QUARTERLY NEWSLETTER

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ROGERS NORTON WEALTH MANAGEMENT GROUP OF RAYMOND JAMES

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As 2023 comes to a close, we hope you are able to enjoy time with your family, friends and loved ones. We wish you a very Happy Holiday season and a wonderful New Year.

If you have any questions, comments or would like to discuss any of the topics in this Newsletter in more detail, please don't hesitate to reach out to us.

Much Ado About RMDs

The SECURE 2.0 Act, passed in late 2022, included numerous provisions affecting retirement savings plans, including some that impact required minimum distributions (RMDs). Here is a summary of several important changes, as well as a quick primer on how to calculate RMDs.

What Are RMDs?

Retirement savings accounts are a great way to grow your nest egg while deferring taxes. However, Uncle Sam generally won't let you avoid taxes indefinitely. RMDs are amounts that the federal government requires you to withdraw annually from most retirement accounts after you reach a certain age. Currently, RMDs are required from traditional IRAs, SEP and SIMPLE IRAs, and work-based plans such as 401(k), 403(b), and 457(b) accounts.

If you're still working when you reach RMD age, you may be able to delay RMDs from your current employer's plan until after you retire (as long as you don't own more than 5% of the company); however, you must still take RMDs from other applicable accounts.

While you can always withdraw more than the required minimum, if you withdraw

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less, you'll be subject to a federal penalty.

Four Key Changes

1. Perhaps the most notable change resulting from the SECURE 2.0 Act is the age at which RMDs must begin. Prior to 2020, the RMD age was 70½. After passage of the first SECURE Act in 2019, the age rose to 72 for those reaching age 70½ after December 31, 2019. Beginning in 2023, SECURE 2.0 raised the age to 73 for those reaching age 72 after December 31, 2022, and, in 2033, to 75 for those who reach age 73 after December 31, 2032.

When Must RMDs Begin?

Date of Birth	RMD Age
Before July 1, 1949	70½
July 1, 1949, through 1950	72
1951 through 1959	73
1960 or later	75

2. A second important change is the penalty for taking less than the total RMD amount in any given year. Prior to passage of SECURE 2.0, the penalty was 50% of the difference between the amount that should have been distributed and the amount actually withdrawn. The tax is now 25% of the difference and may be reduced further to 10% if the mistake is corrected in a timely manner (as defined by the IRS).

3. A primary benefit of Roth IRAs is that account owners (and typically their spouses) are not required to take RMDs from those accounts during their lifetimes, which can enhance estate-planning strategies. A provision in SECURE 2.0 brings work-based Roth accounts in line with Roth IRAs. Beginning in 2024, employer-sponsored Roth 401(k) accounts will no longer be subject to RMDs during the original account owner's lifetime. (Beneficiaries, however, must generally take RMDs after inheriting accounts.)

4. Similarly, a provision in SECURE 2.0 ensures that surviving spouses who are sole beneficiaries of a work-based account are treated the same as their IRA counterparts beginning in 2024. Specifically, surviving spouses who are sole beneficiaries and inherit a work-based account will be able to treat the account as their own. Spouses will then be able to use the favorable uniform lifetime table, rather than the single life table, to calculate RMDs. Spouses will also be able to delay taking distributions until they reach their RMD age or until the account owner would have reached RMD age.

How to Calculate RMDs

RMDs are calculated by dividing your account balance by a life expectancy factor specified in IRS tables (see IRS Publication 590-B). Generally, you would use the account balance as of the previous December 31 to determine the current year's RMD.

For example, say you reach age 73 in 2024 and have $300,000 in a traditional IRA on December 31, 2023. Using the IRS's Uniform Lifetime Table, your RMD for 2024 would be $11,321 ($300,000 ÷ 26.5).

The IRS allows you to delay your first RMD until April 1 of the year following the year in which it is required. So in the above example, you would be able to delay the $11,321 distribution until as late as April 1, 2025. However, you will not be allowed to delay your second RMD beyond December 31 of that same year — which means you would have to take two RMDs in 2025. This could have significant implications for your income tax obligation, so beware.

An RMD is calculated separately for each IRA you have; however, you can withdraw the total from any one or more IRAs. Similar rules apply to 403(b) accounts. With other work-based plans, an RMD is calculated for and paid from each plan separately.

For more information about RMDs, contact your tax or financial professional. There is no assurance that working with a financial professional will improve investment results.

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Enriching a Teen with a Roth IRA

Teenagers with part-time or seasonal jobs earn some spending money while gaining valuable work experience. They also have the chance to contribute to a Roth IRA — a tax-advantaged account that can be used to save for retirement or other financial goals.

Minors can contribute to a Roth IRA provided they have earned income and a parent (or other adult) opens a custodial account in the child's name. Contributions to a Roth IRA are made on an after-tax basis, which means they can be withdrawn at any time, for any reason, free of taxes and penalties. Earnings grow tax-free, although nonqualified withdrawals of earnings are generally taxed as ordinary income and may incur a 10% early-withdrawal penalty, unless an exception applies.

A withdrawal of earnings is considered qualified if the account is held for at least five years and the distribution is made after age 59½. However, there are two penalty exceptions that may be of special interest to young savers. Penalty-free early withdrawals can be used to pay for qualified higher-education expenses or to purchase a first home, up to a $10,000 lifetime limit. (Ordinary income taxes will apply.)

Flexible College Fund

A Roth IRA may have some advantages over savings accounts and dedicated college savings plans. Colleges determine need-based financial aid based on the "expected family contribution" (EFC) calculated in the Free Application for Federal Student Aid (FAFSA). Most assets belonging to parents and the student count toward the EFC, but retirement accounts, including a Roth IRA, do not. Thus, savings in a Roth IRA should not affect the amount of aid your student receives. *(Withdrawals from a Roth IRA and other retirement plans do count toward income for financial aid purposes.)*

Financial Head Start

Opening a Roth IRA for a child offers the opportunity to teach fundamental financial concepts, such as different types of investments, the importance of saving for the future, and the power of compounding over time. You might encourage your children to set aside a certain percentage of their paychecks, or offer to match their contributions, as an incentive.

In 2023, the Roth IRA contribution limit for those under age 50 is the lesser of $6,500 or 100% of earned income. In other words, if a teenager earns $1,500 this year, his or her annual contribution limit would be $1,500. Parents and other individuals may also contribute directly to a teen's Roth IRA, subject to the same limits.

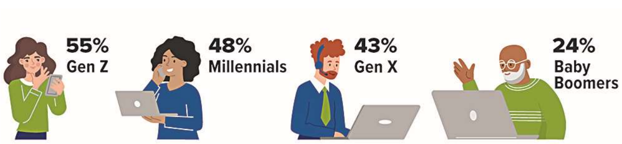
How to Kill Your Zombie Subscriptions

In a 2022 survey, consumers were first asked to quickly estimate how much they spend on subscription services each month, then a while later, they were directed to break down and itemize their monthly payments. On average, the consumers' actual spending was $219 per month, about 2.5 times as much as the $86 they originally guessed.[1]

Zombie subscriptions are auto-renewing services that people sign up for then forget about or rarely use. Some common examples include mobile phone and internet plans, television, music, and game streaming services, news subscriptions, meal delivery, language courses, and health/fitness memberships (digital and in person).
New types of services are rolling out every day, which is just one reason why subscription costs can creep up on you. But with inflation cutting into your purchasing power, getting rid of a few unnecessary recurring charges could help balance your household budget.

Conduct an audit. Some subscriptions are billed annually, so you may need to scrutinize a full year's worth of credit card statements. Plus, if you purchased a subscription through an app store on your smartphone, the name of the service won't be specified. So, when you notice a recurring charge that you can't identify, try looking for a list of subscriptions in your device's settings.

Share of consumers who forgot about subscriptions but still paid for them, by age group:



Source: C+R Research, 2022

Use an app. One in 10 consumers said they rely on banking and personal finance apps to track their spending on subscription services. There are several popular services that can be used to scan account statements for recurring costs and remind you to cancel unwanted subscriptions before they renew automatically — if you are comfortable sharing your financial information.

Some companies make it difficult to cancel unwanted subscriptions by requiring a call, hiding the phone number, and/or forcing customers to wait to speak to a representative. If you find this practice frustrating, help may be on the way. The Federal Trade Commission has proposed a new rule that requires companies to make it just as easy to cancel a subscription as it is to sign up.

1) C+R Research, 2022

‘Tis the Season for Gift Card Scams

Gift cards are always at the top of holiday wish lists. In fact, gift cards are the gift consumers want to receive the most during the 2023 holiday season.[1] Unfortunately, gift cards are also popular with scam artists.

A relatively new gift card scam involves scam artists placing a barcode sticker over the real gift card barcode. When the gift card gets scanned at checkout, the funds end up on the scammer's card that is linked to the barcode sticker.

A more common scam involves scam artists copying the gift card number and scratching off the PIN label before the gift card is purchased. They then monitor the gift card account online in order to steal the funds as soon as the gift card is purchased and activated. They may also try to sell the compromised gift card on an unofficial or third-party website.

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Scam artists may also use emails, texts, and phone calls to pose as popular brands or retailers claiming you've won a free gift card. Often these giveaways promise large sums and seem "too good to be true." The scammer will then try to convince you to give them your personal and financial information in order to claim your prize.

Finally, scam artists will sometimes pose as a legitimate business or organization and claim that you need to make a payment using a gift card instead of using a conventional form of payment such as a credit card or check. The scammer will usually tell you which specific gift cards to buy and will instruct you to purchase the gift cards from several different retailers in order to avoid suspicion. They may even threaten you with arrest or legal action in order to obtain the gift card number and PIN.

Whether you are giving a gift card or are a gift card recipient, here are some tips to help you avoid becoming the victim of a scam.

- Inspect gift cards for signs of tampering. Make sure the scratch-off coating is on the card and that the PIN on the back isn't showing. Check the barcode on the back of the gift card to make sure that it matches the one on the packaging.

- Keep a copy of the gift card and its receipt. This will help you if the gift card is ever lost/stolen or if you have to report fraudulent activity to the issuer.

- Only purchase or use gift cards from trusted retailers and reputable websites.

- Be wary of anyone who asks you to pay them with a gift card.

If you ever are the victim of a gift card scam, report it immediately to the gift card issuer and the Federal Trade Commission at ReportFraud.ftc.gov.

1) National Retail Federation and Prosper Insights & Analytics, October 2023

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ON THE HOME FRONT

Matt – Nate is now a senior at Saint Michael's College. He is majoring in Business and Political Science. He is a captain on the baseball team and also serves on 2 student/athlete leadership committees. He has also made the NE10 All-Academic Team all 4 years. Nate did an internship with Developers Collaborative Last summer and will be interning with RogersNorton Wealth Management Group during his holiday vacation.

Liza is a junior at Fordham University where she is majoring in Psychology and is playing on the Fordham Women's Club Volleyball team where they have competed in tournaments in Philadelphia, New Jersey and Pennsylvania. Liza serves on the Psychology Board as well as a community service group. Liza has made Dean's List every semester thus far and has been accepted to a Fordham Psychology Internship next semester.

Matt and Stacey are staying busy to fill the void of being empty nesters. Stacey volunteers at the Animal Shelter and also work seasonally at LL Bean. Matt is once again assisting the Bowdoin baseball team as their hitting coach and outfielder coach.

Matt, Liza, Nate and Stacey

Chris - Chris, Shannon, Molly, and Jack have enjoyed an early start to the 23/24 ski season. The kids will be starting lessons in December at Sugarloaf and they are both very excited.

Jack Norton, 2 years old

Jack and Molly at 2 and 3.5 years old

Samuel with a monkey while on his cruise

Charlie enjoying his birthday morning egg sandwich

Adele – Samuel and Charlie are having a successful Junior year, and both Jim and Adele are very proud of their good grades. They turned 17 on December 17th.

Samuel enjoyed a fun cruise to the Bahamas this fall. He is currently writing a book and creating an animated video during his free time.

Charlie continues to be very active with school, running and volunteering for various charities. His Portland High School cross country team won the Class A State Championship this year.

TRIVIA QUESTION

Trivia for Christmas fans as well as Oscar Award winners:

Who has won an Oscar for their role as Santa Claus?

PREVIOUS QUARTER

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

A. Catching a falling leaf and bobbing for apples