In fact, I was raised on the island in Kings Bay known as Christmas Island. I love our community and our city, and we are raising our family in this special place. I do want to say, that from a Mayor's standpoint, having a firm like Raymond James in Crystal River with its expertise is a big deal, and we really are appreciative that the city has you.*

Can you give some insight into what's going on in Crystal River? *Crystal River is going through a revitalization, and our focus the last couple of years has been the Historic Downtown Square where we can maintain the special character of our coastal area. We're excited about the Splash Pad under the Water Tower and the soon to be completed Riverwalk which is really going to change the way people can enjoy Kings Bay and continue to make it a unique destination. We are really looking forward to continued development and plan to keep the pedal down. **What can you say to folks who are concerned about our area becoming too busy, or too big?** Well, we have been discovered not just nationally, but all over the world, and the city is cognizant of this balancing act. From a resident standpoint, maintaining our small town character with access to the waterways, rentals, and the springs is a high priority. That's why we have eliminated commercial rentals in Hunter Springs and moved this activity to Kings Bay where we strive for an organized and controlled process for visitors to use our waterways. We live in a place that people from all over the world want to come to and we are truly blessed.*

Do you have any comments about the road construction going on in the city? *This is a very big point of frustration for the city. The road construction is a state project and as most people know, the original contractor went out of business and the state had to hire two new contractors. The first contractor is handling Fort Island Trail down to Homosassa, and the second is managing the project from Jump Court down to Sugarmill Woods. The city has been an advocate for businesses who have been affected, and will continue to help troubleshoot as much as possible. Our hope is that we will see the completion of this work in the mid to end of the year 2023.*

Mayor Meek, you've been vocal about plans for the 100th anniversary of Crystal River this year. What is your biggest hope for this event? *Crystal River is such a cool place. My biggest hope is that we come together as a community where we can highlight the best of Crystal River. We'll have many community events throughout the year, which will culminate through the July 4th weekend with our biggest celebration, fireworks and a real good time!*

FROM NANCI & KRIS: *The three T's of effective trustees*

The person or entity who'll manage the assets within your trust – is no easy task. This important role comes with a number of responsibilities and liabilities, and it can be a challenge to find a loved one who's able and willing to take on the task – which is one reason many investors use a corporate trustee. Which-ever type of trustee you choose – individual or corporate – you'll want to keep a keen eye out for a few particular characteristics.

Time: Managing a trust takes a notable time commitment. Your trustee will need the availability to manage a multitude of tasks and liabilities like disbursing income to beneficiaries, filing the trust's income tax return, maintaining records of all transactions and countless more, so consider whether their current schedule allows for these additional responsibilities. Time also refers to their longer-term ability to hold this important position – will they still have the capacity and ability to serve as your trustee in years to come?

Temperament: Your trustee needs to display the right degree of impartiality. Family dynamics can add an emotional layer of complexity to estate planning, and your trustee will need to make decisions without exhibiting bias or bending to external influence. In fact, your trustee has a legal duty to manage the trust in the best interests of both its current and future beneficiaries. They'll be held liable for a number of duties such as ensuring all beneficiaries are informed of the trust and its administration, identifying conflicts of interest, and complying with all specific trust document provisions as well as state and federal governing laws. You'll want to confirm that they both understand these responsibilities and can carry them out with professionalism.

Tenure: Your trustee should have the knowledge, background and skillset to efficiently manage a trust account. Not every family member or friend will have experience with the financial and administrative responsibilities involved, which can include principal and income trust accounting, investing and tax reporting. Be sure your selected trustee is familiar with the tasks they'll need to handle and complete correctly and timely.

Selecting a trustee is an important decision – one that deserves thoughtful consideration. You may want to discuss your options with your financial advisor. As the coordinator of your financial team, they can help walk through the decision-making considerations involved – and may also be able to recommend an experienced, reputable corporate trustee, should you decide to use one.

TRACY'S DESK: *continued*

Permission for authorized representatives can be granted by you at the folder level.

Q. How do I give my CPA, attorney or other authorized representatives access to Vault? This can be done by utilizing the Share feature at the folder level.

Q. How long does it take to upload a file to Vault? Upload speed can vary depending on computer speed, internet connection and file size. Typically, uploads take a matter of seconds.

Q. Can I customize my folders in Vault? Yes, you can create unlimited folders and sub-folders within Vault.

Q. How are Vault documents kept secure? Vault is protected by our existing security systems, which are constantly monitored and routinely updated.

Q. How does the commenting feature work? Will I be notified every time my advisor uploads or comments on a document? You and your advisor can both add comments in the document viewer. You also have the option to turn email notifications on or off. Either way an icon will appear with the number of notifications you have each time you log in to Client Access.

Q. Can I "reply" to comments? You cannot reply to one particular comment. All comments appear in order based on the time they are posted.

Q. Will my advisor be notified if something is uploaded? Yes. They will also be notified when a comment is added.

Q. Is Vault available on the Client Access mobile app? Yes, you can access Vault through the Client Access mobile app on your smartphone or tablet.

Q. Can I view and comment on documents stored in Vault from the Client Access mobile app? Yes.

Q. Can I upload documents or pictures from the Client Access mobile app? No, you cannot currently upload documents or pictures to Vault through the app.

As always, please give us a call if we can assist you in using the Vault, or any of our resources designed to help enjoy financial confidence.

FROM AMY'S DESK: *Key takeaways from SECURE Act 2.0*

Passed in December 2022, the SECURE Act 2.0 includes a set of provisions intended to help many Americans and employers with retirement saving.

Retirement saving rule changes: *Higher catch-up contribution allowances-* For those age 60-63, the catch-up contribution limit will increase to the greater of \$10,000 or 150% of the regular catch-up amount for 401(k) and similar type plans. The higher allowance is effective starting in 2025. Similarly, SIMPLE plan participants who are age 60, 61, 62 or 63 will have their plan catch-up contribution limit increased to the greater of \$5,000 or 150% of the regular SIMPLE catch-up contribution amount for 2025, indexed for inflation. There's also a cost of living adjustment to IRA catch-up contributions. Individuals age 50 and older can currently contribute an additional \$1,000 to a traditional or Roth IRA. Beginning in 2024, catch-up contributions will be indexed for inflation.

Required minimum distribution (RMD) changes: *Increased RMD age-* Individuals that turn 72 in 2023 and beyond can now delay taking RMDs from their IRA until the year they turn 73. The RMD start age will move to age 75 in 2033. The increase allows some people to continue with tax deferral on their qualified accounts and provides an expanded time frame for strategic Roth conversions.

Reduced penalty for missed RMDs- If an RMD is not satisfied for the current year, a 50% penalty can be assessed on the amount not withdrawn. Effective immediately, the SECURE Act 2.0 decreases that penalty to 25% on the amount not withdrawn. If the missed RMD is taken within a "correction window," the penalty is reduced to 10%.

Qualified charitable distribution (QCD) changes: While the RMD age increased to 73, the age an individual can use QCDs remains at 70 1/2. This is good news for those wishing to begin QCDs before RMD age. For those eligible, QCDs are currently capped at \$100,000 annually. With the passage of the SECURE Act 2.0, this limit will be indexed for inflation. Beginning in 2023, a one-time QCD of up to \$50,000 can be directed towards a split-interest entity such as a Charitable Remainder Annuity Trust (CRAT), Charitable Remainder Unitrust (CRUT) or Charitable Gift Annuity (CGA). To qualify, the distribution cannot be added to an existing CRAT, CRUT, or CGA and must fund a new one.

Transfer of excess 529 funds to a Roth IRA: Effective in 2024, a beneficiary's unused 529 funds may be transferred to a Roth IRA in the name of the beneficiary, subject to several rules. The lifetime amount that can be transferred is \$35,000 and is subject to the annual contribution limits (a Roth contribution for the year will reduce the amount that can be transferred from the 529 for that year). The 529 plan has to be established for at least 15 years and no funds (or associated earnings) that were contributed in the previous five years prior to the transfer may be used. There are no income limits or phase-out restrictions when making a 529 to Roth transfer.

Roth rule changes: *Roth employer plan distributions-* Prior to the SECURE Act 2.0, Roth IRA owners were exempt from taking RMDs. However, Roth accounts in employer plans, such as 401(k)s and 403(b)s were not exempt from the RMD rule. Effective 2024, individuals will no longer be required to take distributions from Roth accounts from employer plans.

Roth-style version of SEP and SIMPLE IRA accounts- Effective in the 2023 tax year, the SECURE Act 2.0 authorizes the creation of both SIMPLE Roth IRA accounts and SEP Roth IRA accounts. Prior to this change, SIMPLE and SEP plans could only include pretax funds.

Catch-up contributions required to be Roth for high wage earners:- SECURE Act 2.0 requires that catch-up contributions for high income earners be made in Roth accounts starting in 2024. The new rule applies to catch-up contributions for 401(k), 403(b) and governmental 457 (b) plans, but not to catch-up contributions for IRAs, including SEP and SIMPLE IRAs. The Roth restriction on catch-up contributions imposed by the SECURE Act 2.0 applies to those with wages in excess of \$145,000 (adjusted for inflation in the future) in the previous calendar year. At this time, it appears that the rule excludes self-employed individuals (e.g., sole proprietors and partners).

Retirement account withdrawal rule changes: Expansion of 10% penalty exceptions— under SECURE Act 2.0, there is an expansion of the 10% penalty exceptions that apply to IRAs, employer plans or both. *Effective immediately-* Employer plans increased the 10% penalty exception for those age 50 and above to include, among others, private firefighters and state and local corrections officers. The age 50 Public Safety Worker exception to the 10% penalty is expanded to include plan participants who separate from service before they reach age 50, but who have performed 25 or more years of service for the employer sponsoring the plan. There is also a new exception to the 10% penalty for those who are terminally ill. In addition, withdrawals of up to \$22,000 from employer retirement accounts or IRAs are permitted for individuals affected by a federally declared disaster. These emergency-related withdrawals are permitted for disasters occurring on or after January 26, 2021. Taxes on the distribution may be spread over three years and may be repaid back to the retirement plan with a refund on taxes on the repaid amount.

Effective 2024- Emergency withdrawals for the expenses of individuals escaping domestic abuse situations are provided at the lesser of \$10,000 or 50% of the value of the account. This can be repaid over three years with a refund of taxes on the repaid amount. Withdrawals under these rules avoid the 10% penalty. There is also a new exception to the 10% penalty for family emergencies. Family emergencies are defined as "unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses."

Effective December 29, 2025- Retirement plans may distribute up to \$2,500 per year for the payment of premiums for certain long-term care insurance contracts. Distributions from plans to pay such premiums are exempt from the additional 10% tax on early distributions. Note that only a policy that provides high quality coverage is eligible for the early distribution waiver of the 10% tax.

Beneficiary rule changes: Effective 2024, for the purpose of RMDs under a decedent spouse's retirement plan, the surviving spouse can elect to be treated as the decedent spouse. This allows the surviving spouse to delay taking RMDs until the decedent spouse would have reached the applicable starting age and then take distributions using the Uniform Life Table and the decedent spouse's life expectancy.

Annuity changes: Increased amounts for qualified longevity annuity contracts (QLACs)- Under previous rules, an individual could use the lesser of 25% or \$155,000 of their retirement savings account or IRA to buy a QLAC. Effective immediately, the SECURE Act 2.0 eliminates the 25% of account balance limit on QLACs and increases the purchase amount to \$200,000. However, legacy QLACs are still subject to the lesser of 25% or 155,000 maximum amount. Also, effective immediately, income annuities held within qualified plans and IRAs are able to offer additional benefits without violating actuarial rules related to RMDs. Several new benefits are now available but the most notable one is the ability to offer an inflation adjusted increase to the income, not to exceed 5%.

Special needs trust and ABLE account changes: *Modification of RMD rules for special needs trusts-* The SECURE Act placed limits on the ability of beneficiaries of defined contribution retirement plans and IRAs to receive lifetime distributions after the account owner's death. Special rules apply in the case of certain beneficiaries, such as those with a disability. The SECURE Act 2.0 clarifies that, in the case of a special needs trust established for a beneficiary with a disability, the trust may provide for a qualified charitable organization as the remainder beneficiary.

ABLE program rule changes- ABLE programs are tax-advantaged savings programs for certain people with disabilities. Distributions from an ABLE account are tax-free if used for qualified disability expenses of the designated beneficiary. Effective in 2026, ABLE accounts will be able to be established for individuals who become disabled prior to age 46 (an increase from age 26).



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SAVE THE DATE

- February 20:** The office & markets will be closed in observance of **Washington's Birthday**.
- March 2:** **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- March 3:** 5th Annual **Made for the Trades** dinner & auction to benefit WTC, 5:30pm, Liberty Park, Inverness.
- March 4:** 7th Annual **Sodium Big Fish Classic** to benefit CCEF's Book, Line & Thinkers program, Sodium Fishing Gear, Crystal River.
- March 6:** **Market Update Webinar** with Chief Investment Office Larry Adam & other Raymond James investment thought leaders, 4pm (replay available).
- March 4-5:** 36th Annual **Floral City Strawberry Festival**, 9am-4pm, Floral Park, Floral City.
- March 10-13:** Friends of Citrus County Library System **Spring Mega Book Sale**, Citrus County Auditorium, Inverness.
- March 13:** The Rotary Club of Crystal River presents the 10th Annual **Beast Feast** to benefit charitable organizations in Citrus County, 5pm, Crumps Landing, Homosassa.
- March 17:** Save Crystal River **Shamrock & Roll Fundraiser**, 6:00pm, Plantation, Crystal River.
- March 18:** The Rotary Club of Homosassa Springs presents **Shrimppalooza** to benefit youth programs in Citrus County, 9am-6pm, Homosassa Civic Club, Homosassa.
- April 6:** **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- April 7:** The office & markets will be closed in observance of **Good Friday**.
- April 15:** 10th Annual **SCU Schoolhouse Hustle 5K/10K/1-Mile-Walk** to benefit the Citrus County Education Foundation, 7:00am, Crest School, Lecanto.
- April 29:** 24th Annual **Superintendent's Golf Classic** to benefit the Citrus County Education Foundation, 8:00am, Citrus Hills Golf & Country Club, Hernando.
- May 4:** **Wall Street Coffee Club**, 10:00am, Citrus County YMCA, Lecanto.
- May 29:** The office & markets will be closed in observance of **Memorial Day**.

Call or email us for more information on these events or if you would like to include your community events in our next newsletter. Times are E.D.T.

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