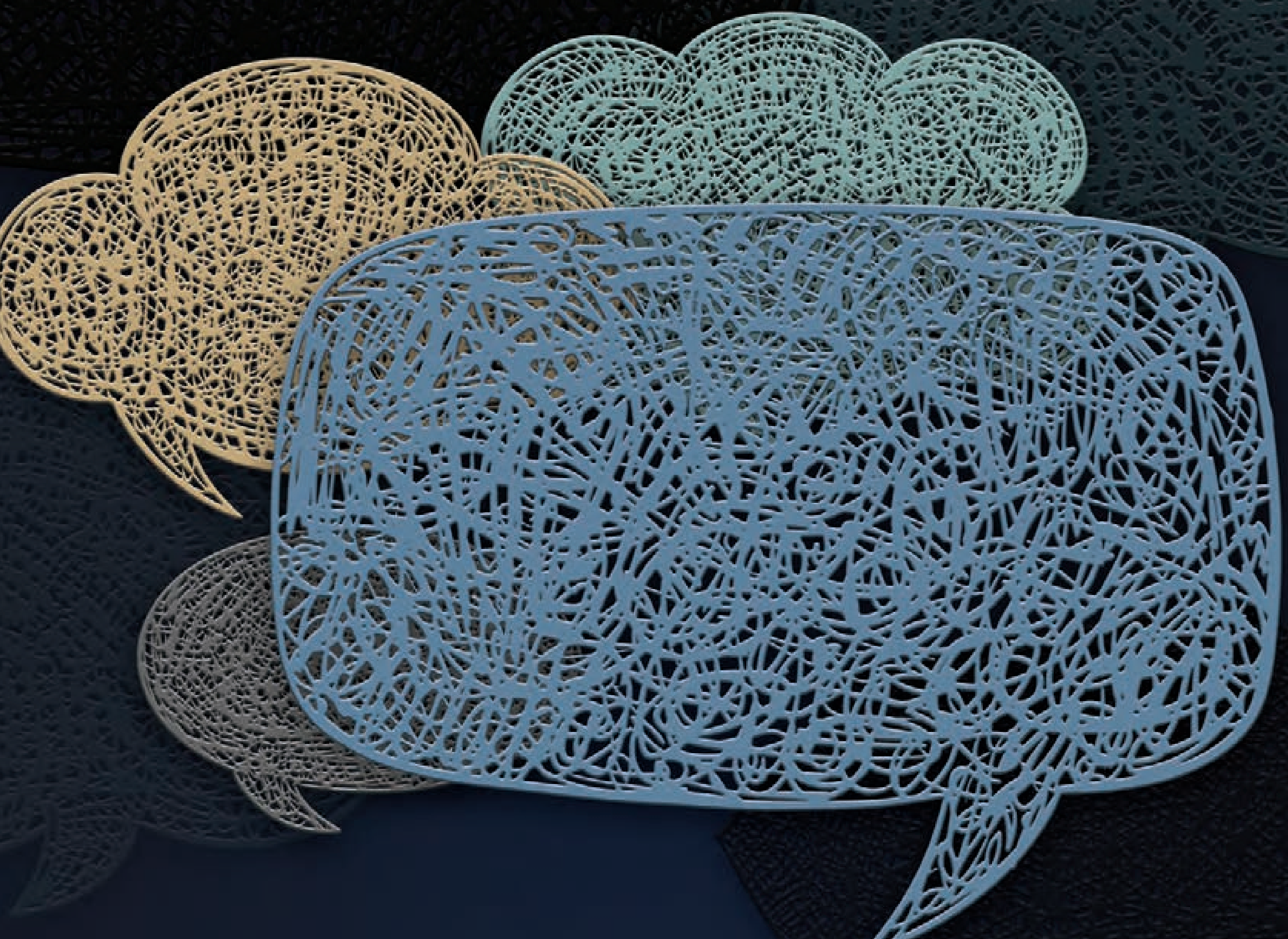
RAYMOND JAMES PRESENTS

WORTHWHILE

Spring 2023

A publication of thoughtful insight dedicated to the life well planned.



Enlightening Conversations

How to talk about the transfer of your family wealth p16

RAYMOND JAMES

Welcome, readers, to the spring edition of WorthWhile.

This quarter, the Cover article offers practical ways to hold ongoing conversations around inheritance and financial stewardship. Family dynamics can be hard to navigate, but making an effort to communicate calmly and consistently may pay off for generations to come.

The Family article is intended to help even the tech savvy get savvier. Chances are there is one person who serves as your family's go-to IT person, but it's hard to keep up with rapidly changing cybersecurity protocols. You'll find a few guidelines inside to help make it a little easier.

On a more low-tech front, Insight gives you a cheat sheet on what to keep after tax season – and for how long – as well as what to shred just in time for spring cleaning! Once you've cleared your desk, look to Living Well for science-backed ways to clear your mind for a more productive outlook.

Lastly, we introduced a new section in our winter edition called Point of View to provide balanced commentary and exclusive thought leadership from the knowledgeable professionals at Raymond James. This quarter's Point of View touches on the demographics and trends at play in the housing sector.

As you flip through the pages, we hope you find something worth reading and sharing. We welcome any suggestions you may have as we evolve the magazine to better suit your needs.

We wish you and yours a bright and healthy spring. See you in the summer!

Letter from the editor

Shedding light on your wealth wishes

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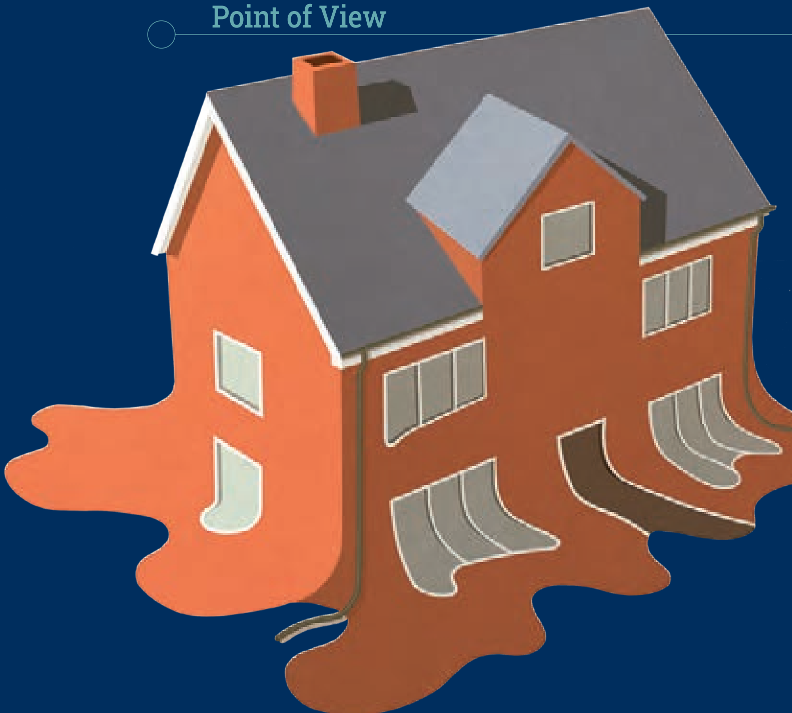
WorthWhile wants to hear your thoughts. Please email worthwhile@raymondjames.com. Your email address will not be shared.



Housing moves

This quarter: We look at the data driving single-family housing trends and the effects on homebuilders with Buck Horne, CFA®, director of housing/REITs, and Tousley Hyde, senior research associate, from the Raymond James Equity Research team. They believe the housing market has a hard landing ahead, but that the next up cycle is building steam. Here's why.

A hard landing for housing is the most likely path forward in 2023, as the Federal Reserve's determination to tame inflation will create a difficult correction for home prices. Tight labor markets and cash-flush consumers set the stage for continued rate hikes near term. Despite a modest pullback in mortgage rates, payment-to-income ratios remain uncomfortably above 2006 peaks.

Affordability is likely to be reestablished, but we're not there yet. Homebuilder balance sheets are better prepared for a downturn than at any point in the sector's history. The team anticipates that homebuilders will sacrifice margins to keep inventory moving and cash flows positive until the cycle unfolds.

Investors may be looking for a reentry point into homebuilding and the real estate sector, but it's still early, in their view.

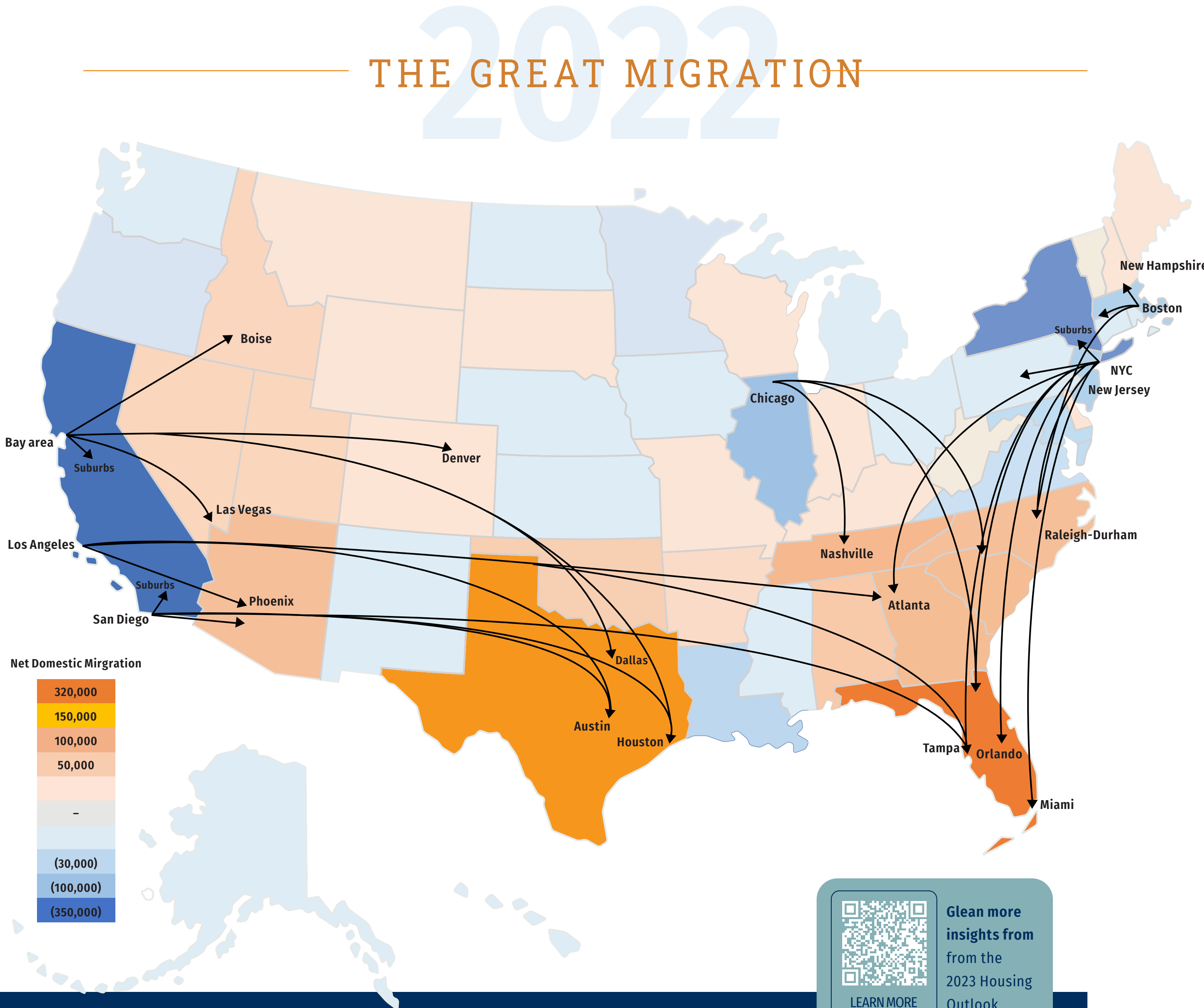
HEADWINDS

- Housing affordability remains in uncharted territory despite a modest pullback in mortgage rates. Median new home prices may drop as much as **15%** from last year's levels; existing homes might drop **10%**.
- The team estimates that full **homeownership** costs – when you factor in principal, interest, taxes, insurance and maintenance – **now account for more than 40% of median family income** for buyers with a 5% down FHA mortgage.
- The difference, or spread, between 30-year fixed rate mortgages and the 10-year treasury yield historically ranges between 170 to 180 basis points (bps). The spread widened to a record gap of 284 bps for the fourth quarter of 2022.

TAILWINDS

- After running hot for nearly two years, the housing market fell into recession, pushed by restrictive monetary policy. The team believes existing homeowners are reluctant to trade a 3% mortgage rate for one in the 6% range. The **dearth of "for sale" inventory pushes up demand** for new homes, which should benefit builders.
- Fourteen years of housing **underproduction left a supply deficit.** Vacancy rates are their lowest since the early '80s. Effective occupancy remains over 94%. Almost 1.8 million housing units would be needed to get back to the long-term median vacancy rate of 7%.
- The largest demographic cohort are entering their prime homebuying and family-formation ages at a time when housing inventory and production are below historical levels. Major milestones like marriage and having children have historically led to demand for single-family homes.
- Working-from-home trends continue to drive migration to less densely populated states with lower costs of living, like Florida, Texas and Arizona, where buyers can get larger homes for their money. These Sun Belt states also tend to have more room for development as well as developer-friendly regulatory environments.

THE GREAT MIGRATION



Glean more insights from the 2023 Housing Outlook

LEARN MORE

JUST THE STATS

$367k
Median sales price of an existing home in December

6.6%
30-year fixed rate mortgage, average as of December 2022

Homeownership costs buyers 40% of their median family income on 30-year fixed rate mortgages, a high not seen since 2006

U.S. housing inventory fell to record lows in 2022 (National Association of Realtors)

Worth a Look

A compendium of fresh looks and new ideas

Scorching looks, not scorched tea

Between two adversaries, there are two cups. The dramatic tension rises as the boiled water cools to the optimal 70°C for steeping kabusecha green tea. The stakes of the negotiation are unimaginable, but civility demands this brooding, brewing prologue, a silent test of strength before the conflict. It's a moment that necessitates proper tea ware, like this porcelain four-piece set from the famed crafters of Musubi Kiln. Set the table at musubikiln.com.

Brew like a barista

Car? A vintage Alfa Romeo Spider. Scooter? A Vespa, of course. Pantry? All D.O.P. certified. Outfit? Tailored linen. Talk? With hands. Coffee? Espresso, always. Coffee grinder? Well, perhaps you'll admire this marriage of form and function. The Niche Zero is a conical burr, single-dose espresso grinder – designed to suit even the most continental of tastes. Get off to a brisk start at nichecoffee.co.uk.

From a beautiful era

Before the wars, before art deco, there was art nouveau, a style that asked, "With this alliance of nature, art and industry, is there naught we cannot achieve?" History offers its rebuttal. Regardless, the sweeping brass nouveau lines and florid beauty of a Mirabelle Orchid candlestick by designer Jay Strongwater pays homage to a future imagined in days past. Light a candle for what could have been at jaystrongwater.com.

Clearly tasteful

Weeks after attending your charity fundraiser, she casually alludes to a rare, minor malady you are coincidentally treating with a prescription. Did she peek into your medicine cabinet? The absolute gall. To distract her powder room curiosity next year, consider the stunning Vine Platinum set of mouth-blown, handmade glass bath accessories from Italian maker Labrazel. Alternatively, fill the medicine cabinet with marbles. It's for a good cause. Elevate your experience at labrazel.com.

A clock out of time

Before inexpensive LED and VFD displays could give every appliance a clock blinking 12:00, the Nixie tube was a numeric display of choice and necessity. The 10-digit tubes provide a warm glow along with a nostalgic feeling for mid-century progress. Czech firm Dalibor Farny has recreated techniques to manufacturer this almost-forgotten technology used in its Puri line of clocks. Keep on schedule at daliborfarny.com.

Tailor your taxes for retirement

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

Giving it all away

Billionaires and the not-so-wealthy have pledged to donate the majority of their wealth to causes they value most

Warren Buffett, Bill and Melinda Gates, MacKenzie Scott, Sara Blakely and Ted Turner are among the billionaires who have committed to giving away their fortunes to philanthropic causes. Though their reasons – and the charities they support – vary, they are all part of The Giving Pledge, which is an invitation to publicly commit to giving away the majority of their wealth either during their lifetimes or in their estate plans.

Strategic and impactful philanthropy isn't exclusive to the celebrities we read about in the headlines. Thoughtful, proactive charitable plans are something for everyone to consider as part of their financial planning.

The Giving Pledge was originally inspired by people of all income levels who lead with generosity. The public nature of the commitment from the world's wealthiest individuals aims to not only inspire others but shift social norms of philanthropy. The hope is that it will lead to more generosity, establishing giving plans sooner and giving in smarter ways.

Meaningful – and smart – giving

Shaquille O'Neal was once quoted, in reference to his children's assumption of wealth, saying, "We ain't rich. I'm rich." And there's Mark Zuckerberg's view that he wants to use his wealth to make the world a better place, not just for his children but all children.

While it might seem awkward to tell your family that you plan to donate most of your wealth, many of those committed to The Giving Pledge are being more than transparent with their families about their giving wishes – they have included their children and grandchildren in decision-making. Vehicles like charitable trusts, donor advised funds and private foundations make it easier to share values around wealth and involve family in charitable endeavors. Family members can help make decisions about where the charitable contributions go – now and in the future.

One survey found that 79% of students who said they came from a family that made charitable contributions also said it was important for them to continue the tradition. So, while you may not be leaving a sizable inheritance to your children, you are leaving a legacy of philanthropy. Through causes you choose to support in your lifetime, you're also passing down your passions.

Philanthropic wishes shouldn't just be a topic of conversation as it pertains to estate planning. There can be so much joy from watching your gifts come to fruition during your lifetime.

Another benefit to implementing giving strategies while you're here is the tax benefits. And while tax savings isn't typically the catalyst for giving, it's a consideration as part of a holistic financial plan.

While you don't have to go to the extreme of the signatories in The Giving Pledge, philanthropic intentions should be a topic of conversation with your advisor so you can gift thoughtfully, meaningfully and strategically.

Sources: gobankingrates.com; si.com; givingpledge.org

LEARN MORE

To learn more about **The Giving Pledge** and ways to expand your philanthropic legacy, listen to this episode of For What It's Worth.

Master your mindset

Controlling your outlook just got easier with a little myth-busting and a lot of fact-checking

We've all heard, "If you can dream it, you can do it." This motivational quote, nice as it is, doesn't offer us guidance on applying its wisdom. Thankfully, science can. Researchers have discovered dependable ways to intentionally tweak your mindset. Whether you're aiming to reduce stress or anxiety, be more productive or improve your mood, there is knowledge that can assist you.

So, let's use that knowledge to our advantage. We've put together some evidence-backed approaches (and debunked some myths along the way) to help you get into the right frame of mind for reaching your highest aspirations.

Fact: Green spaces are a stress remedy

Need stress relief, stat? Few things do it faster than nature. According to a study from Frontiers in Psychology, just 20 minutes outdoors helps to lower stress hormone levels. People who participated in the study either sat or walked in backyards, public parks or other green spaces for 10 minutes or more, and saliva samples showed their levels of cortisol, a stress hormone, plummeted. Those who spent 20 to 30 minutes in nature saw the biggest benefit. Stress often feels like something completely out of your control, but stepping outside for a short walk might leave you with a clearer focus, feeling refreshed and ready to take on tasks.

Myth: Idleness is the enemy of productivity

Yes, you read that right. There are quite a few benefits to being still. A study published in Consciousness and Cognition found that letting our minds wander without paying attention to a productive task leads to more focus on long-term goals. Constant busyness can lead to more negative feelings and concerns, consciously or unconsciously. Instead, set aside time for uninterrupted, freely associative thoughts for a boost to your mental health. If that's not convincing enough to set aside time on your calendar, free time can often lead to sudden solutions for problems you're struggling to resolve. Think of Newton and his apple, Oprah and her "Aha!" moments. It's often in the times when we least expect it that inspiration strikes.

Fact: You should make time for self-care – even in the midst of chaos

It may seem counterintuitive, but a study of nearly 900 medical students found that those who took time away from their strenuous educational program to engage in regular self-care reported feeling less stress and having a higher quality of life. While medical training is often associated with high rates of burnout, anxiety and depression, this study proves there's a simple antidote. Addressing personal needs, including nutrition, physical activity, interpersonal relations, spiritual growth, and health and stress management – rather than powering through – provides a greater overall benefit. Self-care looks different for everyone but can include simple, affordable activities, like listening to a podcast, taking a bubble bath or calling your best friend. The bottom line: it's worth it to pause.

Myth: Taking a cold plunge is a cure-all

It may be a hot topic on social media, but can a jump into an icy tub fix our problems? The research has a long way to go before it can answer definitively, so you may just have to make that call for yourself.

Do proceed with caution because there are risks, and it's best to speak to your doctor before taking the plunge.

Proponents claim an icy blast can improve your mood as well as boost your immunity, improve circulation and increase energy levels. The best evidence-based benefit of taking a cold soak is reduced muscle soreness. "Nobody knows exactly why it even helps you," said Dr. Tracy Zaslow, a physician writing for the Cedars-Sinai Kerlan-Jobe Institute blog. "Maybe it's changes in adrenaline or cortisol – or even dopamine. There are a lot of hypotheses, as opposed to data." This method gets the cold shoulder until further research is conducted.

Fact: Visualization gives you hope

The pandemic, economic uncertainty and global unrest have tested our resiliency over the past few years. Luckily, there is a way to build up positive emotions that can act as a buffer against future stress. It's called the "best possible self" exercise.

Here's how to do it. Imagine your life going as well as it possibly could, then write about this ideal state. Afterward, close your eyes and envision your best possible self for five minutes, activating all your senses. If you're not up for this exercise due to heightened emotions, consider visualizing your life a few years in the future instead. Studies showed those who participated in this exercise increased positive emotions and reduced goal ambivalence. The effect was immediate and lasted up to a week.

Myth (sort of): Meditation will immediately make you calm and clear your head

While its effect will be different for everyone, meditation may make a person feel uncomfortable at first. Thoughts or feelings that arise in our meditative state are not always easy to confront. Although it isn't a quick fix, meditation does have benefits. Regularly practicing meditation has been proven to reduce anxiety and improve stress reactivity and coping skills. Some research shows mindful meditation reduces cytokines, which are inflammatory chemicals that the body releases in response to stress – possibly affecting our moods negatively. And if you're trying to create positive change in your life, meditation has been shown to increase self-awareness and lengthen attention spans. Positive results have been recorded for those who meditated just 13 minutes a day for eight weeks. Namaste.

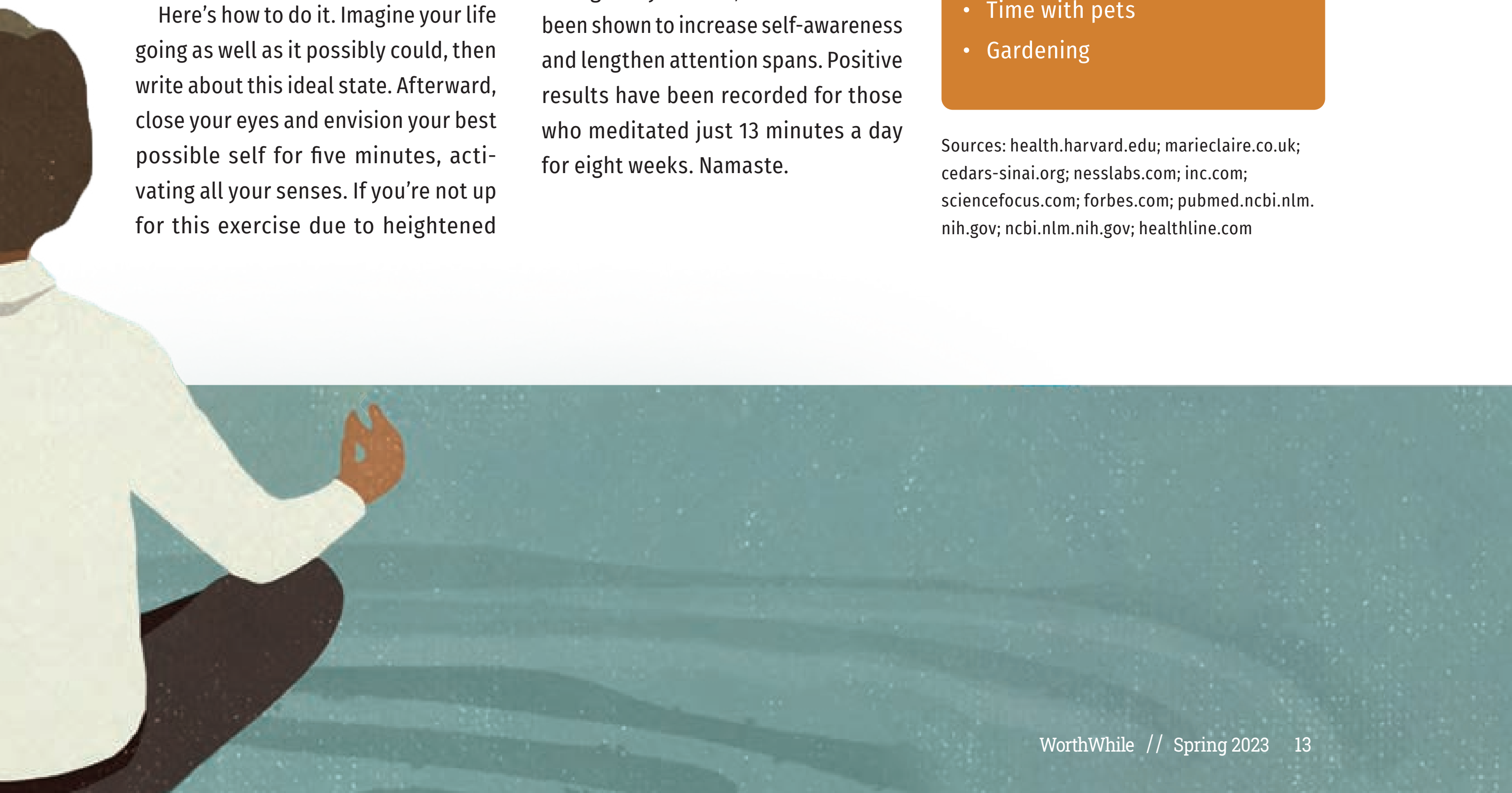
We often feel defenseless against our circumstances or environment, but science tells us otherwise. With a little bit of effort, we can take back control and improve our mindset more than we realize. Not all of these methods will work for everyone, and some require practice, but they're all rooted in science and are certainly worth a try.

Practicing mindfulness

You don't have to meditate in the lotus position for hours. Nor do you have to be perfect to make progress. There are many simple activities you can practice to stay present. Try these:

- Journaling
- Reading
- Walking
- Yoga
- Breathing exercises
- Coloring or painting
- Listening to music
- Time with pets
- Gardening

Sources: health.harvard.edu; marieclaire.co.uk; cedars-sinai.org; nesslabs.com; inc.com; sciencefocus.com; forbes.com; pubmed.ncbi.nlm.nih.gov; ncbi.nlm.nih.gov; healthline.com



Step up your tech game

Support for the unofficial IT person

Everyone always asks where the tech geek is, but never how the tech geek is. For that reason, we want to offer a little support to the techy folks out there. Are you your family's de facto information technology (IT) person? The answer might be yes if you keep up with the latest tech trends and advancements or find yourself always tasked with answering the toughest, tech-related questions, such as: Why is the printer not printing? Can I trust this email? How can I unlock my account? Chances are, whether or not you signed up for the job, the people around you expect answers.

As hardware and software evolve at lightning speeds, it's important to keep pace as best you can. Otherwise, you can be made unnecessarily vulnerable to cyber-risks. If you want to give yourself and your loved ones more tech-savvy support, this guide can spruce up your skills, establish family-friendly best practices and offer ideas on keeping everyone a little safer in the virtual world.

"Are you holding on to digital items because of an attachment to the past? A fear of the future?" – Marie Kondo, Washington Post

Hardware: Tips for tidying up

Marie Kondo, New York Times best-selling author of "The Life-Changing Magic of Tidying Up," may be famous for helping people declutter physical spaces, but she believes the same holds true for digital places, too. Try sparking joy with these tips for your family's hardware.

Delete old data

Don't procrastinate. Once you've upgraded to the latest laptop or smartphone, clear the data off your old device immediately. If it sits around too long, you likely won't remember the potentially important data or passwords stored on its hard drive or have the right technology to erase the data. Online videos provide guides for transferring data to an external hard drive or a digital "cloud." Your local computer shop can help transfer or erase your data for those who are technologically hesitant.

Reduce, reuse, recycle

Environmentally conscious techies can donate, sell or recycle old devices to avoid having them gather dust in closets or adding dangerous chemicals to landfills. Organizations like Dell Reconnect partner with Goodwill and will accept devices at all donation locations. eBay for Charity also lets you sell used devices on its platform and donate the proceeds to a charity of your choosing. Remember to save receipts. That way, you can deduct these donations from your federal tax return.

Control your cords

Labeling all wires and cables as soon as you get them can help prevent a tangled mess in the future. Zipped bags come in handy for neatly securing chargers and connecting wires. For unidentified cables, date them and place them in a box. After six months, check to see if they've found their rightful devices. If not, it's likely safe to toss them.

Software: Rules of the road for new digital citizens

The internet can be an unwieldy place, especially for loved ones who felt more at ease in the days of the rotary phone and snail mail. These digital visitors need extra support in the IT department, as evidenced by an FBI article reporting on 200,000 victims of cyber-

According to a 2020 fraud report conducted by the FBI's Internet Crime Complaint Center, cybercrimes in the United States against adults aged 60 and older resulted in approximately $1 billion in losses – a 30% increase from previous years.

reporting on 200,000 victims of cybercrimes aged 60 years or older. Here are three ways to help defend your parents' or grandparents' digital devices.

Turn on automatic updates

Most devices deliver updates on a regular schedule, with the majority being security related. Security updates close loopholes that could have left devices vulnerable to compromise, so it's recommended to have these installed automatically for the ease of users who might not understand how to do it manually. Each device and operating system likely has its own process for this; it may be best to get video guidance from your specific manufacturer.

Block out scams

There are several ways to proactively mitigate risks while surfing the internet. Installing paid-for antivirus software is the best first defense. Be wary of any "free" antivirus ads, as they can be scams themselves. Let everyone know they should never click on unknown links sent via email or text. Pop-up windows can hide nefarious spyware, so web browsers should have pop-up blockers enabled. If your family is inundated with robocalls and texts, add your numbers to the Federal Trade Commission's Do Not Call registry. Additionally, it is recommended to not respond to unwanted text messages with "STOP" or "NO." Responding can alert scammers and confirm that the number is active. Instead, divert these messages by changing your smartphone's settings.

Password management

Digital password managers can be a great tool for keeping login information neatly filed away. However, many IT experts say these tools can also be breached and pose a security risk. Much to some older adults' delight, some IT professionals recommend staying analog for password security. A hard-copy book stored in a locked safe or secure location will do the trick. When creating a password, consider using a "passphrase." This is a string of four to eight random, common words that are easier to remember but harder to hack. Strong passphrases capitalize certain words, add punctuation and special characters, and use unusual or abbreviated spellings. You should never reuse passwords and change them immediately if you suspect an account has been compromised.

Netiquette for digital natives

The youngest members of the family might seem the most informed on today's tech – but that's not always the case. Preparing the next generation for everything, even deterring cybercriminals or tracking down lost devices, is still the responsibility of older generations. These tips can help shield young people from online danger.

Assign a "kid computer"

For younger family members, assigning separate devices to each user may lessen the risk of potentially exposing sensitive information. One IT recommendation is keeping a device solely devoted to accessing banking and other private information separate from a device used for social media apps, games and the like. This is also an opportunity to allow young internet denizens to make mistakes and learn from them without compromising your important information or damaging a vital hard drive.

Teach positive online practices

Instead of installing "childproofing" apps to monitor online activity, consider teaching the importance of safe cyber-practices. The Google Families page is a wealth of information with its Be Internet Awesome resources. Here, you can find internet safety

conversation starters for all ages and games like Interland that guide young users in spotting safety and security risks in places like Reality River and Mindful Mountain.

Track and protect what's precious

Device tracking can help locate wandering phones, tablets, laptops and even AirPods in case they are misplaced or stolen. Activate the "Find My" app on Apple devices or "Find My Device" on Androids. Purchasing physical GPS tracking tags and placing them on nondigital items is another great way to keep track of precious cargo.

Even more important is personal safety. In case of an emergency, make sure your children know how to use the emergency SOS function and assign emergency contacts. For iPhones, this can be done in the "Health" app's Medical ID section or in "Contacts" if you choose the "Add to Emergency Contacts" button. For Android users, you can add emergency information as text on the lock screen or in the "Personal Safety" app.

Fraud: Protecting yourself

According to a 2022 IT study, an estimated 53 million U.S. citizens have been affected by online and email scams, accruing $6.9 billion in losses. Don't allow yourself to fall victim to these preventable crimes.

It takes two

IT experts recommend using two-factor authentication to verify requests for changes in account information or password logins. These systems send a code to your smartphone or other devices to verify your identity. Secure your email by providing a phone number or backup email account. To simplify authentication even further, enable biometrics, such as face recognition or your fingerprint on your devices.

Use the "zero trust" approach

In cybersecurity, this model's motto is to "never trust and always verify." This often means becoming an internet detective and taking extra time before responding to strange-looking texts or emails. Ensure the URL in any communication is associated with the business or individual it claims to be from and note if hyperlinks or the message contain misspellings. Refrain from supplying any login credentials and verify the email address used to send the communication by looking at your contacts first to see if it matches up. Be sure to monitor your personal financial accounts on a regular basis for anomalies like one-cent charges from unknown sources.

Learn when to unplug

Even the volunteer IT person needs some rest. Step away from your devices by setting up the "Do Not Disturb" function. Apple users can use "Focus" and Androids can use "Do Not Disturb" settings to choose certain people or apps that can still notify you when everything else is silenced. You can also use Apple's "Screentime" app as well as Android's "Digital Wellbeing" tools to limit time on more addictive games and social media scrolling.

Seeking more support?

Remember, your trusted financial advisor also has tools to help fight off financial fraud and can point you in the right direction for safeguarding finances online.

Ask an expert

IT and cybersecurity professionals agree that most technological meltdowns lead back to these two surprisingly simple fixes.

Power off and back on again.
If you are guilty of keeping your internet browser open with hundreds of active tabs, you might be putting yourself at risk. These websites can collect cookies and inadvertently corrupt your browser. A good habit to teach all ages is to turn off your computer and give it time to reboot. Many crucial security updates that fix vulnerabilities can only be applied if the device is restarted.

Know when it's time to upgrade.
Finally, that age-old question, why isn't the insert-device-name-here working? If your stubborn printer isn't responding or your security cameras are going haywire, it might be a case of outdated software. Older devices are configured to work within specific operating systems. However, some devices, like printers, might be able to update and reconfigure with your new operating systems. Check your owner's manual or warranty for guidance. If your device is no longer responding, it might be time for an upgrade.

Sources: forbes.com; aag-it.com; ic3.gov; wsj.com; goodhousekeeping.com; consumerreports.org; washingtonpost.com

Shred me, shred me not

With tax season looming, many people can picture a memory from the not-too-distant past. Box after heavy box of documents and receipts, with the appropriate year scribbled on the outside, collecting dust for eternity. But in the digital age, should all records now be digitized? Some shredded? Which ones, and when? If confusion is setting in, fear not. Here are some simple tips that could make this year's post-tax routine a little lighter.

Shred immediately

- Sales receipts (unless related to warranties, taxes or insurance)
- Canceled checks (unless tax-related)
- ATM receipts
- Paid credit card and utility bills
- Credit offers
- Expired warranties

Shred after one year

- Pay stubs
- Bank statements
- Paid, undisputed medical bills

Shred after seven years

- Tax-related receipts
- Tax-related canceled checks
- W-2s
- Tax deduction records

Keep while useful

- Vehicle titles (for as long as it's your baby)
- Home deeds (for as long as there's no place like it)
- Pay stubs (until checked against your W-2)
- Disputed medical bills (until resolved)
- Home improvement receipts (until you've sold and paid any capital gains taxes)

Keep for life

- Birth certificates or adoption papers
- Social Security cards
- Citizenship papers
- Passports
- Marriage or divorce decrees
- Family death certificates
- Tax returns (even if these are no longer paper, it's still advised to hold on to them)

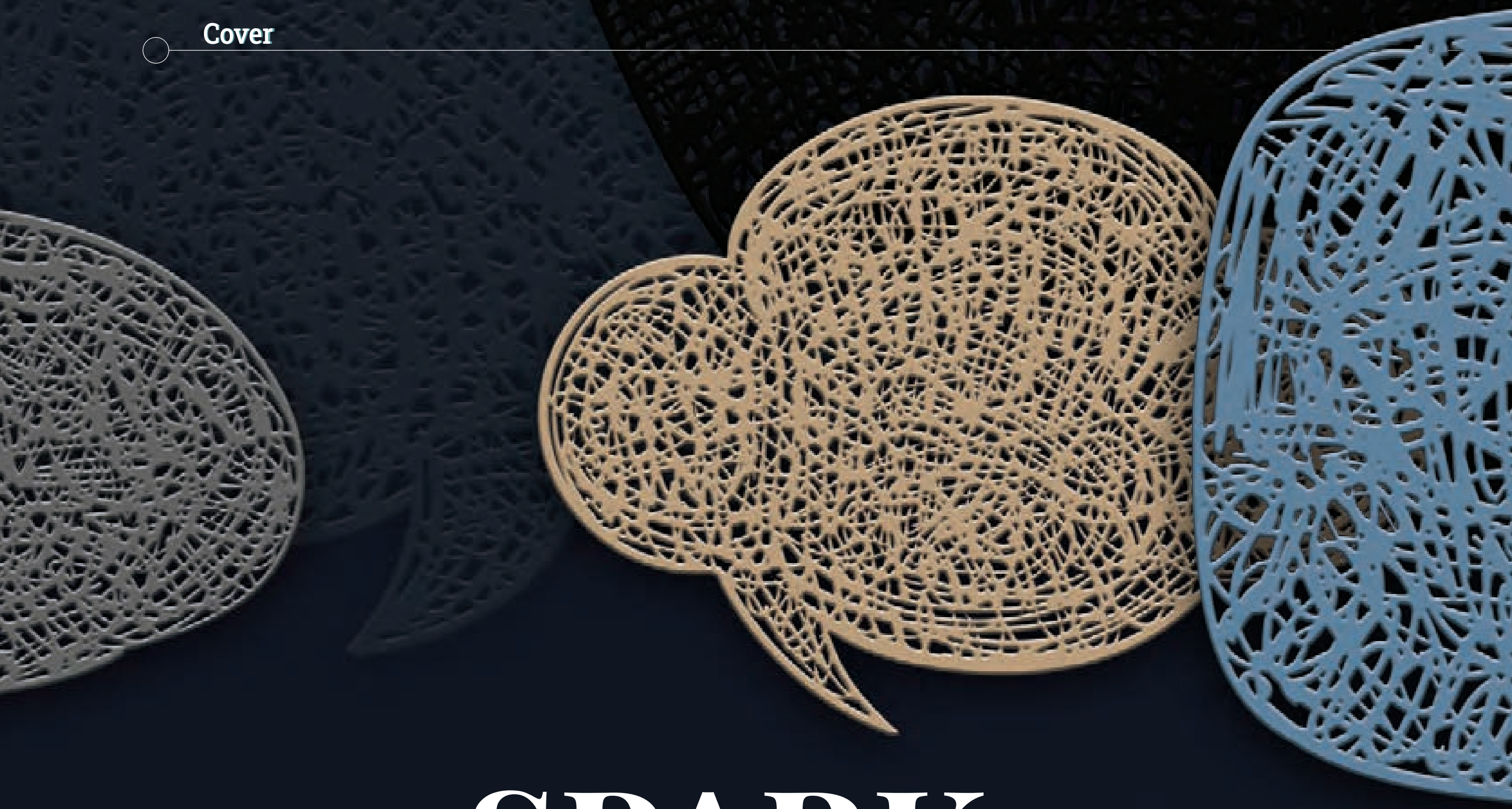
Benefits of going paperless

- Takes up far less room
- Easy access
- Fast file retrieval
- Increased security
- Eco-friendly
- Better data recovery
- File longevity

A million ways to virtually store

Digitizing wisely requires more than just scanning and organizing, especially for tax-related data. Secure storage solutions, like Everplans and Vault, can ensure long-term privacy and offer confidence that your files have protection. There are also highly rated mobile apps, like Adobe Scan, ABBYY FineReader PDF, Genius Scan and others. Find what suits you – and let the privacy party begin.

Sources: accesscorp.com; adobe.com; consumer.ftc.gov; nextprocess.com; techradar.com



SPARK *a* CONVERSATION

Illuminate your wishes for your wealth and the next generation of wealth stewards

A big, blended family. A couple without kids. A philanthropic-focused parent. While estate planning needs might look very different for each, they share at least one thing in common – the conundrum of when and how to talk about the inevitable transfer of their wealth.

Let's be real: Family dynamics can be difficult to navigate. Even under the best circumstances – where relationships are solid, and everyone is self-sufficient and operates with good intent – the differing mindsets around when, how and if we discuss the plans surrounding wealth can feel overwhelming.

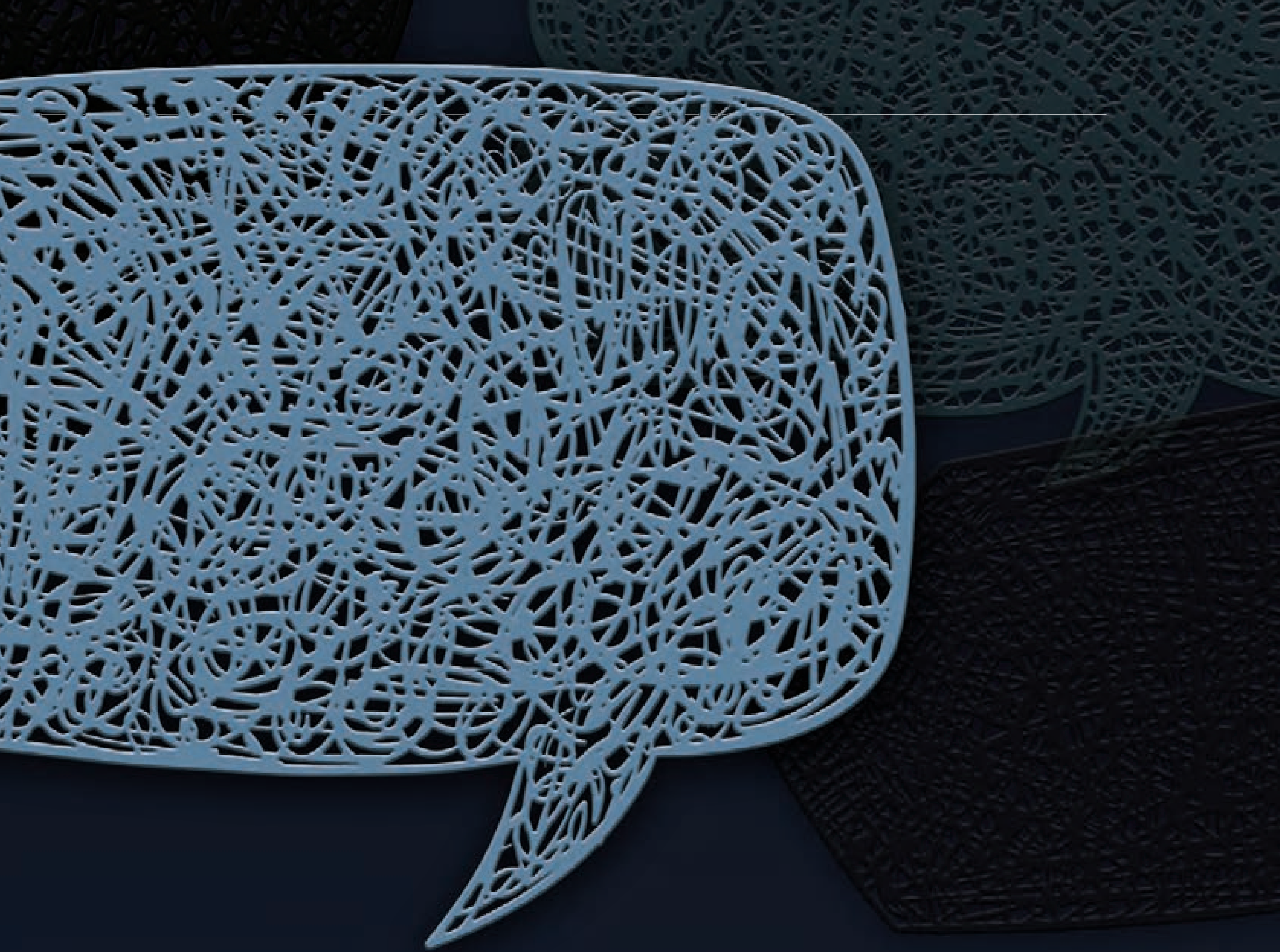
While it's an uncomfortable topic for many, what can be more uncomfortable are the risks and missed opportunities that undeniably go hand-in-hand with avoiding these types of conversations. And misunderstandings that can come from staying quiet often lead to family conflicts, resentment and other unintended consequences.

If the thought of these conversations creates anxiety, or if you have a steadfast mindset of staying silent, consider that unprepared heirs may increase the risk that the wealth you've created could be misused or lost all together.

While family wealth transfer can be complicated, the discussions around it don't have to be. Here are some guiding concepts to spark the conversation and illuminate your thoughts, goals and wishes.

Think like a Rockefeller

The Rockefeller family has stayed together and preserved their wealth largely because of the system of values, tradi-



tions and institutions they developed and keep alive today. With substantial wealth – they had an $11 billion fortune as of 2016 – it's rare that a family has sustained wealth, remained largely united, and avoided often-seen public scandals, feuds, lawsuits and tragedies that befall other notable families.

But you don't need to have billions to start conversations about wealth transfer – communicating your family values can help raise younger family members to be good stewards and wisely handle family money. However, according to a 2019 survey of wealthy investors, only 46% have talked with heirs about fundamental family values and operating principles.

Another core piece of the Rockefeller family's identity is giving. By communicating and living their family values, specifically their focus on philanthropy, the family has a solid understanding of the impact wealth can have within and beyond their lifetimes. It's also encouraged to be involved in family foundations and help choose the causes they collectively support.

Unfortunately, this isn't how most families operate. In fact, most wealth decisions in general are made by one person, with little to no input from anyone else. In the same survey, a mere 17% of families said they make democratic financial decisions with family representation. When it comes to giving, most don't discuss philanthropic commitments at all (72%), and only around one-third have informed their family of lifetime gifts already made or committed to – such as trust assets or education funding, a down payment on a first house or another purpose.

Even if yours is the first generation planning for how your assets affect the next, take a nod from this gilded family dynasty.

- Communicate and live your family values.
- Teach children to spend, save and share to show the importance of giving back and taking an active role in making responsible financial decisions.
- Hold regular family meetings to discuss money decisions, including gifting to family and charities.
- Find ways to maintain your family history.
- Enlist professionals to explore establishing different kinds of trusts and plan for increasingly complex estate and tax issues, including inheritance taxes if they affect your estate.
- Have honest conversations about the family business. Stocks and financial holdings can be easier to pass down and are less subject to financial battles. Many disputes within wealthy families start over who should run the business, how it should operate and who should benefit.

By sharing the intent behind the transfer of your wealth, you're able to shed light on what's most important to you and help ensure your legacy lives on for generations to come.

Share your why

Even when benefactors are open to talking to the next generation about their assets, high aspirations don't always translate into putting plans in place. Often, long time horizons lull us into thinking that discussions and formalities can be put off for another day, month or year.

Decisions about family money can potentially change lives – but the outcome depends on having the hard conversations and creating understanding around purpose and reasoning. It pays to stand out from the crowd and shed a bright light on your intentions and expectations.

- 64% of wealth holders have never talked with family about how or why they intend to pass on assets.
- 48% plan to communicate this information eventually, or assume family members already know.
- 10% vow never to divulge details of their estate plans primarily because they consider it personal and no one else's business.

Source: Merrill Center for Family Wealth™, Merrill Private Wealth Management, June 2019

More than a century of sharing

- John D. Rockefeller was America's first billionaire, founding Standard Oil in 1870.
- John and his son, John Jr., gave away more than $1 billion and established the University of Chicago.
- In 2016, the Rockefeller Family Fund announced it would divest from fossil fuel investments.
- John's grandson, David, was the oldest living billionaire at age 101 before his death in 2017 – his will designated most of his wealth for charity.
- Today, the Rockefeller fortune is shared among more than 170 heirs – entering its seventh generation.

Of course, most people don't love confrontation, or even strong differences in opinion (and fewer topics spark more debate than those involving money). With good communication, you can improve the chances of getting your message across – and having it heard.

Have cautious conversations

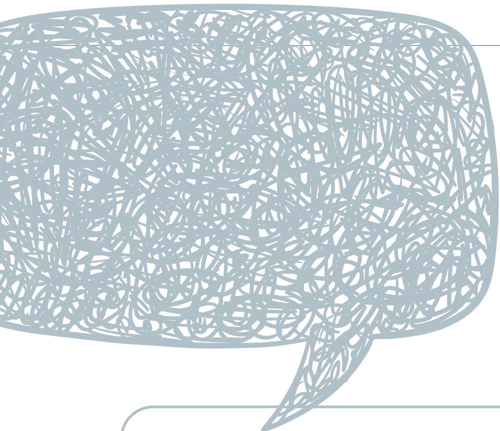
Having conversations to help benefactors and heirs understand what needs to happen on both sides moves you closer to planning for and taking action toward transfers of wealth. You can also take the pressure off and include your financial advisor in the conversations with your investment details. For example, you don't need to explain the nuances of how a trust works, just the reasoning behind why it's in place and the outcome you're hoping for.

Instead of outlining specifics such as who should get how much and what it should be spent on, start by thinking about why you are or aren't naturally inclined to have these discussions. Once you determine why you want to chat or what's holding you back, you're better able to focus on fostering an open dialogue … no matter which side of the conversation you're on. Here are a few reminders:

Embody the light

Be respectful. Talking with the right intent and tone goes a long way to keeping the conversation going. (Ahem, that includes not interrupting.)

Ask open-ended questions, then listen. How do they see the situation? What do they ideally want to happen? What's the best next step from their perspective? What are they worried



Survey says ...

Conversations about wealth transfer don't need to cause a family feud. In fact, more than half of family members on both sides agree that parents should bring up the topic of generational wealth transfer.

61%

of benefactors say parents should start the conversation

62%

of inheritors say parents should start the conversation

Source: UBS Investor Watch survey, April-August 2022

about? When should you talk again? Pay attention to the answers.

Tackle one tough topic at a time. Family wealth conversations can include everything from the family home to long-term care, wills, trusts and taxes. Start with one subject to help avoid the overload that could bring dread to more chats.

Remember everyone is ultimately on the same side. Lead with love and positive energy, even if you don't agree or approve of each other's points of view. The shared goal is to expand the impact of family wealth and create an enduring multigenerational legacy.

Realize more conversations will come. Challenging and complex topics can take many conversations over time to find resolution. Set your expectations accordingly.

Avoid the dark side

Think first, speak second. If you're unclear on your fears, concerns or ideal vision of success, take time to understand yourself before starting or engaging in a conversation about wealth transfer. Your advisor can help you refine the points you wish to convey.

Educate, don't lecture. These discussions should be two-way conversations to foster learning versus an autocratic-feeling, one-way speech.

Think about if the shoe was on the other foot. What would you want to know? What would be important to you? How would you like to be included in family wealth decisions? How would you like your needs to be considered?

Talk about how this impacts you. Leading with "you" can come off as accusatory, so reframe your thoughts into "I" statements. An heir might consider something like, "When thoughts aren't shared, I'm in the dark and don't know how to help." A benefactor could say, "I'm concerned that sharing my plans may create a sense of entitlement."

Problem-solve together. Unrecognized biases can materialize from these conversations. How can you work together to help ensure the impact of wealth is aligned with how you envision success?

Consider enlisting a professional. Do you or other family members have the soft skills it takes to lead and engage in these types of conversations or do you want to involve a trusted advisor or therapist?

Phase your approach

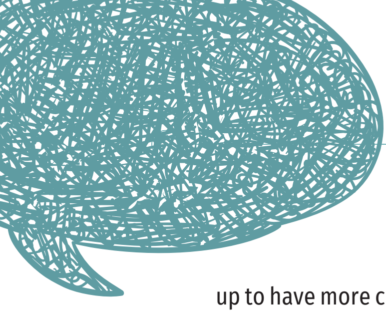
While on the surface, it may seem easier to chat about wealth transfer during one, big conversation, this isn't the time for a "one and done" approach. You can shed more and more light on the topic by having multiple thoughtful, educational conversations over time. After all, the sooner – and earlier in life – these discussions begin, the higher the potential for better outcomes. No matter where your heirs are in life (or how old they are) it's better to start talking early.

Without conversations around wealth transfer steps, families experience financial loss and general discord. There's also the potential that, without appropriate protection strategies and documents in place, your estate could pay excess taxes or become subject to court decisions and delays.

Start slowly by meeting your heirs where they are. When the time comes to get into the details, they'll feel prepared to truly listen and thoughtfully respond.

Children up to 12

It's hard to tell whether your child will be financially responsible or impulsive. By having quick, relevant conversations about saving, investing, giving, spending and other day-to-day financial decisions, you're setting yourself



up to have more complex conversations that feel normal as the years go by.

Start with: Short conversations around monetary gifts. Ask what your child has planned for the money they have received and reinforce the concept of splitting up the amount to make sure there is enough to spend, save and give to a cause they are passionate about. Mention that no matter your age, these are important things in life.

Teens to 20s

For those just starting to work or who are getting settled financially in their lives, it's important to explain your mindset around financial decisions. All of these points are vital to discuss: the purpose of wealth, core family values and how you operate, how you think about money in the context of life, and the importance of stewardship.

Start with: When young adults secure a first job or move into a career, conversations can turn to building an emergency savings fund and investing – such as taking advantage of a 401(k) match at work. Explain how these concepts have affected you in your life and apply to you today.

20s and beyond

When family members have the required maturity and general understanding of the pieces of estate planning, you can pull back the curtain even further to reveal the specific numbers and structural details of your plan. Discuss charitable giving options and provide info on how the professionals you work with can equip family members with necessary skills and account information to carry on your estate goals.

Start with: Natural opportunities to bring up your values and estate goals. If you volunteer with an organization in line with your values, talking about a volunteer experience might lead into a conversation around charitable giving and philanthropy, which can lead to discussing your broader values and wishes. Once the door is open, more detailed discussions can follow around nuances and numbers.

If you're feeling torn about how to divide assets among heirs, you aren't alone. A 2022 survey of U.S. investors found that blended families have difficulty dividing assets (61%) and struggle to distribute wealth fairly and equally. Benefactors favoring some heirs over others are clear about why: 70% will give more to heirs they have closer relationships with and others say financial needs and shared values come into play. There's a saying that could apply here: "Love your children equally but treat them uniquely." When it comes to inheritance planning, the axiom holds true.

Deal with family dynamics

Family wealth decisions can be complicated by the sheer number of people involved, the relationships within the family, and many other dynamics.

Blended families need to consider the nuances that come with the requirements of previous spouses, stepchildren and different attitudes to inheritance. LGBTQ families need to be aware of important estate planning opportunities and tax-saving vehicles that now exist. Add in a long time horizon for planning and unrecognized (or known) biases family members hold, and things can get even more convoluted.

In estate planning and life, there is no such thing as a "typical" family. Every family is unique, which means that the strategies considered and put in place are going to look different.

The cost and specifics of long-term care for older family members, the future of the family home and different levels of wealth among family members are all sensitive subjects – more reasons benefactors choose to keep their assets close to the vest. A 2019 survey of wealthy investors found that only 22% of benefactors plan to openly share details of their estate plan with the whole family, and 17% would share information only as it applies to each person.

Red flags?

Be aware of family members, or anyone, you don't intend to include in your wealth transfer plan who suddenly ask for loans, demand to see your financial documents, or try to coax you to sign a new will or power of attorney. Talk to your financial advisor if you are feeling this kind of pressure.

Trustworthy heirs?

Your financial advisor can help you set up a trust to protect your child's inheritance until they understand how to manage money and themselves. A trust can also protect against a failed marriage and help provide financial support if there's a need.

Pass on the torch with grace

Like all important financial decisions, creating the best outcome demands a deliberate and disciplined approach.

For benefactors, starting the conversation and talking openly about the process of passing on wealth is key. Discussing wills and powers of attorney can be a helpful introduction since responsibilities must be laid out for the next generation. Also, conversations around equity release, potential funding of care, and ensuring everyone knows the trusted professionals involved in financial and estate planning processes can be helpful.

For heirs, regardless of financial goals, the most important thing is to be intentional about how inheritance is used. For some, wealth transfer could mean finally being able to buy a home, pay back student loans, save for retirement or start a business. For others, it could mean financial freedom for the first time. Regardless, money management, including investment considerations, will be vital to succession success.

No doubt, hard work and sacrifices happened over decades to enable this position of wealth transfer in the first place. Protect what you've built through action with a written, formal estate plan, put everyone in the same room to discuss together with open communication, and bring in a professional to facilitate discussions if needed.

With healthy respect and trust from both sides, you can ensure your family's legacy is preserved and thrives for generations to come.

VARYING POINTS OF VIEW

Potential heir

- When will this topic be brought up?
- Am I going to remain in the dark until my parents pass away?
- What can I expect from a planning perspective?
- Who are the professionals my family has been working with to help manage their assets?
- Is there enough money to make sure my family will be well cared for until the end of their lives?
- Will I be treated fairly?
- How do I know what's important to my family?

Benefactor

- Where do I begin?
- Who should be involved?
- How much information should I share?
- How can I avoid creating feelings of entitlement? Of disappointment?
- How do I know my family is ready?
- How do I meet my children where they are emotionally to have these conversations?
- How do I protect my adult children from themselves if they aren't financially responsible?
- How do I manage conflicting opinions, perspectives and priorities?
- How do I ensure my vision and values are carried on?

Speaking up can ...

- Feel uncomfortable
- Foster fear of family arguments
- Help preserve family values
- Align family goals
- Clarify the impact you want your wealth to have
- Bring clarity and transparency to spark understanding
- Create respect among family members

Keeping quiet can ...

- Feel disrespectful
- Breed suspicion and distrust
- Leave the intent of wealth a mystery
- Create a higher likelihood your wishes won't be met
- Devalue family members
- Spur discontent among family
- Open your estate to risk of taxes and delays

The case for cash:
Flex your ability to move quickly

Market headwinds and a changing inflationary profile have investors thinking twice about cash – here's what to consider

With changing market conditions and the slowing down of a record bull run, you, along with many other investors, might be thinking more about the role and potential value of cash. Whether it's your short-term liquid cash for upcoming expenses or cash as a position in your portfolio, there are a lot of things to think about when it comes to your individual cash profile.

Where are you at right now?

Goals and risk tolerance play an important role in determining your relationship to cash. Are you thinking about retirement? Do you have a large mortgage or outstanding student loans? Will college tuition and related fees play a factor in the coming years? Is a new business venture on your horizon?

Generally speaking, your risk tolerance is a combination of how you'd feel after a potential loss in the market, combined with other factors like your age, your investing timeline and your income. Thinking through all of these factors with your financial advisor will help you determine your current risk tolerance, which may be much different now than in the past. It may change again based on new circumstances. Sitting down with your advisor to talk about where you're at right now is a good way to start. Talking with your partner, as well as other trusted financial professionals, can also be helpful.

The role cash can play

First, if there's one thing cash always gives you, it's flexibility and, thus, the ability to jump on a potentially worthwhile opportunity. If valuations start to decline in the market, that can be a good time to deploy cash to buy investments at more advantageous values. Having a cash reserve can give you a leg up when other investors may be less liquid. The ability to move quickly is always an asset, even if you don't exercise it.

The ability to move quickly is always an asset, even if you don't exercise it.

Anchors aweigh

Second, cash can serve as an anchor. During a potential decline, if you are fully invested and lose 20% in the stock market, that 20% is a deeper loss. But if you hold, say, 80% in equities and 20% in cash – the overall loss will be mitigated to 16%. Cash can help stabilize a portfolio by adding this layer of diversification beyond bonds. Again, this depends on your risk tolerance and upcoming expenses, and your advisor can help you figure out what cash allocation makes the most sense for your needs.

Keep it liquid

Third, cash is not only your number one source of liquidity for day-to-day expenses, of course, but also any upcoming expenses you might have. This could include emergencies, increasing medical costs or a health crisis, a job loss, or other unexpected expenses. Scan the horizon for anything in these categories you may have come up in the next few years, and that can help dictate the foundational amount of cash you'll want to keep on hand.

That cash can also serve as a buffer so you don't have to liquidate any assets at an inopportune time when an unexpected expense does crop up. Put this kind of cash into a high-yield savings account, money market or other shorter-term cash investment so that it's easy to access at any given moment.

Cash as insurance?

It's true that cash's purchasing power can deteriorate in an inflationary environment. However, if you run into unexpected expenses and have to suddenly liquidate assets you could incur a loss, which might be more than what you may be losing to inflation on idle cash. In this way, cash can serve as a form of insurance against these potential losses of buying power.

Don't let fear rule the day

Many investors have an understandable reflex to hoard cash in times of uncertainty or when market volatility seems to be ongoing or even forecasted. The impetus to hold on to what cash we have is a common one, and when this happens, it's important to discuss the implications of this position with your advisor. They'll serve as an objective sounding board.

Asset allocation may be your best investment friend

When it comes to cash, the principles of asset allocation are likely to still hold true. Risk tolerance and time in the market are the tenets to keep in mind. For this reason, some recommend that dividing cash into different categories can be helpful. Bucketing cash into long-term, mid-term and short-term needs can give you a clearer picture of how much readily available cash to hold and for how long. Assign a risk tolerance for each of these, and move cash into appropriate vehicles that match your risk profile. Bank deposit programs and money market mutual funds might work as a low-risk option for short-term cash needs; mid-term cash needs might be best served with CDs; and long-term options could include annuities, life insurance and bonds. Rebalancing your cash portfolio from time to time and looking at these buckets is just as important as rebalancing your entire portfolio as you move into and through each new phase of your life.

Keep it safe

Making sure your cash is insured is, generally speaking, a wise move, but again this depends on your particular risk profile. The FDIC insures up to $250,000 per depositor, per ownership category, per FDIC-insured bank. FDIC ownership categories, for example, include certain retirement accounts, trusts, corporation accounts and more. It's a good idea to check with your institution if you have multiple accounts at one bank and accounts held jointly with a spouse, partner, parent or child to see what is insured and what is an excess deposit. The FDIC also has an informative website (Electronic Deposit Insurance Estimator at edie.fdic.gov), where you can enter your account information online – and it will run an instant report for you so you can see what's protected.

Once you know what's insured, you can protect excess cash in a number of ways. The most straightforward way is to review accounts at multiple banks and consolidate cash where appropriate. Online banks generally offer a higher interest rate than brick-and-mortar retail banks, and a quick online search can give you current rates. Some of these accounts offer same-day transfers to retail banks for quick access to your money, but remember you may be limited to the number of transactions you can make per month.

Buying CDs divided across multiple banks can help protect your cash and ensure your money is insured. Be mindful that CDs are term deposits that require you to hold until maturity to reap the benefits of a higher interest rate, and withdrawing early can subject you to penalties.

Credit unions, which are not under the purview of the FDIC, do offer insurance on up to $250,000 through the National Credit Union Administration – and may offer some other benefits in addition to investing in your local community, like higher interest rates and lower fees.

You can also ask your advisor about bank deposit programs that may be available. These types of programs put cash in your brokerage account into interest-bearing deposit accounts at multiple banks. If your investment accounts are eligible, it may be possible for up to $3 million to be FDIC-insured and up to $6 million for joint accounts.

Cash management features are another option, usually offered by nonfinancial institutions or brokerages. They offer some of the flexibility of a checking account and debit cards as well.

The bottom line

Cash can be a vehicle of opportunity, and it can provide a feeling of safety in an unstable market or recession. The factors to consider around how much cash to keep liquid or near liquid are as individual as you are. The good news is that there are plenty of different ways to work with the cash you have and as many ways to make sure your cash is protected. Your advisor can help point you in the right direction. W

Rebalancing a nonretirement account could be a taxable event that may increase your tax liability. Insurance and annuities offered through Raymond James Insurance Group. Raymond James & Associates, Inc., and Raymond James Financial Services, Inc., are affiliated with the Raymond James Insurance Group.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 the strategy selected. Asset allocation and diversification do not ensure a profit or protect against a loss. U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. Certificates of deposit offer FDIC insurance and a fixed rate of return. The market value of fixed income securities may be affected by several risks, including interest rate risk, default or credit risk, and liquidity risk.

Sources: finmasters.com; thenationalnews.com; investopedia.com; seattletimes.com; treasurydirect.gov; investopedia.com; forbes.com; edie.fdic.gov; intrafinetworkdeposits.com; bloomberg.com

Food trends for every taste

What to expect in 2023

Food is not only functional but also fun. Every year, there are trends (some better than others) that crop up. If you're wondering what will be the talk of the town (or on TikTok) in 2023, take a look at our predictions. There's something for every taste.

Surprise! It's what's for dinner.

The Too Good To Go app is addressing food waste by connecting consumers with restaurants, cafes and grocery stores (180,000 partners and counting) that have surplus, unspoiled food they want to sell. You won't know what you're getting until you pick up your surprise bag, but it'll be deeply discounted – and delicious.

On the clouds.

If you scrolled through social media last year, you probably caught a glimpse of cloud bread. (It got 3.4 billion views on TikTok.) This fluffy, sometimes rainbow-colored phenomenon will continue to dominate your feed. The versatile, pillowy creation is made with three ingredients – egg whites, sugar and cornstarch – and can be used for things like sandwiches and pizza.

Mocktails get an invite.

Nonalcoholic beverages spiked 33% in the last year, according to NielsenIQ, and there's no sign of growth ebbing. Trends like "dry January" and the sober-curious movement are making these booze-free bevs popular. Faux cocktails might just be following in the footsteps of faux meat this year.

Mushroom mania!

Veggie gardens grew in popularity during the pandemic – and the rise in grocery prices will probably keep the trend going. Potatoes, cucumbers and beets are the most popular homegrown veggies, but the number of mycelium growers are multiplying. The best news is they're pretty easy to grow, and there are a variety of beginner kits for popular and tasty varieties, like shiitake and white oyster.

Oats on trend.

Remember when overnight oats became an overnight sensation? Or when savory oatmeal busted on the scene? Now, baked oats are having a moment. A viral TikTok trend, with 1.3 billion views last year, these simple recipes can be healthy or dessert-like. Regardless, one thing is certain – oats are always being reinvented, and the baked variety has staying power.

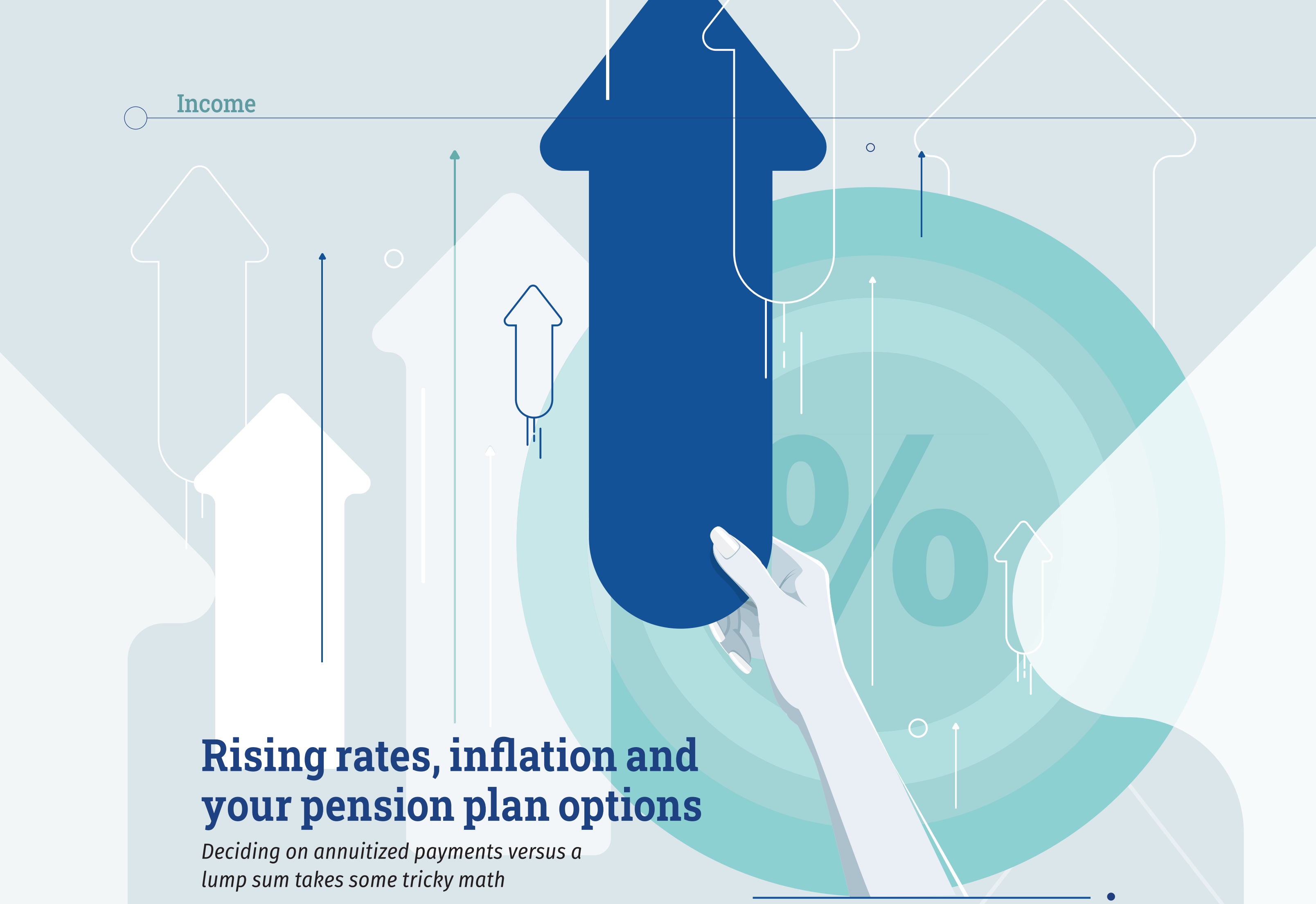
Upcycled ingredients.

Wilted greens or bruised fruit are still food. And Shuggie's Trash Pie in San Fran is throwing it on pizza to combat food waste. After all, the USDA estimates 30% to 40% of the food supply goes to waste. This popular spot isn't the only one upcycling to save the food supply. Whole Foods is debuting oatmeal chocolate chip cookies this spring that are made from the pulp left over from oat milk production.

Ahh, the experience.

Good food just doesn't cut it anymore. When we go out, we want an experience. So, experiential dining is expected to see a massive rise this year. We're not just talking about dinner theatres either; think an underwater restaurant like Under in Norway or dining under a waterfall at Labassin Waterfall Restaurant in the Philippines. If you're not afraid of heights, Dinner in the Sky has held events all over the world in which you eat at a table hoisted by a crane.

Sources: toogoodtogo.com; insider.com; theguardian.com; mashed.com; iamafoodblog.com; businesswire.com; npr.org; tastingtable.com; washingtonpost.com; foodandwine.com; usda.gov



Rising rates, inflation and your pension plan options

Deciding on annuitized payments versus a lump sum takes some tricky math

With the SECURE Act 2.0, required minimum distributions (RMDs) are getting a lot of media attention. Pundits discuss strategies for what to do at certain ages, and how market volatility and rising interest rates may affect distribution strategies from your individual retirement accounts.

But there's another retirement income source that is affected by both rising rates and inflation – namely pension payouts. While pensions seem to be rarer and rarer these days, if you have one, you may have some opportunities and challenges to think through as inflation and interest rates are on the rise.

Consider this

It's no secret that interest rates have risen significantly since the beginning of 2022. High-quality corporate bond yields – the interest rates used to value lump-sum payments from a pension plan under Employee Retirement Income Security Act – reached elevated levels not seen in quite some time.

While higher rates impact pensions in a few ways, retirees planning to rely on that income should know that higher rates produce lower lump-sum payouts. That means a lower amount is required for the pension fund to completely "cash out" what it owes you as the participant.

Other factors

If your plan sponsor has a threshold to cash out participants whose lump-sum value falls under a certain amount, it may automatically cash you out – with or without your consent. Doing this generally benefits the plan and is likely to throw off your careful retirement income calculations when the reality of a lower payment hits.

In an ideal world, plans would give fair warning, so participants hoping to retire within the next year aren't caught off guard. But that is not always the case.

The rate debate

Many defined benefit plans offer lump-sum payouts based on a uniform interest rate table from the IRS, known as 417(e) rates, which are issued monthly. The calculation is complex; there are actually three different rates or "segments," based on a number of factors, including one's life expectancy. What you really need to understand is that there's an inverse relationship between those rates and lump-sum pension payouts. When the rates rise, the payout decreases and vice versa.

If you're nearing retirement, you'll have a decision to make: Do you want monthly payments or a lump sum? In the not-too-distant past, interest rates were low enough to make the lump-sum option more attractive. A rising interest rate environment is bound to have a negative effect on lump-sum payouts. As will inflation.

Just how big that effect is may rely on the answers to these two questions, which you'll want to know before navigating the numbers.

1. What's the timeline?

Some defined benefit plans offer lump sums as an ongoing option. Others only do so for a limited time. Find out how yours operates.

2. What rates are used for the lump-sum calculation?

There are several methodologies for the interest-rate calculation, and the calculations can be made monthly, quarterly or annually. Some pension funds even take an average to figure out their lump-sum payments. The key is to figure out your fund's approach and review the summary plan description with the plan administrator, so you know what you're dealing with.

For example, while the IRS updates its numbers monthly, your pension plan may use only a particular month's rate to calculate those one-time payments for the following year. It behooves you to know exactly which month's rate will apply in your situation. If the plan is relying on the rate from a month last year when interest rates were lower, that would increase your potential lump sum. In other words, a lump sum paid out this year based on a lower rate set in 2022 would be more than a 2023 payout determined by a higher rate this year. Some plans will offer a comparison to help you time your decision, showing amounts before and after an expected rate change. Be sure to ask.

On the other hand, pension annuities are not directly impacted by rate changes; they're determined by a formula based on factors such as age, years of service and salary. You can generally expect a fixed amount per year. However, those monthly payments typically do not come with any cost-of-living adjustments either, which make them susceptible to inflation risk. You'll want to factor all of these things into your decision.

Timing is everything

Your advisor may have cautioned you not to time the market. And that's generally good advice. However, your pension payouts may rely on timing.

Because of the complex math involved, you can see that current interest rates have an outsized effect on your lump-sum calculation, particularly in a rising rate environment. Of course, interest rates have increased in the last 12 months, along with inflation. Both of which would chip away at a lump-sum value.

But there may still be opportunity. Because pension plans typically change their lump-sum calculations once a year, many base their computations on previous months' rates, as mentioned above. So, some eligible retirees may be able to use older, lower rates when calculating their current lump-sum value.

If that's the case, you may be able to receive a larger lump sum, which could help mitigate the effects of a volatile investment environment. If you can swing it, that also means you have the opportunity to use your pension lump sum to add new positions to your portfolio or increase your allocation to favored investments at a discount. This strategy can help mitigate the potential losses that interest rates and inflation can have on your pension income. The key is making sure your asset allocation is attuned to your risk tolerance and time horizon.

Know yourself

Of course, interest rates aren't the only factor to consider when it comes to a one-time payout. Do you have the discipline to properly manage that lump sum so it will benefit you over your lifetime? Are you ready to retire sooner rather than later? Doing so could mean missing out on earned income. There are many factors that come into play, and your human resources department, plan administrator and professional advisors can help you parse the details.

Sources: Worker Participation in Employer-Sponsored Pensions: Data in Brief, Congressional Research Service, as of November 2021; segalco.com; mainstaycapital.com; forbes.com; cnbc.com

Destination appreciation

Sustainable tourism is restoring balance and hope along with a sense of adventure

Go. See. Do. Buy. Eat. Drink. Sleep. Check out. Return. Broadly speaking, that might have once encapsulated many people's notion of vacation travel. But travel has evolved. Over time, the quest to visit our world's most special places has inspired an important question: How can we help ensure these places remain special for future generations?

And thus, the concept of ecotourism emerged as a type of travel for people who wanted not only to visit exotic environments but to also learn about them while causing no harm or damage. This form of educational travel became popular, helping mold the more encompassing concept of sustainable tourism.

According to the Global Sustainable Tourism Council, sustainable tourism refers to sustainable practices in and by the tourism industry. It is an aspiration to acknowledge all impacts of tourism, aiming to maximize the positive and minimize the negative. The UN World Tourism Organization defines it as tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.

According to Booking.com's 2022 Sustainable Travel Report, 71% of global travelers expressed a desire to travel more sustainably within the next year – an increase of 10% over 2021.

However you think about it, sustainable tourism has taken off – and is gaining momentum. From awe-inspiring destinations to new technology, the future looks brighter and cleaner for responsible travelers everywhere.

Campi ya Kanzi, Kenya

At this picturesque ecolodge, only renewable energies are used. This includes photovoltaic panels for electricity, solar boilers for hot water, cooking with stoves using charcoal from coffee husks and more. Safaris here use electric game-drive vehicles, which are quieter and less disturbing for a better animal-watching experience.

Xala, Mexico

On the Pacific Coast of Mexico, this new development aims to be the benchmark for tomorrow's sustainable, eco-friendly travel. With phase one set to open in 2023, the project includes luxury residences, boutique hotels, a hostel and more. Xala aims to restore and protect the local environment while spearheading programs to protect the region's endangered species, such as reptiles, ocelots and turtles. The goal is to create a community-oriented destination focused on agriculture, farming and sustainability.

Blue Osa Yoga Retreat and Spa, Costa Rica

A favorite among ecotourists, Costa Rica committed to becoming the world's first carbon-neutral country by 2021 (though COVID-19 has caused delay). Its efforts have led to countless gems, like Blue Osa. Running primarily on solar power, the resort provides space to connect with the land, yourself and others. Those accustomed to luxury likely would enjoy the exquisitely designed bungalows, a chlorine-free lap pool, farm-to-table cuisine and a holistic spa.

Sources: earth-changers.com; forbes.com; futurelearn.com; greenglobaltravel.com; gtscouncil.org; ioi.ngo; journeymexico.com; mrhudsonexplores.com; partner.booking.com; revfine.com; shondaland.com; sixsenses.com; skyscanner.com; thegotofamily.com; travelpulse.com; tripadvisor.com; wildcoast.co.za

Palau, Micronesia

"Children of Palau, I take this pledge, as your guest, to preserve and protect your beautiful and unique island home." When you consider this pledge must be signed by all visitors, it's quite clear environmental stewardship is of utmost importance across this slice of paradise. And it's no surprise a no-fishing zone is in place for hundreds of miles (including a designated shark sanctuary), protecting the rich biodiversity of the archipelago's surrounding waters. Once you arrive, accommodations like Palau Pacific Resort or COVE Resort Palau, among others, will be perfect for relaxing after a long journey.

Mdumbi Backpackers, South Africa

This hostel belies its name. It's not just for college students, but anyone whose sense of adventure centers around marine and outdoor activities. Sure, there are eco-friendly practices, like solar energy and sustainable waste systems, but the hiking, whale watching and epic surfing along the Wild Coast will tame your inner adventurer.

Coiba Island National Park, Panama

Calling outdoor enthusiasts and avid divers. How about an excursion so green it requires permission from Panama's National Environment Authority? Off the beaten path but well worth the trek, Coiba Island National Park remains largely unspoiled and is even referred to as "the new Galapagos" among those in the know. About 75% of the island's 1,053 square miles is virgin tropical forest and about 80% of the park is oceanic, teeming with whales, bottle-nosed dolphins, sea turtles and rare tropical fish. Are you grabbing your gear yet?

Six Senses Fiji, Malolo Island

Entirely solar powered, this stunning resort recycles rainwater, runs on a low-waste model and features artwork and furnishings created by local villagers. Over 100 hens and roosters produce fresh eggs while a protected beehive area produces delicious honey. Six Senses Fiji is also involved in the conservation of the critically endangered Fijian crested iguanas, as well as a number of cottage industries that support the local economy.

Hardangerfjord, Norway *(pictured)*

Bundle up for the Scandinavian nation receiving honors from National Geographic's Center for Sustainable Destinations for its conservation endeavors and rural land preservation. Then head to the third-largest fjord in the world for kayaking and guided boat tours past colorful towns, glaciers, waterfalls and snow-capped mountains. At Hardangervidda Nature Center, you can become an active and creative part of a high-tech exhibition focusing on Norway's nature, climate and environment. W

An app for that? You bet.

Lest you feel out of your element, even first-time travelers can leave a smaller footprint with the help of some tech.

Green Globe

This green travel app finds sustainable hotels, resorts, cruise ships, tours and more while providing photos, videos and links to help you book directly.

Green Travel Choice

Track your CO2 emissions whether you're driving a car, taking a bus, flying on a plane or riding a motor bike. This app keeps a log of your trips, travel distance and emissions over time to help you choose transportation more wisely.

Localvore

For those craving local flavors, this app leads the way to farmers markets and restaurants that use local produce. While free to use, a paid membership gives you access to special discounts and giveaways.

FairTrip

Because there's nothing like investing in people, this app finds local lodging, shops, restaurants and experiences rated by their positive social impact, status as a green business and ability to pay fair wages to employees.

Glooby

This app cross-references flights and hotels across multiple booking platforms with their potential environmental impact so you can go green and save money at the same time.

"Sisters of the Greasy Grass" by John Coleman
Oil on canvas – 2020, 29 1/2" x 20"

Among many Native American communities, dolls have a spiritual significance and are used to teach young children the heritage of their people. They are thought of as sisters, which partly explains the title of this painting by John Coleman. The rest reflects the Crow description of the shiny, wet look of the terrain in southern Montana.

But one might argue John's journey to become a painter and sculptor of the American West is almost as intriguing as the work itself. After all, how does someone from southern California who spent his youth barefoot and steeped in beach culture develop a passion for Plains Native American figures?

"You could call it tribalism," says John with a chuckle. "I grew up with a tribe of surfers and now live surrounded by living American traditions."

John's mother nurtured his artistic side from a young age, often taking him to art stores. Though he struggled with writing due to dyslexia, he had a distinct ability to visualize. And with prints from artists like Rembrandt and Wyeth hanging in his bedroom, he wondered if his ability could someday have greater meaning.

In 1972, John and his wife moved to Arizona and eventually settled in Prescott. They were successful for years in real estate and homebuilding before John decided to pursue his true calling. Initially producing cast-resin bas-reliefs, he was quickly noticed by collectors. This led to more work, followed by membership in the prestigious National Sculpture Society. Still, the artist's curiosity to revisit and explore painting grew.

He started with charcoal drawings of his sculptures and then moved to oils, producing pieces that connected with viewers as powerfully as his 3D work. Paying rapt attention, the biggest names in Western art would invite him into the Cowboy Artists of America in 2001. For someone who now claims a late start, he was well on his way to successful, ongoing reinvention.

For "Sisters of the Greasy Grass," John had a teepee set up at Little Bighorn Battlefield. An 8-year-old Crow girl from the Bird In Ground family served as the model, wearing a ceremonial dress and playing with her sister. While impressionistic in nature, the painting features stunning details, which John regards as seasoning for the overall mood.

"There has to be a soul – something deeper than photo-realism," he says. "I want people to see what's not there and actually feel what's in front of them." To learn more and view additional work, visit colemanstudios.com.

The Tom and Mary James/Raymond James Financial Art Collection

One of Florida's largest private art collections, The Tom and Mary James/Raymond James Financial Art Collection is housed at the Raymond James Financial headquarters in St. Petersburg, Florida. The collection includes paintings, drawings, sculptures, graphics and mixed media. A portion of the collection resides at The James Museum of Western & Wildlife Art (visit thejamesmuseum.org). The museum represents the culmination of Tom and Mary's more than 50 years of collecting culturally significant pieces and is a gift to the community.

Financial wisdom for the ages

Back in the day, many or our financial lessons centered on balancing a checkbook and avoiding overdraft fees. Today, you might be hard pressed to find a young adult who has even seen a checkbook. Young people still need financial guidance, beginning with the toddler years and advancing as they grow. Your advisor can help. Let the solid financial future begin.

TODDLERS

Observation: Children mimic everything. Show them how you make choices at the store, prioritize paying bills on time and give to causes you care about.

Clarity: A clear jar to collect change and birthday cash can help a child visualize their savings progress. A little praise helps, too. Larger monetary gifts should be stashed in more advantageous ways, like savings bonds and 529s.

PRESCHOOLERS & KINDERGARTNERS

Go & do: Things cost money. Let your child experience this tradeoff for themselves. Have them grab a few dollars from their jar to spend on something they want. Experiencing a purchase transaction is likely to pay off in dividends.

Teach patience: If your child just "has to have" something, encourage them to wait at least 24 hours before the purchase. We all know it takes practice to temper impulse purchases.

ELEMENTARY & MIDDLE SCHOOLERS

Reinforce giving: Financial intelligence is even better paired with lasting values and concern for others. Take your child to donate some of their savings to a local charity, perhaps centered around animals. Soon they'll see how good giving feels.

Check, please: It's time for their own checking and/or savings account, and every preteen should be taught how to check the balance and set up overdraft warnings in the related app.

Number crunch: Establish a simple budget. You can teach them yourself or leave it to the device they're glued to anyway. Apps like Mint, EveryDollar, PocketGuard and others can help your kid become a budding financial genius.

HIGH SCHOOLERS & YOUNG ADULTS

Let the earning begin: Your kid(s) may seek a job they like during breaks from school. Or maybe they have a business idea. Encourage them. You could match any earned income for extra motivation. Once they start earning, consider opening a tax-advantaged Roth IRA.

The bad & good: Once kids turn 18, especially at college, credit card offers come knocking. Discuss the effects of interest and caveats of debt. Then explain how responsible use can establish a credit history and increase their score, which helps get favorable terms on future loans they may need.

The amazing: Want your child to get excited about investing? Show them a compound interest calculator. Sites like investor.gov feature easy-to-use tools and give you and your advisor the perfect segue to introduce investment account options.

Sources: childdevelopmentinfo.com; forbes.com; moneygeek.com; nerdwallet.com; ramseysolutions.com; raymondjames.com


Architect. Mentor. Beekeeper.
A life well planned allows you to
LIVE *YOUR* LIFE.
While you may not be running an architectural firm, tending hives of honeybees and mentoring a teenager – your life is just as unique. Backed by sophisticated resources and a team of specialists in every field, a Raymond James financial advisor can help you plan for the dreams you have, the way you care for those you love and how you choose to give back. So you can live *your* life.
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