

QUARTERLY NEWSLETTER

PROVIDED BY
ROGERS NORTON WEALTH MANAGEMENT GROUP OF RAYMOND JAMES

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Where did the summer go? It seems unreal that the kids are back to school, and the leaves are already changing colors. Hope this newsletter finds you well.

We value your feedback, so please feel free to let us know if there is anything you would like added or omitted from our newsletter.

You've Received an Inheritance, Now What?



If you've recently received an inheritance, you may be facing many important decisions. Receiving an inheritance might promote spending without planning, but don't make any hasty decisions. Here are some suggestions that could help you manage your inheritance.

Identify a Team of Trusted Professionals

Tax laws can be complicated, so you might want to consult with professionals who are familiar with assets that transfer at death. These professionals may include an attorney, an accountant, and a financial and/or insurance professional.

Consider Tax Consequences

While you might not owe income taxes on the assets you inherit, your income tax liability may eventually increase, particularly if the assets you inherit generate taxable income. For instance, distributions you receive from inherited tax-qualified plans such as 401(k)s or IRAs will likely increase your taxable income.

Also, your inheritance may increase the size of your estate to the point where it could be subject to state and/or federal transfer (estate) taxes at your death. You might need to consider ways to help reduce these potential taxes.

How You Receive Your Inheritance Makes a Difference

Your inheritance may be received through a trust, in which case you'll receive

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distributions according to the terms of the trust. You might not have total control over your inheritance as you would if you inherited the assets outright. If you inherit assets through a trust, it's important that you familiarize yourself with the trust document and the terms under which you are to receive trust distributions.

What Real People Think About Artificial Intelligence



When U.S. adults were asked about the expanding presence of artificial intelligence (AI) technology in daily life, 38% said they were more concerned than excited, while just 15% were more excited. Many people were still on the fence, as 46% felt equally concerned and excited about the life-changing potential of AI.

Among those who were more concerned, percentage who said the following was the main reason

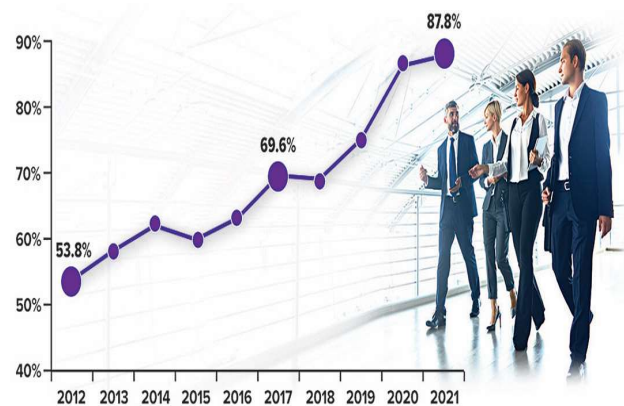


Source: Pew Research Center, 2022–2023

Employee Access to Roth 401(K) Plans on the Rise



Roth 401(k) plans can offer an ideal opportunity to build a source of tax-free retirement income. There are no income restrictions to participate, they have much higher contribution limits than Roth IRAs, and they may offer employer matching contributions. And thanks to the SECURE 2.0 Act of 2022, beginning in 2024, Roth 401(k)s will no longer impose required minimum distributions in retirement. The percentage of employers offering a Roth 401(k) plan grew substantially from 2012 to 2021, a trend that may continue.



Qualified withdrawals from Roth 401(k)s are free of federal income taxes if the account is held for at least five years and the account holder reaches age 59½,

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becomes disabled, or dies. State income taxes may apply. Nonqualified withdrawals are subject to regular income taxes and a 10% penalty.

Source: *Plan Sponsor Council of America, 2022*

Time to Bulk Up Your Emergency Fund



A financial crisis — such as a job loss or medical emergency — can strike when you least expect it. It is important to be prepared by having a financial safety net in place — not having one could prove to be financially devastating. But bulking up your emergency fund isn't always easy, especially during times of economic uncertainty. According to a recent study, only 26% of people say they have more emergency savings than they did a year ago, and 39% say they have less.¹

Generally, you'll want to have at least three to six months' worth of living expenses in a readily available emergency fund. Your living expenses include items such as your mortgage or rent, debt payments (e.g., credit card, car loan), groceries, and insurance costs. The actual amount, however, should be based on your particular circumstances. Consider factors like your job security, health, and income when deciding how much money you should save in your emergency fund.

When you reach your savings goal, try to keep adding to your emergency fund — the more money you have, the better off you'll be in an emergency. In addition, review your emergency fund from time to time — either annually or when your personal or financial situation changes. Major milestones like a new baby or

homeownership will likely require some adjustments to your savings goal.

If you are looking for ways to bulk up your emergency fund, consider the following ideas.

- If possible, authorize your employer to directly deposit funds from each of your paychecks into an account specifically designated for emergency savings.
- Make increasing your emergency fund a habit by modifying your budget to include it as part of your regular household expenses.
- Put aside some of the money that you would normally spend on discretionary items like entertainment, vacations, and hobbies toward your emergency fund instead.
- Move funds from cash accounts or liquid assets (e.g., those that are convertible to cash within a year, such as a short-term certificate of deposit) into your emergency fund.
- Add earnings from other investments, including stocks, bonds, or mutual funds to your emergency fund.

The FDIC insures bank CDs, which generally provide a fixed rate of return, up to \$250,000 per depositor, per insured institution.

1) Bankrate, Annual Emergency Savings Report, January 2023

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Should you Organize Your Business as an LLC?



There's a certain amount of risk that comes with owning a business. Accidents can happen no matter how well a company is run, and a lawsuit could be devastating if the business is found to be at fault.

A limited liability company (LLC) is a business structure that offers many of the same legal protections as a corporation. Establishing an LLC creates a separate legal entity to help shield a business owner's personal assets from lawsuits brought against the firm by customers or employees.

In theory, the financial exposure of the owners (members) would be limited to their stake in the company, but exceptions may include any business debt they personally guarantee or misdeeds (such as fraud) they carry out. But just like a corporation, an LLC can lose its limited liability if the owner does not follow formalities that continue to exhibit the separate existence of the business — which is known as "piercing the veil."

Beyond liability protection, there are some additional benefits associated with LLCs.

Tax efficiency. An LLC is a pass-through entity for tax purposes, so a firm may pass any profits and losses to the owners, who report them on their personal tax returns. Members can elect whether the LLC should be taxed as a sole proprietorship, a partnership, an S corporation, or a C corporation, provided that it qualifies for the particular tax treatment. For example, about

71.5% of business partnerships are LLCs, as are 8.8% of sole proprietorships.¹

Credibility. Starting an LLC may help a new business appear more professional than it would if it were operated as a sole proprietorship or partnership.

Simplicity. In most states, an LLC is easier to form than a corporation, and there may be fewer rules and compliance requirements associated with operating an LLC. The management structure is less formal, so a board of directors and annual meetings are not usually required.

Flexibility. Being registered as an LLC may facilitate growth because it's possible to add an unlimited number of owners and/or investors to the business, and ownership stakes may be transferred easily from one member to another. LLCs may also be owned by another business.

The specific rules for forming an LLC vary by state, as do some of the tax rules and benefits. A written operating agreement that outlines the division of ownership, labor, and profits is a common requirement. It generally costs more to form and maintain an LLC than it does to operate as a sole proprietor or general partnership, but for many businesses the benefits may outweigh the costs.

1) Internal Revenue Service, 2022 (most recent data from 2019)

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ON THE HOME FRONT

Matt – Nate is now a senior at Saint Michael's College. He was named captain of the baseball team and also serves on 2 leadership committees.

Liza is now a junior at Fordham University and plays Volleyball while also being a member of a community service group and the Psychology Club.

Matt & Stacey are trying to stay busy during their empty nest stages. Stacey volunteers at the Animal Shelter and works seasonally at LL Bean. Matt gives baseball lessons to kids and will again be an assistant coach for Bowdoin College baseball for his 6th year.



Matt, Stacey, Liz and Nate enjoying dinner

Chris - Chris and Shannon had a great summer with the kids, spending lots of time outdoors. Molly and Jack loved their first summer swimming lessons and learned to play on the tractor as well.



Molly and Jack

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Molly and Jack on a tractor

Adele – Adele, Jim, Samuel and Charlie had a nice summer filled with white water rafting, spending time with friends and family beach time. Samuel and Charlie started their junior year at Portland High School.



Samuel and Charlie's first day of school picture.

The boys had a close friend who was diagnosed with Hodgkin Lymphoma this summer. Charlie allowed him to shave his head in support and to put a smile on his face.

TRIVIA QUESTION

What can you do for good luck according to an old Fall superstition?

PREVIOUS QUARTER

Q. In what country did fireworks originate?

A. Many historians believe that fireworks originally were developed in the second century B.C. in ancient Liuyang, China. It is believed that the first natural "firecrackers" were bamboo stalks that when thrown in a fire, would explode with a bang because of the overheating of the hollow air pockets in the bamboo.