DUNNING WEALTH MANAGEMENT

QUARTER 1, 2024

NEW VIDEOS ON OUR WEBSITE THIS QUARTER – "MONEY CONVERSATIONS ARE HARD" AND "UNDERSTANDING BEHAVIORAL BIAS"

FIND THEM ON THE "RESOURCES" TAB.

https://www.raymondjames.com/dunningwm/resources/videos

TEAM UPDATE

This hunting season, Kyle flew firewood into deer camp so the hunters could stay warm. Brayden was highly appreciative.

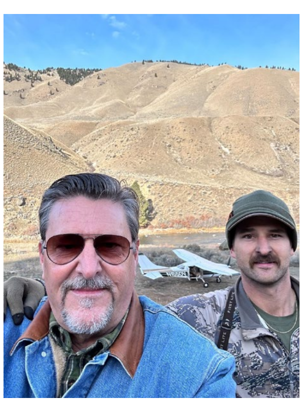
Brayden's son Jayce got to go bowling for the first time and even got a strike!

Vicki's daughter Nora is becoming the best big sister and can't wait for her brother to grow bigger so she can play with him. Stanley is almost 6 months now and time is going too fast.

For the 6th year in a row, Greg spent five glorious days at Bandon Dunes… two of them he got soaked.

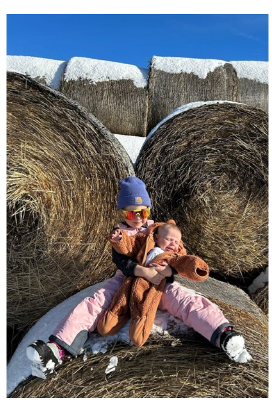
Brandee is not a skier, but her husband Erik enjoyed some turns this winter. They are both looking forward to spring and high school baseball season.

Kyle



Brayden

Vicki



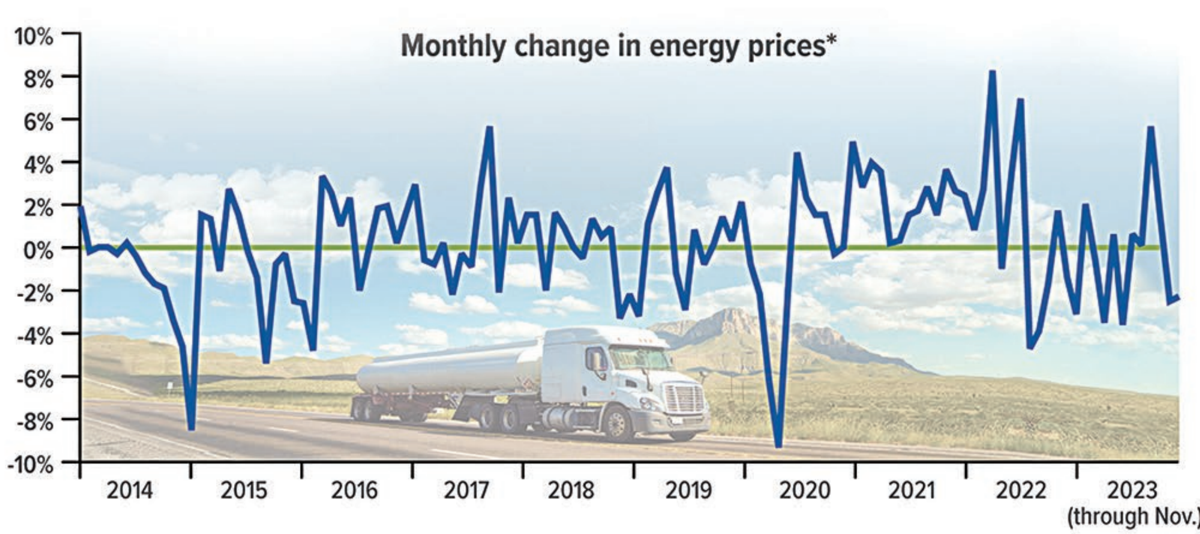
Greg

Brandee

TWO WAYS THAT VOLATILE ENERGY COSTS FUEL INFLATION

Energy prices can fluctuate dramatically based on changes in supply or demand. According to the Consumer Price Index (CPI), energy prices across the economy fell 2.5% in October and 2.3% in November, following a surge of 7.2% over the previous two months. Gasoline prices fell 5.0% in October and 6.0% in November, providing relief after a painful summer spike of 14.3%. In fact, rapid swings in gasoline prices were often a key contributor to the monthly changes in CPI in 2023.

When energy costs are high, it can also impact inflation indirectly, as many businesses that rely on energy to produce and transport goods, or to provide services, may have to raise the prices they charge consumers.



*The CPI-U energy index tracks prices for motor fuels such as gasoline and diesel; fuel oil and propane (used for residential heating); and utilities, including natural gas and electricity.
Source: U.S. Bureau of Labor Statistics, 2023

KEY RETIREMENT AND TAX NUMBERS FOR 2024

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 2024.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2024 is $18,000, up from $17,000 in 2023.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2024 is $13,610,000, up from $12,920,000 in 2023.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2024, the standard deduction is:

- $14,600 (up from $13,850 in 2023) for single filers or married individuals filing separate returns
- $29,200 (up from $27,700 in 2023) for married joint filers
- $21,900 (up from $20,800 in 2023) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2024 is:

- $1,950 (up from $1,850 in 2023) for single filers and heads of households
- $1,550 (up from $1,500 in 2023) for all other filing statuses

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

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is $7,000 in 2024 (up from $6,500 in 2023), 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 table). 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 table). The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges: Contributions to a Roth IRA

	2023	2024
Single/Head of household	$138,000–$153,000	$146,000–$161,000
Married filing jointly	$218,000–$228,000	$230,000–$240,000
Married filing separately	$0–$10,000	$0–$10,000

MAGI Ranges: Deductible Contributions to a Traditional IRA

	2023	2024
Single/Head of household	$73,000–$83,000	$77,000–$87,000
Married filing jointly	$116,000–$136,000	$123,000–$143,000

Note: The 2024 phaseout range is $230,000–$240,000 (up from $218,000–$228,000 in 2023) 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 $23,000 in compensation in 2024 (up from $22,500 in 2023); employees age 50 or older can defer up to an additional $7,500 in 2024 (the same as in 2023).
- Employees participating in a SIMPLE retirement plan can defer up to $16,000 in 2024 (up from $15,500 in 2023), and employees age 50 or older can defer up to an additional $3,500 in 2024 (the same as in 2023).

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above $2,600 in 2024 (up from $2,500 in 2023) is taxed using the parents' tax rates.

HOW SAVERS AND SPENDERS CAN MEET IN THE MIDDLE

Couples who have opposite philosophies regarding saving and spending often have trouble finding common ground, and money arguments frequently erupt. But you can learn to work with — and even appreciate — your financial differences.

Money habits run deep

If you're a saver, you prioritize having money in the bank and investing in your future. You probably hate credit card debt and spend money cautiously. Your spender spouse may seem impulsive, prompting you to think, "Don't you care about our future?" But you may come across as controlling or miserly to your spouse who thinks, "Just for once, can't you loosen up? We need some things!"

Such different outlooks can lead to mistrust and resentment. But are your characterizations fair? Money habits run deep, and have a lot to do with how you were raised and your personal experience. Instead of assigning blame, focus on finding out how each partner's financial outlook evolved.

Saving and spending actually go hand in hand. Whether you're saving for a vacation, a car, college, or retirement, your money will eventually be spent on something. You just need to decide together how and when to spend it.

Talk through your differences

Sometimes couples avoid talking about money because they are afraid to argue. But scheduling regular money meetings could give you more insight into your finances and provide a forum for handling disagreements, helping you avoid future conflicts.

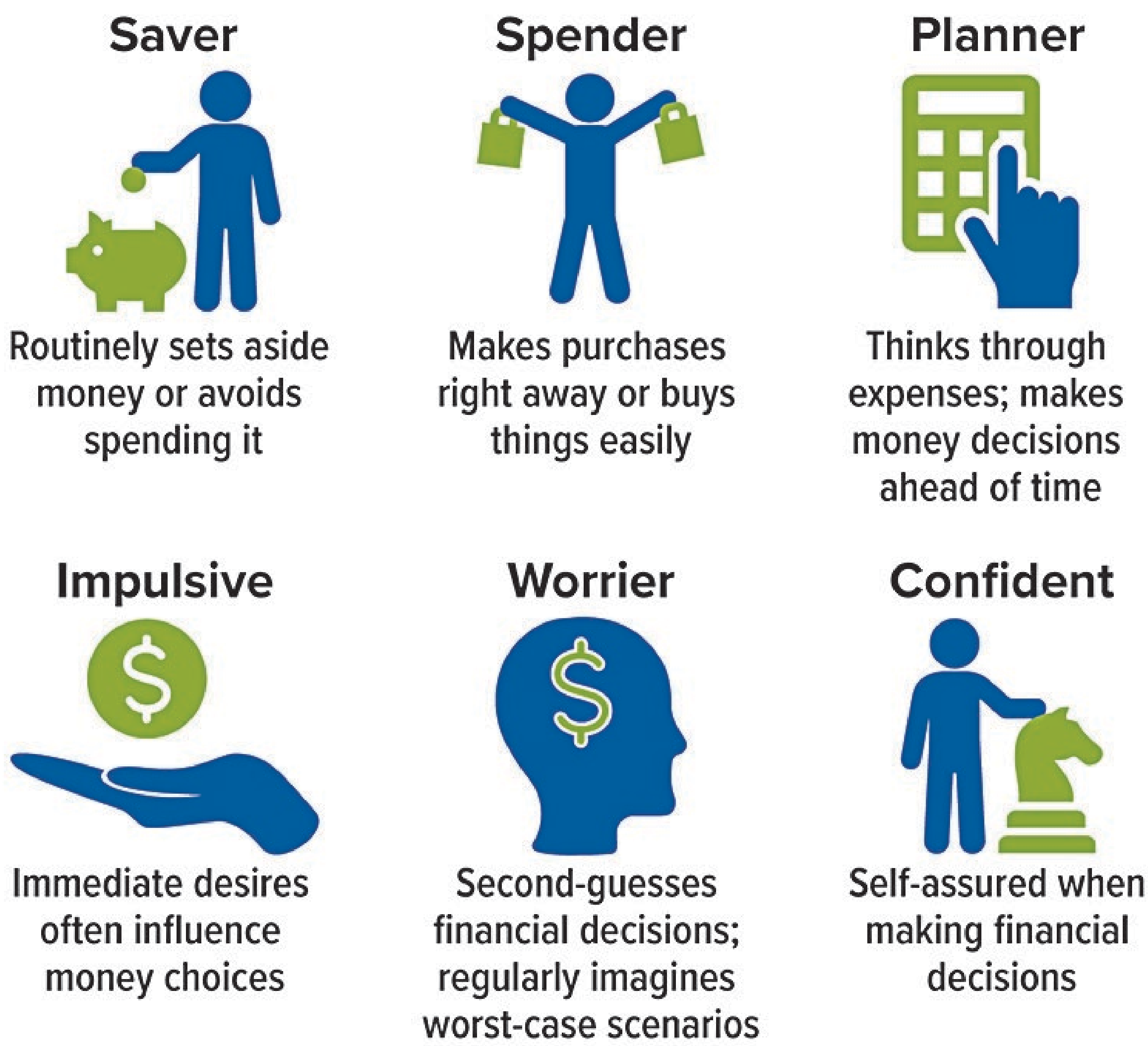
You might not have an equal understanding of your finances, so start with the basics. How much money is coming in and how much is going out? Next, work on discovering what's important to each of you.

To help ensure a productive discussion, establish some ground rules. For example, you might set a time limit, insist that both of you come prepared, and take a break if the discussion becomes too heated. Communication and compromise are key. Don't just assume you know what your spouse is thinking — ask, and keep an open mind.

- Here are some questions to get started.
- What does money represent to you? Security? Freedom? The opportunity to help others?
- What are your short-term and long-term savings goals? Why are these important to you?
- How comfortable are you with debt? This could include mortgage debt, credit card debt, and loans.
- Who should you spend money on? Do you agree on how much to give to your children or spend on gifts to family members, friends, or charities?

- What rules would you like to apply to purchases? For example, you might set a limit on how much one spouse can spend without consulting the other.
- Would you like to set aside some discretionary money for each of you? That could help you feel more free to save or spend those dollars without having to justify your decision.

What's Your Money Style?



Source: Consumer Financial Protection Bureau

Agree on a plan

Once you've explored what's important to you, create a concrete budget or spending plan that will help keep you on the same page. For example, to account for both perspectives, you could make savings an "expense" and also include a "just for fun" category. If a formal budget doesn't work for you, find other ways to blend your styles, such as automating your savings or bill paying, prioritizing an emergency account, or agreeing to put specific percentages of your income toward wants, needs, and savings.

And track your progress. Scheduling money dates to go over your finances will give you a chance to celebrate your successes or identify what needs to improve. Be willing to make adjustments if necessary. It's hard to break out of patterns, but with consistent effort and good communication, you'll have a strong chance of finding the middle ground.

FAMILY BUSINESSES SHOULD HAVE SUCCESSION PLANS

In recent years, the family drama surrounding an aging media mogul — and his unresolved succession plans — have been at the center of a hit television show. For family businesses, succession plans are designed to ensure the orderly transfer of ownership and leadership to the next generation. But relationships among family members are sometimes just as complicated in real life as they are on TV and monetizing a closely held business to help fund retirement often takes longer than expected.

In fact, only 34% of family businesses have a robust, documented, and communicated succession plan in place.[1] Much like the fictional billionaire in "Succession," some leaders avoid the issue because they love running their businesses and don't want to stop any time soon.

But one never knows what the future has in store. Even if you are happy, healthy, and determined to stay involved in your business for years to come, you might be glad you took the time to develop a thoughtful succession plan.

Set a target

It might be wise to have a realistic retirement date in mind. Any effort to identify and groom a successor might take longer than you expect. And if you plan to sell your company, it could take several years to find a qualified buyer, begin the ownership transition, and finalize the transaction. To get the best possible price and terms, you may need to focus on improving the company's balance sheet before you put it on the market.

Stage your exit

Keeping your business in the family may be an easy decision if an adult child or another relative is capable, willing, and prepared to take over. If so, finding ways to reduce the value of the business on paper could help you gift ownership shares with fewer tax consequences.

Otherwise, it may be possible to sell your business to co-owners, outsiders, or even your own employees. Closing and liquidating the assets could be the only viable option for some businesses.

Invest for retirement

Making annual retirement plan contributions with some of your profits can build wealth outside of your business and help insulate your personal financial picture from risks associated with your business's distinct market. Building a separate investment portfolio might also provide greater flexibility during and after a transfer of ownership.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

1) US Family Business Survey, PwC, 2023

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