"Motherhood: All love begins and ends there."

Robert Browning

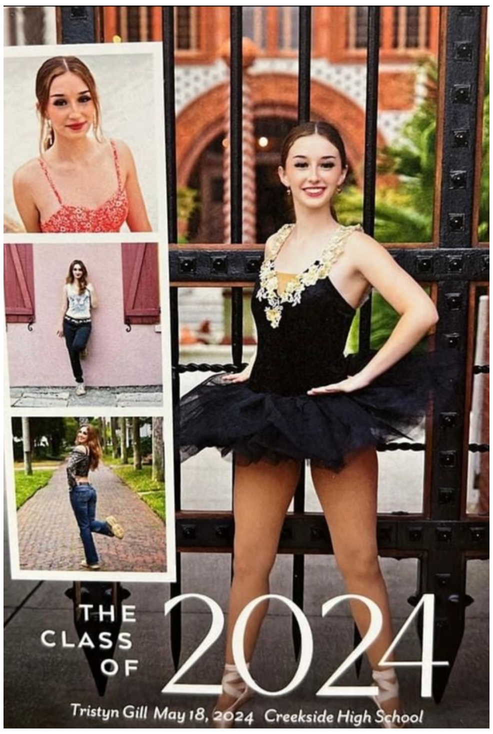
Happy Mother's Day!

It's time to honor the extraordinary women who have shaped our lives with boundless love, unwavering support, and endless sacrifices.

On Mother's Day, we pay tribute to the nurturing figures who have held our hands through every triumph and trial, who have whispered words of encouragement in our darkest hours, and who have infused our homes with laughter, warmth, and unconditional affection.

To our mothers, we wish you a day filled with joy, appreciation, and cherished moments with those you hold dear.

Spotlight



Congratulations to Tristyn Gill!

Tristyn is a graduating senior at Creekside High School. We are so proud and excited for her and can't wait to witness her next steps!

Frank's Desk

When it comes to Mom's, did you know:

- There are some 82.5 million mothers in the US, and over 2 billion worldwide.
- The average Mom will change 7,300 diapers by the time her baby reaches 2 years old; pew!!
- The youngest Mom on record, 5 years and 7 months; babies having babies???
- The oldest Mom, age 74 and she gave birth to twins.
- The longest pregnancy on record, 375 days; and we're not talking elephants here!
- The Mom with the most kids gave birth to 69 children; imagine dinner time at their house.
- The heaviest baby born, 22 pounds & 8 ounces; OUCH!!

This Mother's Day - Sunday, May 12th - we hope you're able to spend time with, or time remembering, the mothers - and mother figures - who changed your life for the better; or at least changed 7,300 of your nasty diapers. Whether with a phone call, a card, flowers, a shared meal, or time spent reminiscing on fond memories, there's no better time to express how much they mean to us.

Many of us have lost our moms; many more are living the twilight years with their mom. These times can be beautiful, and sometimes very difficult. I would suggest that those of you who are living the swan song with your mom to be loving, thoughtful, and above all patient. The best gift you can give her this Mother's Day is your love and attention. And remind her that you are so very appreciative of all that she has given you. And above all, tell her not to worry. That's your job.

Any opinions are those of Frank Houston and not necessarily those of Raymond James. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

Market Update

	12/29/23 Close	4/30/24 Close*	Change Year to Date	Gain/Loss Year to Date
DJIA	37,689.54	37,815.92	+126.38	+0.34%
NASDAQ	15,011.35	15,657.82	+646.47	+4.31%
S&P 500	4,769.83	5,035.69	+265.86	+5.57%
MSCI EAFE	2,241.21	2,285.03	+43.82	+1.96%
Russell 2000	2,027.07	1,973.91	-53.16	-2.62%
Bloomberg U.S. Aggregate Bond Index	2,162.21	2,099.06	-63.15	-2.92%

*Performance reflects index values as of market close on April 30, 2024. Bloomberg Aggregate Bond and MSCI EAFE figures reflect April 29, 2024, closing values.

See Full Market Update

Articles

After the Fed pivot: Where are the opportunities?

Senior Investment Strategist Tracey Manzi notes that with a Federal Reserve easing cycle on the horizon, the fixed income markets are relatively attractive.

To read the full article, see the Investment Strategy Quarterly publication linked below.

The Federal Reserve's (Fed) pivot late last year sparked an enormous rally in the bond market. In fact, U.S. Treasurys and nearly all fixed income sectors enjoyed some of their best quarterly returns on record. The sharp decline in yields over the final quarter of 2023 was a textbook reaction as market participants are well versed in what typically comes after the Fed pivots – softer growth, lower inflation and the commencement of an easing cycle. While the timing of the Fed's easing cycle after the final rate hike varies, historically the Fed's first rate cut has come an average of seven months after the last rate hike, based on the last six cycles.

With the Fed delivering its final rate hike in July 2023, we are now approaching the window – which has ranged from one to 14 months – where policymakers have typically kicked off their easing cycle. While notable, this cycle has been anything but average. Case in point: after 550 basis points of tightening (one of the most aggressive cycles in history), the economy continues to show surprising resilience – strong job growth, slowing, but still above-trend growth and record low unemployment. Why? The government's ongoing fiscal expansion, where the budget deficit is now running at ~6% of GDP. While the fiscal stimulus may have lengthened the economy's runway, our economist expects growth and inflation to slow over a six-to-12-month horizon. This expected cyclical slowdown should keep the bond market focused on the timing and pace of the Fed's eventual rate cuts.

Starting yields are the strongest predictor of future returns

Given the ongoing strength in the labor market and still solid economic growth, the Fed can afford to exercise patience. In fact, the resilient economy has been a major factor behind why excessive rate cuts this year have been largely unwound and a key reason why Treasury yields have moved modestly higher since the start of the year. With the market now pricing in three rate cuts by year end, Treasury yields will be swayed (up or down) by the incoming data. But with the Fed telling us that interest rates have peaked for the cycle and that rate cuts are on the horizon as long as the disinflationary trend remains intact, Treasury yields will eventually be headed lower – albeit likely at a slower pace than we originally anticipated.

While our call for moderately lower yields in 2024 may be delayed as long as economic growth remains solid, we still believe the current high level of yields remains an attractive opportunity for investors. That's because the starting level of yields is the single best predictor of a bond's total return over longer periods of time.

Where we see opportunities

Treasury yields are likely to trade in a wide range again this year given the economy is at an inflection point. In the near term, we see scope for Treasury yields to move in either direction. For example, any weaker than expected economic news (whether on the growth, jobs or inflation front) could drive yields significantly lower as the market reprices to a more aggressive Fed easing cycle—with a move to 3.5% not out of the question. Conversely, any signs of waning demand at the upcoming Treasury auctions (2024 will be another year of heavy Treasury issuance to fund the deficit) could easily push yields higher to 4.5% again. These trading ranges should create some opportunities for investors along the way. But by year end, we believe yields should be within the ballpark of where they started the year. However, with the economy still on solid footing, we are modestly raising our 10-year Treasury yield forecast to 3.75%.

Conclusion

With a Fed easing cycle on the horizon, the fixed income markets are relatively attractive. Today's yields remain near their highest levels in well over a decade, providing investors with an opportunity to lock in the current levels of yield. Capital appreciation opportunities may come, particularly if economic growth turns out to be weaker than expected. But even without the bonus of capital appreciation, the more normal level of yields suggests investors can now earn a reasonable return on their bond investment. And that return should be much higher going forward than what an investor could earn in the prior decade. Relative value opportunities exist within the fixed income sectors for those looking to augment their core fixed income exposure.

Read the full Investment Strategy Quarterly here.

currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in emerging markets can be riskier than investing in well-established foreign markets. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. If bonds are sold prior to maturity, the proceeds may be more or less than original cost. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency. Investing in REITs can be subject to declines in the value of real estate. Economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments. The companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence.

Great wealth, great responsibility for elite young athletes

High-profile competitors – including those in college – can profit tremendously from name, image and likeness (NIL) deals. But making sudden wealth permanent requires a long-term focus.

In 2021, the U.S. Supreme Court ruled that the NCAA's ban on players receiving compensation other than scholarships failed to meet statutory muster. Soon after, the first name, image and likeness (NIL) deals started to emerge. And now, massively popular student-athlete influencers with social media followings in the hundreds of thousands – or millions, in some cases – are able to benefit from their personal brands.

As more deals emerge, it appears endorsement deal negotiations may become part of these athletes' unofficial education. For college athletes (and anyone navigating a windfall), this new world brings both opportunity and risk.

Let's talk numbers

Realistically, except for spotlight players in major sports, the value of NIL deals for college athletes may be limited, according to a survey of sports marketing insiders performed by ESPN. A men's basketball or football player might expect to earn between $5,000 and $20,000 in NIL contracts during their tenure – mostly from niche or hometown brands. An athlete in a non-revenue sport like track and field might expect to earn between $1,000 and $3,000 in NIL deals.

However, All-American athletes could land up to $1 million in endorsement deals, according to ESPN's panel. And for a generational headliner, the sky's the limit.

A player's established social media audience is expected to be a major component of their brand's worth, according to a study by AthleticDirectorU and the research firm Navigate performed in 2019, before the Supreme Court's decision. That is, a championship-winning college quarterback doesn't necessarily have a higher endorsement value than a standout gymnast with gobs of Instagram followers.

The risks of sudden wealth

Lottery winners, surprised inheritors, and sports and entertainment stars have a lot in common, financially speaking. And the stories of lavish lifestyles followed by sudden collapses are ripped from bankruptcy filings and spread like modern morality tales.

Those who experience sudden gain and loss say it's not always because of supercars and mansions. Strategic, holistic wealth management isn't typically learned on the fast road to fame, and since sports stars aren't typical employees with their sponsors, it's easy for them to get caught underprepared for taxes, among many other things.

Some have also told stories of family and friends coming to them with dire financial needs and a feeling of entitlement, strangers with sob stories claiming their lives are in their hands, and grifters of every sort. Paranoia, isolation and behavioral shifts have followed, leading to what psychologists have called sudden wealth syndrome.

Strategies for saving and spending can make it easier to compartmentalize and handle these concerns, especially with the help of a trusted third party.

The goal: Make the temporary permanent

Earnings from fame are often short-lived – a college sports career is at most four years, and the public's memory fades quickly. The top financial goal after any endorsement should be converting its temporary earnings into a lifelong wealth strategy.

For more modest NIL earners, using endorsement checks to invest in tax-advantaged or tax-deferred financial instruments like traditional IRAs, Roth IRAs or health savings accounts (HSAs) can help reduce the amount of top-bracket taxes they are paying and provide a strong foundation for effective wealth building.

For superstars, it gets a lot more complicated.

Managing wealth can be overwhelming even when it's built over a long career, let alone when needing to spin up a financial plan, investment portfolio, tax strategy and maybe a limited liability corporation, essentially overnight.

Taxes, in particular, will be high compared to many other high earners who gain wealth through capital investment. Maxing out tax-advantaged investment plans every year can be part of the strategy, but there are many options depending on goals.

If the athlete is charitably minded, it may also be a good idea to create a philanthropic account like a donor advised fund, allowing them to compartmentalize personal requests while reducing their tax liabilities during high-earning years.

High-earning young athletes – as well as most young adults – should seek a professional team for guidance in understanding the complexities of strategies that can help grow and preserve wealth. A financial advisor, tax attorney and accountant with a track record of working with high-net-worth individuals can help.

> Young athletes are a prime target for financial con artists. When selecting your financial team, it's important to check their track records and sniff out bad actors. Here are some red flags:
>
> - Guarantees about investment returns or "beating the market"
> - No established community presence
> - Rushes clients into decisions
> - It's unclear how they are paid
> - Pushes exclusive investments
> - Makes clients feel overwhelmed

A job for every dollar

Even the best investment strategies will come short against excessive spending.

A zero-based budget is a good framework for setting boundaries while enjoying newfound wealth. With it, budgeters earmark every dollar, setting aside portions for things like taxes and housing, investments and retirement plans, cash savings, and luxuries and entertainment. There can be as many buckets as needed to suit one's particular circumstances. It also makes it easier to avoid trying to keep up with the

Joneses, because in the world of sports entertainment, there is always a bigger Jones.

> According to Sports Illustrated, 78% of NFL players face bankruptcy within two years of leaving the game. For NBA players, the rate is 60% by five years.

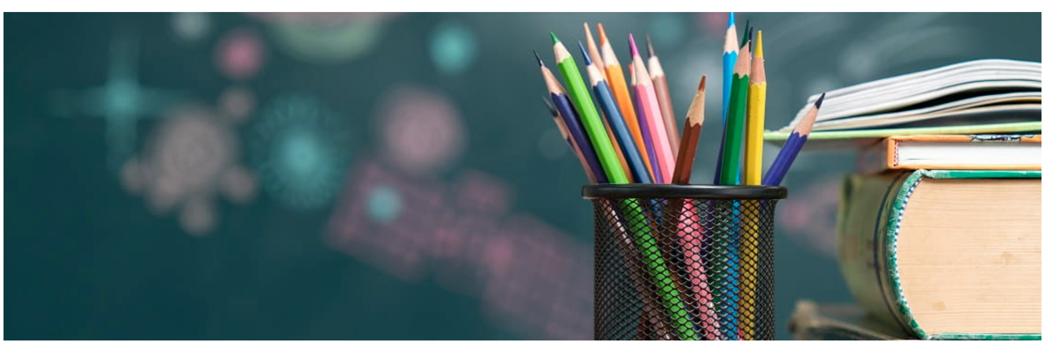
Many universities and sports conferences are creating or contracting resources to help college athletes navigate the complexities of this new world. One example is Michigan State's EverGreen program, which aims to help its athletes understand their market value, the specifics of NIL contracts and the many financial considerations.

Great expectations

While fame fades, fortune doesn't have to. Vanishingly few athletes make it to the pros, but being an NCAA athlete is a compelling line on a resume. It can be a major stepping stone for a young professional starting the next stage of their life. Earnings made from their sporting years amplify that advantage, but only if they are used in a way to secure a better future.

Sources: CBS News; CBS Sports; ESPN; Sports Illustrated; Forbes; Kiplinger; Statista; NILNetwork.com; AthleticDirectorU.com; The Washington Post; NPR; theonlycolors.com; KTRK-TV Houston

Donors are urged to consult their attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to a donor advised fund for federal and state tax purposes. To learn more about the potential risks and benefits of donor advised funds, please contact your financial advisor.



Which education expenses are considered qualified?

Learn more about what the savings in a 529 plan can help pay for.

529 plans are valuable education savings tools – they allow you to invest after-tax dollars in an account that will grow tax-deferred and can be distributed tax-free for qualified expenses. However, it's important to understand which expenses are qualified and which ones aren't.

Which expenses are qualified?

In association with an eligible institution (any college, university, vocational school or other post-secondary educational institution that qualifies for federal financial aid), the following expenses are considered qualified:

- Tuition and fees
- Books, supplies, computers and peripheral equipment
- Room and board (if attending school more than half-time)
- For special needs beneficiaries, expenses for special needs services incurred in connection with enrollment or attendance

K-12 considerations

In participating states, tuition expenses up to $10,000 per year per beneficiary are considered qualified for an elementary or secondary public, private or religious school. Qualified expenses for K-12 education are currently limited to tuition, however – meaning 529 funds can't be distributed tax-free to cover the cost of computers, homeschooling or other virtual learning tools for K-12 students.

College entrance exams such as the SAT and ACT are also not considered qualified expenses for 529 plans. However, if a prep course is considered K-12 education, the cost could be considered qualified. Note that this would not include exam fees or materials.

Expenses beyond the books

Room and board, off-campus housing and food costs

529 plans can be used for room and board, off-campus housing and food expenses as long as the student is enrolled at least half-time as defined by the school. Additionally, these expenses are generally limited by the institution's cost of attendance, which can be found on the school's website or by contacting its finance department.

For off-campus housing costs, the IRS relies on each school to set the maximum dollar amount to allow for a variance in cost of living around the country.

Food expenses and meal plans (which fall within the "board" section of room and board) are a frequent use for 529 savings because of the ease of documentation. The funds can be used to buy groceries and other meals, so long as proper documentation of the receipts is maintained.

Greek life

While joining a fraternity or sorority can be a beneficial part of a student's college experience, dues as a whole are not considered a qualified expense. However, if the student lives in and/or has a meal plan at the fraternity or sorority house, those expenses can be covered as room and board with the same limitations noted above.

Travel

Travel expenses to and from school are not considered qualified. This means a student's car and related expenses aren't qualified, nor are plane or train tickets associated with studying abroad.

Scholarships

While scholarships aren't a qualified expense, they do have special tax treatment. Normally, if you withdraw money from a 529 plan for a non-qualified expense, you will owe ordinary income tax and a 10% penalty on the earnings portion of the withdrawal. In the case of a scholarship, however, you can withdraw the amount of the scholarship without paying the 10% penalty.

This strategy is typically used if other qualified expenses won't be sufficient to spend the entire account value. If you're able to use the funds for qualified expenses, there will not be any penalty *or* income tax associated with the withdrawal. Similar waivers are provided for employer-provided assistance and death or disability of the beneficiary.

Student loans

As a result of the SECURE Act, 529 plan funds can now be used to pay off student debt – up to a $10,000 lifetime maximum for the plan's beneficiary, plus up to $10,000 toward each sibling's lifetime maximum. Note that investors aren't allowed to "double dip" from a tax perspective by using tax-advantaged 529 funds to pay down student loans *and* taking a deduction for the interest.

Foreign schools

If the beneficiary is attending a foreign school, it must be considered qualified to use

529 dollars without tax or penalty. About 400 schools outside of the United States are considered qualified. You can look up eligible institutions by using the "Look Up a School Code" resource on the Department of Education's [Federal Student Aid website](). Note that you may need to choose "Foreign Country" as the state.

Did you know 529s are powerful estate planning tools?

These versatile savings accounts might be the estate planning vehicle you need to learn about.

Most of us associate 529 accounts as college savings vehicles. They're flexible, allowing you to transfer assets to anyone, including yourself, for the express purpose of furthering the education of your beneficiary. But did you know that a 529 can be a powerful estate planning tool, too?

Modern estate planning

Not everyone is in a position to set aside money for the next generation without jeopardizing their own goals, but if you're fortunate enough to do so, it's worth looking into your options.
Specialized savings accounts, informally referred to as 529s, could be at the top of your list. They have quite a few advantages for the beneficiaries – but there are benefits for the donors too, given the high maximum contribution limits and tax advantages.

The special tax rules that govern these accounts allow you to pare down your taxable estate, potentially minimizing future federal gift and estate taxes. Right now, the lifetime exclusion is $13.61 million per person, so most of us don't have to worry about our estates exceeding that limit.

The framework

Under the rules that uniquely govern 529s, you can make a lump-sum contribution to a 529 plan up to five times the annual limit of $18,000. That means you can gift $90,000 per recipient ($180,000 for married couples) as long as you denote your five-year gift on your federal tax return and do not make any more gifts to the same recipient during that five-year period. However, you can elect to give another lump sum after those five years are up. In the meantime, your investments have the luxury of time to compound and potentially grow.

So, if you're following along, that $180,000 gift per beneficiary won't incur gift tax as long as you and your spouse follow the rules. You'll also whittle your taxable estate by that same amount, potentially reducing future estate tax liabilities. That's because contributions to 529s are considered a completed gift from the donor to the beneficiary.

Other benefits

Many people worry that gifting large chunks of money to a 529 means they'll irrevocably give up control of those assets. However, 529s allow you quite a bit of control, especially if you title the account in your name. At any point, you can get your money back. Of course, that means it becomes part of your taxable estate again subject to your nominal federal tax rate, and you'll have to pay an additional 10% penalty on the earnings portion of the withdrawal if you don't use the money for your designated beneficiary's qualified education expenses.

If your chosen beneficiary receives a scholarship or financial aid, they may not need some or all of the money you've stashed away in a 529. So you've got options here, too.

- You can earmark the money for other types of education, like graduate school.
- You can change the beneficiary to another member of the family (ideally in the same generation), as many times as you like, since most 529s have no time limits. This option is particularly helpful if your original beneficiary chooses not to go to college at all.
- You can take the money and pay the taxes on any gains. Normally, you'd expect to pay a penalty on the earnings, too. But that's not the case for scholarships. The penalty is waived on amounts equal to the scholarship as long as they're withdrawn the same year the scholarship is received, effectively turning your tax-free 529 into a tax-deferred investment. Of course, you can always use the funds to pay for other qualified education expenses, like room and board, books and supplies, too.
- Starting in 2024, funds in a 529 plan can be rolled into a Roth IRA for the beneficiary if the 529 plan account meets certain requirements. Consult with a tax professional about this option and whether the 529 plan account is qualified for this rollover option.

Plus, many plans offer you several investment choices, including diversified portfolios allocated among stocks, bonds, mutual funds, CDs and money market instruments, as well as age-based portfolios that are more growth-oriented for younger beneficiaries and less aggressive for those nearing college age.

Bottom line

Saving for college takes discipline, as does estate planning. Talk to your professional advisor about the nuances of different investment strategies and vehicles before making a years-long commitment.

Sources: Mercer; Broadridge/Forefield

Earnings in 529 plans are not subject to federal tax and in most cases state tax, as long as you use withdrawals for eligible college expenses, such as tuition and room and board. However, if you withdraw money from a 529 plan and do not use it on an eligible higher education expense, you generally will be subject to income tax and an additional 10% federal tax penalty on earnings. As with other investments, there are generally fees and expenses associated with participation in a 529 plan. There is also a risk that these plans may lose money or not perform well enough to cover college costs as anticipated. Most states offer their own 529 programs, which may provide advantages and benefits exclusively for their residents. An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Such benefits include financial aid, scholarship funds, and protection from creditors. The tax implications can vary significantly from state to state.

Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. You should contact your tax advisor concerning your particular situation. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Investing involves risk and you may incur a profit or loss regardless of strategy selected.

Weave more of what you love into everyday life.

How to mindfully incorporate your favorite things in your day to day

A recent study found that Americans rated listening to their favorite song, enjoying a nice dinner and watching their favorite movie as the top three “little things” that bring joy. While they’re all pretty easy to incorporate into life, more than half of those polled said they don’t enjoy life’s simple pleasures enough and others felt like they don’t have enough time to.

Sometimes we take little moments for granted if we’re not plugged in (or unplugged, rather) and being mindful. It’s easy to harp on the negatives, but positive thoughts have more power than you think – and it doesn’t have to be a grand gesture to count.

Identify what makes you happy

Flowers delivered on our birthday make us smile, but did you ever think about visiting a flower shop to pick out your own once a month? The idea is to slow down enough to recognize those moments of joy and seek to replicate them more often.

Sometimes finding the positive means feeling the negative first. You can counteract the feelings of longing, like missing your kids during a day at the office, with something good. Frame a bunch of goofy family photos that make you laugh (they say it’s the best medicine, after all), then set them up all over your workspace.

Incorporate simple pleasures in everyday life

We’re glued to our smartphones (potentially a problem in and of itself), so use its features to remind you of the little things that make you happiest. You can use your notes app to jot down what made you smile throughout the day. It’ll become a go-to list to look at when you’re in need of a boost. (There’s something particularly powerful about writing them down – or typing them out – that makes them stick in your memory.) Sit on the front porch with a cup of coffee, take a walk in the park or make a home-cooked meal … you get the gist.

Most small moments don’t need a big budget, but there are some you’ll want to plan for – like exploring somewhere new or luxury bed linens (both of which made a top 50 list of simple pleasures). If that pressed crease in your pants puts a smile on your face, work a weekly dry-cleaning visit into your budget.

While it’s human nature to have what psychologists call “negativity bias” (a totally normal way your brain protects you from future harm), pessimism can take its toll. Balance that with a small dose of joy now and again, and you may just find yourself walking lighter.

Next steps

If you’re looking to retrain your brain to seek out the simple pleasures in life:

- Focus on the good things, no matter how small and even in the most challenging of situations
- Keep a gratitude journal to hold you accountable for practicing thankfulness daily
- Prioritize what makes you feel happy by setting aside time, energy and a budget to see those things through

Sources: slh.com; healthline.com; huffpost.com

Let's Connect

Want a Second Opinion?

Our mailing address is:
814 A1A North Suite 100
Ponte Vedra Beach, FL 32082

If you would like to unsubscribe to these emails please message us directly.