"No one is perfect. That's why pencils have erasers."

Wolfgang Riebe

Preparing for Success: Back to School and Beyond

As we bid farewell to the lazy days of summer, we warmly welcome the hustle and bustle of a new school year. Whether your child is embarking on their first day of kindergarten or gearing up for their final year of high school, this season marks a time of excitement and opportunity.

Back to school isn't just about buying new backpacks and sharpening pencils; it's also a poignant reminder of the importance of preparing for your child's educational journey, both academically and financially. No matter what stage your child is in, it's never too early to start planning and saving for their future educational endeavors.

If you need help exploring strategies for your child's education, we'd be happy to help. Together, let's empower our children with the tools they need to succeed in school and beyond.

Spotlight

To Our Friends and Families,

I hope this letter finds you well. We had a milestone birthday on our team in May. Carmen, although she doesn't look it, turned 50. I turned 53 last week. I was born in 1971. Although 53 doesn't seem old to me, I was reminded that 53 years before 1971 takes us to the year of 1918. For some reason that made me feel old. I have heard all of the cliches telling us that we are only as old as we feel. This would put me at 78; no offense to anyone in their late 70's. Speaking of our families, friends and clients, we know many approaching their 90's that are in fabulous shape. They are active in their communities, play golf, tennis or the newly popular pickleball a few times a weeks, and are still avid travelers. They look like they are in their 60's, which gives me hope for when I am that age. Birthdays are not only a time for celebration but also a moment of reflection and setting new goals.

At Edgewater Wealth Management, we believe in supporting our clients not just in their financial endeavors, but also in their personal growth and achievements. Birthdays presents an excellent opportunity to reflect on your accomplishments so far and to set new objectives for the coming year. My personal goal this year is to shed my excess weight and get in the best shape of my life. I have put a dent in that goal over the last 6 weeks, but still have a ways to go. I would also like to improve my golf game, but that may have to wait until I have more time to dedicate to it.

Whether you're looking to expand your investments, plan for retirement, or simply reassess your financial strategies, our team is here to assist you every step of the way.

We understand that each individual's goals are unique, and we are committed to providing personalized advice and solutions tailored to your needs.

I encourage you to take some time to think about what you hope to achieve in the next year and beyond. Setting clear and achievable goals is key to ensuring that you stay on track to reach your long-term aspirations. Should you need any guidance or support in this process, please do not hesitate to reach out to us. We are grateful for the opportunity to be a part of your financial journey and look forward to helping you navigate the road ahead.

August is National Wellness Month, dedicated to focusing on self-care, managing stress, and promoting healthy routines. This month offers a perfect chance to introduce specific wellness initiatives such as daily fitness challenges, nutritional seminars, and guided meditation workshops. These targeted activities are designed to enhance physical and mental health.

Click the button below to check out the month of August and the various days you can participate in.

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Frank's Desk

What a week it has been. First some Crazy tries to kill former President Trump. Then we find out that Mrs. Smith's 6 th grade class patrol boys and girls are in charge of security.

But not to worry, President Biden is in command. Then we find out that the leader of the free world can't walk up or down the stairs without possibly falling and injuring himself.

Given this revelation, the President, or whomever is handling him, decides that he wont run for a second term. Who on earth can we get to step into this most important job? Camala Harris?

You can't make this stuff up folks. So what do we do? Can we worry now??

Believe it or not, this is called Democracy, and our most brilliant for-fathers saw the potential for this to happen. They left us a document that will forever provide a guiding light. And should we allow said light to illuminate our way then we will never be in the dark. It won't always be pretty nor easy. But it will always be fair and just, so long as we remember where we came from.

Articles

4 priceless money lessons for kids

FAMILY & LIFESTYLE

Financial literacy is a gift that lasts a lifetime.

Financial tradeoffs, interest rates and the importance of having an emergency fund: Our current economic circumstances are full of teachable moments we can and should share with our children. After all, they're probably not learning these topics in school. Only 1 in 6 students will be required to take a personal finance course before earning a high school diploma, according to nonprofit Next Gen Personal Finance.

That's why we're equipping you with money tips and topics to discuss with the children in your life, plus independent study materials (ahem, videos and games) that will hold kids' attention while teaching them money management. Keep reading to get to the head of the class.

Being in charge of the budget

Are your children constantly asking you for money? One Florida father found a way to nip that in the bud: He had his teen and preteen sign a contract stating what expenses he would pay for, then gave them a set amount of money to spend each month for clothing, cellphone bill and extras. "My son's hard lesson came when his friend pushed him into a pool along with his cellphone. He learned why it's important to build a reserve for unexpected expenses," the father said. Giving your kids a paycheck allows them the chance to make financial decisions – and experience the consequences firsthand.

The economics of higher ed

We've all asked a kid, "What do you want to be when you grow up?" Instead ask what their interests are, and help them explore how they might be applied in a future career. This teaches them adaptability, something of value in a changing economic landscape.

As they get closer to making a decision about whether to attend college or trade school, help them think through the costs and benefits. Junior Achievement's Access Your Future app can help them crunch the numbers. And if you have a child already attending college, know that timing is everything. Yale researchers have found that graduating from college in a bad economy has a lasting negative impact on wages – and many students are considering gap years and grad school because of this.

The roots of retirement

Raise your hand if you want to raise a child who will hit the ground running when it comes to saving for retirement. Personal finance experts say we should let our children know that retirement is the biggest expense they'll ever save for, and it's important to start early. To help them understand the value of compounding, help them open a savings account (or guardian-type brokerage account) where they can experience the power of this phenomenon for themselves.

Extra credit knowledge

When you're young and don't have much money, it's easy to rely too much on credit and jeopardize your financial future. Help your child understand the importance of a good credit score, and explain how you keep yours up. Share stories about how you financed your first car or house, and explain in concrete terms how the interest rate affected the overall purchase price. Finally, consider adding your teen as an authorized user on your credit card and teaching them how to read a statement and pay the balance in full each month.

Homeschool resources

For teens:

- Search ngpf.org/arcade for web-based games like "Money Magic," "Payback," "Stax" and "Credit Clash"

For younger kids:

- Schoolhouse Rock! vintage videos like "Budget" and "Dollars and Sense"
- Cha-chingusa.org offers Money Smart Kids videos like "Do it Passionately" and "Saving for Success"

In giving your child the gift of financial literacy, you're helping set them up for a brighter future. Through a purposeful approach, we can all do our part to raise the next generation of resourceful citizens.

Next steps

- Have family or friends share stories of how they thrived during a recession or found creative ways to stretch a budget.
- Consider helping your child get started with investing, keeping in mind their investments will change calculations for college aid.
- Introduce your family members – even the younger ones – to your advisor, who can act as a teacher's aide for financial literacy.

Saving for K-12 education with a 529 plan

FAMILY & LIFESTYLE

Learn about using 529 plans for more than just college savings.

529 plans were originally established to help families pay for qualified higher education expenses by offering tax-deferred investment growth and tax-free withdrawals. In 2017, federal tax legislation changed how these accounts can be used. Though individual states may have variations in how they treat these adjustments, one of the most impactful changes is that families can now pay tuition for primary and secondary education using the funds in a 529 plan.

Paying for primary & secondary school

Families can use 529 plans to save and pay for tuition at private, public and religious elementary and secondary schools. The expansion of the "qualified higher education expenses" language means that families can distribute up to $10,000 (per year, per beneficiary) in connection with enrollment or attendance at these primary and secondary schools.

With the average annual cost of private school tuition at $12,774, according to Private School Review, that $10,000 annual withdrawal could make a clear impact on your family's education expenditures.

K-12 qualified expenses
It's important to note that tuition is currently the only qualified K-12 use for 529 funds. While the cost of books, computers and other school-related supplies are qualified for post-secondary students, those expenses don't receive the same tax-advantaged status for primary or secondary students. Similarly, homeschooling expenses and other at home learning costs aren't qualified for K-12 students.

Variations by state & plan
At this time, residents of 23 states are eligible for an income tax deduction or credit for 529 plan contributions used to pay for college or K-12 tuition, subject to variation depending on where you live and how much you contribute. And not all states are on the same page – in some states, 529 plan distributions used for K-12 expenses may still be taxable at the state level. Please consult with your tax advisor to best determine how each state may be treating the expenses associated with K-12 education.

Source: savingforcollege.com
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 college 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. Investors should consider, before investing, whether the investor's or the designated beneficiary's home state offers any tax or other benefits that are only available for investment in such state's 529 college savings plan. Such benefits include financial aid, scholarship funds, and protection from creditors. The tax implications can vary significantly from state to state. Raymond James and its advisors do not offer tax advice. You should discuss any tax matters with the appropriate professional.

How cyber savvy are you?

Cyberattacks are the nation's fastest-growing crime. Review these tips for keeping your personal information safe.

Do you know the difference between a vishing and a smishing attack? Or that spear phishing doesn't happen in the ocean? Cyberattacks are the fastest-growing crime in the U.S. – and they cause personal and business devastation every day.

Because technology – and the schemes to manipulate users – changes so quickly, it's important to be in the know. See how well you stack up:

What's the No. 1 type of cyberattack?
Ransomware, and experts say it's a growing concern. A type of malware that encrypts a victim's files, ransomware allows the attacker to demand money to restore access to important documents or photos saved on your hard drive.

What's the difference between phishing and spear phishing?
Phishing is the attempt to gain usernames, passwords and credit card numbers by impersonating a trustworthy sender in an email or other digital communication. This might entail disguising their email to look like someone you know or including a link to a fake website to trick you into entering private information.

Spear phishing is tailored to one individual and may mention an upcoming trip or a child's name, for example.

How many different versions of phishing are there?
Unfortunately, there's a growing list of phishing scams. But there are two popular ones to be aware of:

Vishing is a voice version of phishing. The caller pretends to be from law enforcement, the government or a bank and will try to gain access to Social Security numbers, account numbers or other personal information by asking the victim questions for "verification" purposes.

Smishing is an SMS (or text) version of phishing. You know those automated alerts from the credit card company or PayPal? It might be disguised in that way.

Next steps: How to protect yourself
Criminals are getting more sophisticated. But you can combat the risk by putting these protections in place:

- Be diligent about **not sharing information**. It might be fun to answer a silly quiz on Facebook but criminals can use this to gain access to security question answers, like your first dog's name or the street you grew up on.
- Use **multifactor authentication**, which requires two or more authentication factors to access devices, applications or online accounts.
- Browse in **"incognito" mode** so local search history is not stored and cookies are blocked.
- Use **secure passwords** that include a mix of uppercase and lowercase letters, numbers and symbols. Make sure each password is at least 12 characters and doesn't contain personally identifiable information. Pro tip: Use a password management app to help you create and organize them.
- Use a **virtual private network** (VPN) to create an encrypted connection between your devices and the internet that hides your online activity.
- Regularly back up files to a local external server or a cloud server. At least you'd have access to all your files in case of an attack.
- Look for the **"s" in "https."** It stands for secure, and it must be there when you're entering your credit card or banking information to make a purchase. This alone does not mean a site is secure, but it certainly should be a red flag if it is not there.
- If you are unsure if a call you answer is a vishing scam, **hang up** and dial the company you believe is trying to reach you – for example, your bank – directly.

Sources: pcmag.com; us.norton.com

After Biden: What Comes Next?

Election cycles are always unpredictable. This 2024 presidential election cycle has proven to be no exception. With President Biden choosing to drop out of the 2024 Presidential election, see below for answers to key questions we have received over the last 24 hours.

What Happened with President Biden's Reelection Ambitions?

On Sunday, President Biden abruptly announced (at 1:46 pm) via a tweeted letter that he was ending his re- election campaign and subsequently endorsed Vice President Kamala Harris as the nominee. This is the first time since Lyndon B. Johnson in 1968 that a sitting president will not formally seek reelection. While this rarely happens in a presidential race, Biden's withdrawal was highly anticipated ever since the June 27 debate with former President Trump that brought into question his physical and mental capacity to serve an additional four years. Attempts by the Biden team to turn the tide with interviews and campaign events were unsuccessful as his Democratic colleagues (namely Nancy Pelosi, Chuck Schumer, and James Clyburn) called on him to step aside due to weakening poll numbers (for himself and some down-ballot Congressional candidates), softening fundraising figures, and major donors suspending or re-allocating their funds away from President Biden's candidacy.

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10 Things You Should Know About Politics and Investing

Donkeys, elephants, bears, and bulls; Why who is in the White House or Congress may matter less than you think.

The frenzy surrounding US election cycles often causes investors concern about how their portfolios will fare under a Democratic or Republican administration. Perceptions, including beliefs about which political party will be better for investors, may overshadow their investment strategies. But a long-term look at the performance of the S&P 500 index can help investors maintain perspective. Here are 10 reasons to consider staying the course during the next election.

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The Risk of Playing It Too Safe With Your Investments

"Safe" investments can be tempting but may mean foregoing better returns over time.

Asset classes have often traded periods of outperformance as market conditions change. And while investors may appreciate the relative stability of investments such as gold and cash, their return potential has historically lagged equity and balanced investors over the long term. For investors worried about market turbulence, diversifying among asset classes may help provide a smoother ride without sacrificing growth potential.

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Tailor your taxes for retirement

RETIREMENT & LONGEVITY

From withdrawals to conversions, taxes in retirement can be a balancing act.

After a fruitful career and plenty of practice paying taxes, you may feel prepared for the tax man in retirement. But a review of your post-retirement taxable income may yield some surprising insights. Examining your position can help you design ways to optimize your current investment strategy. Taking a new look at both fixed and flexible expenses provides the opportunity to ask questions and have discussions with your financial advisor about the tax implications of your total portfolio. When it comes to taxation, the more thorough the examination, the better.

Solopreneur? Take deductions

If you're still working as a solopreneur, you can actually deduct Medicare Part B and D premiums – even if you don't itemize. Supplemental Medicare and Medicare Advantage costs are also deductible. But not everyone can deduct – this only applies if you don't have access to a health plan for your business or through your spouse's employer or business.

Taxes on Social Security income

Despite any widespread myths to the contrary, Social Security is taxable income. You could pay tax on up to 85% of your Social Security income under certain circumstances, so beware of your filing status and annual income. For example, if you file a return as an individual and your adjusted gross income plus nontaxable interest, in addition to half of your Social Security income, is more than $34,000, you'll pay tax on up to 85% of that benefit. Adjusted gross income covers everything, from wages (if you are still working) to rental income and, most importantly, any withdrawals from 401(k)s and IRAs. However, Roth IRAs are exempt.

Offsetting required minimum distributions
Depending on your portfolio, required minimum distributions (RMDs) can bump you into a higher tax bracket than you were expecting. It's important to take RMDs into consideration every year and factor in what you'll be required to take out of your retirement accounts starting at 72 (or earlier if your plan allows). One way to balance an increased tax burden is with a qualified charitable distribution (QCD). After 70 1/2, you can donate up to $100,000 a year to an eligible charity directly from your traditional IRA – and you won't have to pay any taxes on it. QCDs can also be a way to meet your RMD, with the caveat that you can't then itemize the donation as a charitable deduction on your return.

To convert or not to convert
If you've got retirement funds in traditional IRAs or 401(k)s, you have the option to convert these to a Roth at any time. This strategy could potentially lower future taxes – but you'll have to pay taxes in the year you convert. Look at current tax rates and potential future income from your assets and talk to your advisor and tax professional to forecast whether Roth conversions would make sense for you.

The right amount of withdrawals
Conventional wisdom says to follow the "4% rule" – withdrawing no more than that amount of your retirement portfolio every year. But this is only a general guidance – and deserves to be revisited, especially when there are market waves, inflation or other headwinds. Be sure to set up a time to renew and adjust your withdrawals as needed to manage your income bracket most effectively.

Tax implications can be overlooked too often when the focus has been on saving and investing for so many years. Whether you are pre-retirement or post-retirement, there's always an opportunity to review – and adjust.

Sources: thebalance.com; westernsouthern.com; moneywise.org; wealthenhancement.com; ssa.gov

Raymond James does not provide tax services. Please discuss these matters with the appropriate professional.

If certain conditions are met, ROTH IRA and ROTH 401(k) distributions will be completely income tax free. Unlike Roth IRAs, Roth 401(k) participants are subject to required minimum distributions at age 72 (70 ½ if you reach 70 ½ before January 1, 2020). Investors should consult a tax advisor before deciding to do a conversion.

Withdrawals which exceed income will reduce the value of your portfolio.

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.

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