QUARTERLY NEWSLETTER

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ROGERS NORTON WEALTH MANAGEMENT GROUP OF RAYMOND JAMES

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Matthew J. Rogers, WMS, CMFC
Managing Director
Senior Vice President, Investments
matthew.rogers@raymondjames.com

Christopher Norton, WMS
Senior Vice President, Investments
chris.norton@raymondjames.com

Adele L. Jacques
Senior Registered Sales Associate
adele.jacques@raymondjames.com

We hope everyone is enjoying the warmer weather and will be able to take some time off to spend with friends and family this summer. If you have any questions about our Newsletter or would like to discuss any of the articles included in more detail, please do not hesitate to reach out to us.

Social Security 101

Social Security is complex, and the details are often misunderstood even by those who are already receiving benefits. It's important to understand some of the basic rules and options and how they might affect your financial future.

Full retirement age (FRA)

Once you reach full retirement age, you can claim your full Social Security retirement benefit, also called your primary insurance amount or PIA. FRA ranges from 66 to 67, depending on your birth year (see chart).

Claiming early

The earliest you can claim your Social Security retirement benefit is age 62. However, your benefit will be permanently reduced if claimed before your FRA. At age 62, the reduction would be 25% to 30%, depending on your birth year. Your benefit may be further reduced temporarily if you work while receiving benefits before FRA and your income exceeds certain levels. However, when you reach FRA, an adjustment is made, and over time you will regain any benefits lost due to excess earnings.

Claiming later

If you do not claim your benefit at FRA, you will earn delayed retirement credits for each month you wait to claim, up to age 70. This will increase your benefit by two-thirds of 1% for each month, or 8% for each year you delay. There is no increase after age 70.

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Spousal benefits

If you're married, you may be eligible to receive a spousal benefit based on your spouse's work record, whether you worked or not. The maximum spousal benefit, if claimed at your full retirement age, is 50% of your spouse's PIA (regardless of whether he or she claimed early) and doesn't include delayed retirement credits. If you claim a spousal benefit before reaching your FRA, your benefit will be permanently reduced.

Dependent benefits

Your dependent child may be eligible for benefits after you begin receiving Social Security if he or she is unmarried and meets one of the following criteria: (a) under age 18, (b) age 18 to 19 and a full-time student in grade 12 or lower, (c) age 18 or older with a disability that started before age 22. The maximum family benefit is equal to about 150% to 180% of your PIA, depending on your situation.

Survivor benefits

If your spouse dies, and you have reached your FRA, you can claim a full survivor benefit — 100% of your deceased spouse's PIA and any delayed retirement credits. Note that FRA is slightly different for survivor benefits: 66 for those born from 1945 to 1956, gradually rising to 67 for those born in 1962 or later.

Claiming Early or Later

Year of birth	Full retirement age (100% of PIA)	Worker benefit at age 62: percentage of PIA	Worker benefit at age 70: percentage of PIA
1943–54	66	75.00%	132.00%
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 & later	67	70.00%	124.00%

You can claim a reduced survivor benefit as early as age 60 (age 50 if you are disabled, or at any age if you are caring for the deceased's child who is under age 16 or disabled,and receiving benefits). If you are eligible for a survivor benefit and a retirement benefit based on your own work record, you could claim a survivor benefit first and switch to your own retirement benefit at your FRA or later, if it would be higher.

Dependent children are eligible for survivor benefits, using the same criteria as dependent benefits. Dependent parents age 62 and older may be eligible for survivor benefits if they received at least half of their support from the deceased worker at the time of death.

Divorced spouses

If you were married for at least 10 years and are unmarried, you can receive a spousal or survivor benefit based on your ex's work record. If your ex is eligible for but has not applied for Social Security benefits, you can still receive a spousal benefit if you have been divorced for at least two years.
These are just some of the fundamental facts to know about Social Security. For more information, including an estimate of your future benefits, see ssa.gov.

Is Tip Fatigue Wearing You Out?

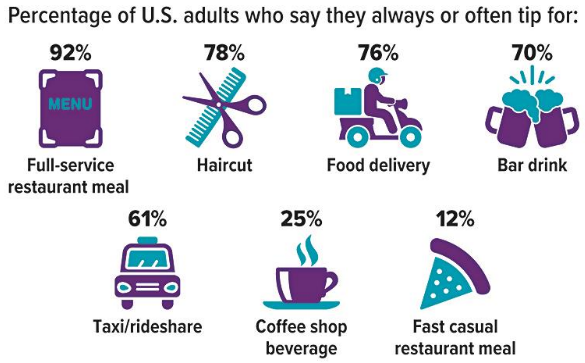
Traditionally, tipping has been a way to reward workers for providing good service. But the norms around tipping are changing, and if you've recently felt more pressure to tip, you're not alone. A survey by the Pew Research Center found that 72% of adults said that tipping was expected in more places today than it was five years ago, a phenomenon known as "tip creep" or "tipflation." [1]

Why tipping culture is changing

Tipping affects everyone (even tipped workers have to tip others!) and confusion and complaints about tipping abound. If you're among those feeling uneasy about tipping, blame the pandemic. That's when tipping culture started to change. Consumers, anxious to reward front-line workers and support struggling businesses, left more and bigger tips. Businesses adopted digital ordering and payment solutions that made tipping more convenient and could be programmed with preset tip suggestions that were often higher than customers were used to.

And then inflation took its toll. Businesses that lost employees during the pandemic increasingly realized that tips could help fill wage gaps and attract employees reluctant to return to service positions. But consumers, already having to make their money go further, began to grow weary of seemingly constant tip requests, especially in situations or places where they had not previously been asked to tip.

To Tip or Not to Tip?



Source: Pew Research Center, 2023

Tipping guidelines

Tipping often feels good, but the pressure to tip can be guilt-provoking and confusing. When a worker turns a screen around and you're prompted to choose a preset tip, it can feel wrong to choose the lowest option. While you might always tip your server at a sit-down restaurant, in situations where you've had little to no direct interaction with any employee, should you even tip at all?

Ultimately, tipping is always voluntary and it's up to you to decide who, where, and how much to tip. While there are no set rules, here are some guidelines you can use to inform your decisions.[2]

- Full-service restaurant or food delivery: 20% of total bill
- Quick service restaurant: 10%
- Online food orders/takeout: $1 to $5 per order
- Bar or coffee shop: $1 to $2
- Hotel bellstaff: $1 to $5 per bag
- Hotel housekeeping: $1 to $5 per night
- Valet/parking attendant: $1 to $5 when car is delivered
- Rideshare/taxi driver: 15% to 20% of the fare

Finding a balance

Planning ahead can help you avoid some of the frustration around tipping and still tip fairly and appropriately.

Do an informal audit. How much have you spent on tips during the last month or two? Does that align with your budget?

Set tipping limits you're comfortable with. You can always make adjustments at the register.

Reserve higher tips for special situations. This might be rewarding a worker at your favorite coffee shop, or showing your appreciation when someone provides extra-special service.

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Don't feel bound by on-screen tip recommendations. Use the "custom" tip option when available to leave the amount you want.

Carry small bills. These can be used in traditional tip jars, or when traveling, to reward workers who don't have access to digital tips.

Talk to the manager or business owner if you have questions or complaints. It's not always clear where your tips are going (for example at fast-casual restaurants or when ordering online), so feel free to ask. And reserve your complaints about tipping expectations for management, rather than workers.

Respect policies. While many businesses encourage tipping, some do not allow their employees to accept tips for legal reasons. Instead, consider leaving positive feedback.

1) Pew Research Center, 2023
2) Toast, 2023; American Hotel & Lodging Association, 2023; U.S. News & World Report, 2023

A Pension Strategy that May Boost Your Income

If you participate in a traditional pension plan (also known as a defined benefit plan), your plan may offer several payout options including "qualified joint and survivor annuity" (QJSA) if you are married. A QJSA is an annuity that pays a dollar amount (usually monthly) for the rest of your life, with at least 50% of that amount continuing to your spouse after your death. However, if your spouse consents in writing, you can waive the QJSA and elect instead to receive a single-life annuity. With a single-life annuity, payments are made over your lifetime but stop upon your death. For example, if you receive just one payment after retirement and then die, the single-life annuity would end, and the plan would make no further payments.

Why elect a single-life option instead of the QJSA?

The single-life annuity generally pays a significantly larger pension benefit than the QJSA. That's because the payments are designed to last for one lifetime instead of two. Pension plan participants who want to maximize their monthly retirement income are often tempted to choose the single-life annuity for this reason. However, most pensioners are also concerned about providing for their spouses if they should die first.

What is pension maximization?

Pension maximization is a strategy that may help solve this dilemma. The way it works is that your spouse waives the QJSA and you elect the single-life annuity. You then use the additional pension income to purchase insurance on your life, with your spouse named as beneficiary. If you die first, the pension payments will stop, but your spouse will receive the life insurance death proceeds free from federal income tax. The idea is that by coupling the larger pension payments with the purchase of a life insurance policy on your life, you may be able to increase your total income during retirement, while also providing for your spouse's financial future if you die first.

Is pension maximization right for you?

There are a number of factors to consider. Are you insurable? If not, pension maximization is not a viable strategy. How much will the life insurance cost? (If you are relatively young and in good health, the insurance premiums may be much more affordable than if you are older and/or in poor health.) How much more does the single-life annuity pay than the QJSA? The larger the

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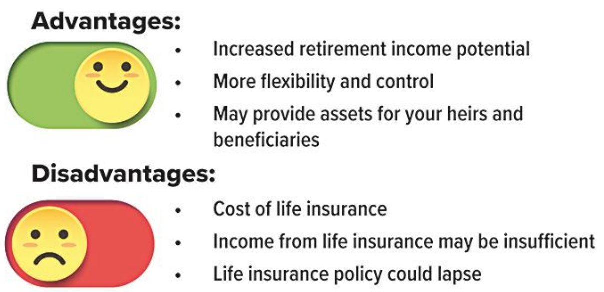
benefits under the single-life annuity, the more life insurance you'll probably want to buy. (Also make sure to factor in any cost-of-living adjustment the pension plan may provide when analyzing your payment options.) How healthy is your spouse, and what is his/her life expectancy?

Advantages and Disadvantages of Pension Maximization



Are there income tax considerations?

The monthly retirement benefits you and your spouse receive from your pension are generally treated as taxable income, subject to federal (and possibly state and local) income tax. This is true regardless of whether you elect a single-life annuity payout or a QJSA. However, since the pension benefits are larger with a single-life annuity, electing that payout option will increase your taxable income during retirement. If you elect the QJSA payout, when the first spouse dies, the pension payout to the survivor will be included in the survivor's taxable income.

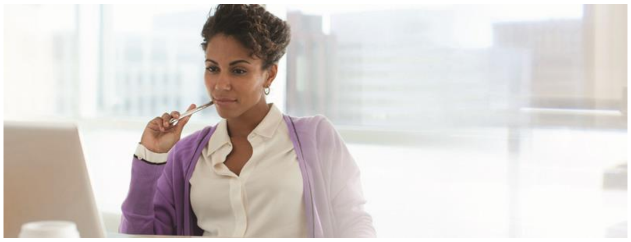
If you instead use the pension maximization strategy and die before your spouse, the life insurance death benefits will not be included in your surviving spouse's taxable income, because life insurance death benefits generally pass free from income tax to the beneficiary of the policy. Any earnings from investments of the life insurance proceeds by your surviving spouse (e.g., interest, dividends, and capital gains) may generally be included in your spouse's taxable income.

The pension maximization strategy is not for everyone, but it could be worth considering as you and your spouse evaluate your pension benefit options. (Note: Any guarantees associated with payment of death benefits, income options, or rates of return are based on the financial strength and claims-paying ability of the insurer. Policy loans and withdrawals will reduce the policy's cash value and death benefit.)

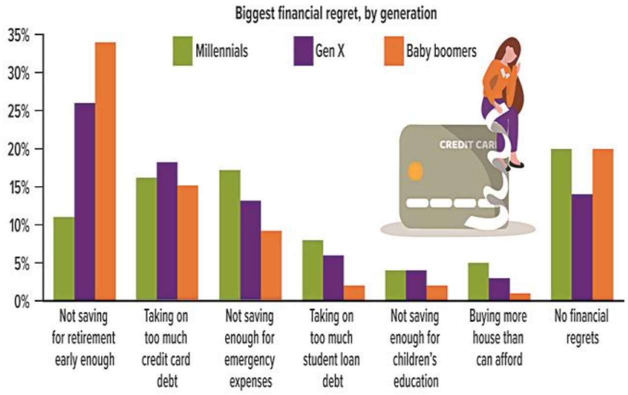
Caution: *While life insurance proceeds are generally free from income tax to the beneficiary, estate taxes are another matter. If this is a concern, you should consult a qualified estate planning attorney for appropriate strategies.*

Be sure to seek qualified professional guidance, since choosing a pension payout option and life insurance coverage can be complex and will impact both your financial future and your spouse's.

Financial Regrets



A 2023 survey found that about three out of four U.S. adults had a financial regret. The most common were not saving for retirement early enough, taking on too much credit card debt, and not saving enough for emergency expenses. It's probably not surprising that the weight that people placed on these and other regrets varied by generation — and regret about not saving early enough for retirement was higher for those closer to retirement age.



Source: Bankrate, July 19, 2023 (categories not shown include "something else" and "don't know")

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ON THE HOME FRONT

Matt – Nate graduated as a Dean's List student from Saint Michael's College with a Bachelor of Science Degree in Business and has accepted a job in a management training position with the Portland International Jetport.

Liza finished her junior year at Fordham and has made Dean's List again. she will be interning with our team, The RogersNorton Wealth Management Group, this summer as well as working at Restore Hyper Wellness.

Matt, Stacey, Nate and Liza at Nate's St. Michael's College graduation

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Chris - Chris, Shannon, Molly, and Jack had a great winter skiing together at Sugarloaf with both kids now able to ride the chair lift. They are looking forward to gardening and swim lessons this summer. Molly and Jack are really into John Deere tractors right now!


Jack and Molly

Adele – It has been a busy Spring for Jim, Adele, Samuel and Charlie. They toured colleges during their April vacation. Samuel played ultimate frisbee for the Forest City Ultimate team. Charlie ran track for the Portland High School team. Both Samuel and Charlie attended their first high school prom. Adele also took a trip to Tucson to celebrate her mother's 90th birthday in May.


Samuel and Charlie – 2024 Junior Prom

TRIVIA QUESTION

In what year were the first summer Olympics held?

PREVIOUS QUARTER

Q. In what country did the Easter bunny originate?

A. Germany

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