

truNorth[™] Magazine

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Happy Holidays and Merry Christmas!

We truly consider it a joy to be able to serve our wonderful clients! As we celebrate Thanksgiving, and turn our attention to Christmas and the New Year, we want to say **THANK YOU** to each and every one of you for the honor of serving you and your family's financial and investment needs. We are very blessed to have the opportunity to work with each of you, and we look forward to doing so in the year ahead as well. We sincerely hope you have time to spend with your family and friends, and have the chance to enjoy all that the holidays have to offer. Have a very Merry Christmas, the most wonderful New Year, and a Happy Holidays from all of us to all of you!

HELPING CLIENTS ACHIEVE THEIR MISSION

Meetings with our Valued Clients

Qualified Charitable Distributions (QCDs) and Taxes

Many of our generous clients take advantage of Qualified Charitable Distributions (QCDs), which are distributions available to clients aged 70 ½ or older and are made directly from your traditional IRA to a qualified charity, tax free. This is a newer option in the last several years, and we have found that some accountants aren't aware of them and may not list them in the appropriate place on your tax return.

To ensure your accountant has all the information they need, make sure that you save the confirmation that Fidelity or Schwab sends you when the gift is made and give it to your accountant with your other tax forms each year.

On your tax return, a QCD is indicated on line 4b, and we have provided an example below. If you made a QCD in the tax year, the number in line 4b should be lower than the number in line 4a and "QCD" should be typed in next to line 4b.

If you are concerned that your QCDs may not be accounted for correctly, we would be more than happy to review your tax return and connect with your accountant.

The image shows a portion of Form 1040 (2019) with the following entries:

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	70,000
b	Taxable amount QCD	4b	50,000
c	Pensions and annuities	4c	
d	Taxable amount	4d	
5a	Social security benefits	5a	
b	Taxable amount	5b	
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here	6	<input type="checkbox"/>
7a	Other income from Schedule 1, line 9	7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	
8a	Adjustments to income from Schedule 1, line 22	8a	
b	Subtract line 8a from line 7b. This is your adjusted gross income	8b	
9	Standard deduction or itemized deductions (from Schedule A)	9	
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10	
11a	Add lines 9 and 10	11a	
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b	

Standard Deduction for—
• Single or Married filing separately, \$12,200
• Married filing jointly or Qualifying widow(er), \$24,400
• Head of household, \$18,350
• If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2019)

Increased IRA Contribution Limits for 2024

IRA contribution limits will increase in 2024. The new limit is \$7,000 per year (increasing from \$6,500) with an additional \$1,000 catch-up contribution which allows those age 50 and over to save \$8,000. If you automate contributions to your traditional or Roth IRA, we will be reaching out to you to see if you would like to increase to match the new limit. Limits will also increase for 401(k) accounts, SEP and Simple IRAs, HSA's, and FSA's. As always, we are here to help you navigate these changes so please let us know if you have any questions.

Taste of Charity

*Supporting the communities
where our clients live and work*

There are many causes that we at truNorth hold dear to our hearts and some of the most important ones to us are the ones that support local youth programs. We believe that the most valuable investments we can make are in the lives of young people.

This year we've been honored to donate funds to many organizations that involve children and youth in our communities including sports programs, scouting, and schools.

Here are just a few of the youth organizations that we've supported this year:

- Maroon & Grey Club
- Franklin County Friends of Scouting
- SASHS Baseball Booster Club
- The Greyhound Foundation
- Cumberland Valley Christian School Yearbook

You can see a larger sampling of the great local organizations we have supported in 2022 and 2023, on our website: [truNorthFS.com/Community](https://www.truNorthFS.com/Community)

Recipe Corner

Raspberry-Glazed Double Chocolate Dessert

Ingredients

Cake

16 oz semisweet baking chocolate
1 cup unsalted butter
6 eggs

White Chocolate Ganache

8 oz white chocolate baking bars, cut into small pieces
1/2 cup whipping cream
1 tbsp unsalted butter

Raspberry Glaze

1 pkg (10 oz) frozen raspberries in syrup, thawed
1 tbsp cornstarch

Topping

1 cup whipping cream
1 cup fresh raspberries

Instructions

Step 1 Heat oven to 400. Spray 9-inch springform pan with cooking spray. Melt semisweet chocolate and 1 cup butter over med-low heat, stirring constantly until smooth. Cool 35 minutes or until completely cooled.

Step 2 Beat eggs with electric mixer on high speed 5 min or until light and lemon colored. Fold cooled chocolate into eggs until well blended. Pour into pan.

Step 3 Bake 15 min. Dessert will be soft in center. Cool completely in pan on cooling rack, about 1hr 30 min. Refrigerate 1 hr 30 min or until firm.

Step 4 Place white chocolate baking bars in small bowl. In small saucepan, bring 1/2 cup whipping cream and 1 tbsp butter just to a boil. Pour over chocolate: stir until smooth. Cool completely, about 5 min. Refrigerate 1 hour or until chilled.

Step 5 Place strainer over small saucepan: pour raspberries into strainer. Press with back of spoon through strainer to remove seeds. Stir in cornstarch. Cook over med heat until mixture boils and thickens, stirring constantly. Cool 30 min or until completely cooled.

Step 6 Spread white chocolate ganache on top of cooled dessert. Spread raspberry glaze over ganache. Refrigerate 30 min; serve or refrigerate until serving time.

Step 7 To serve, let dessert stand at room temp for 1 hr. In medium bowl, beat 1 cup whipping cream until stiff peaks form. Spoon whipped cream into pastry bag with large star tip. Pipe cream onto edge of dessert. Garnish with fresh raspberries.

Highlights from Recent Client Conversations

Family Matters

We want to highlight for you some recent conversations we have been having to ensure you know that this is another service that we provide to our valued clients. Many clients, as they age, or as they make updates to their Wills, POA's and Medical POA's/Living Wills not only want to get all these correct, but they want to find a way to communicate the relevant parts of this to their family members. We often recommend having what we call a **"Family Meeting"** where we schedule a time for us and you and your family to spend an hour or so talking through all these arrangements so that everyone is up to date and on the same page. We typically host these Family Meetings here at our office, where we can easily set up a Zoom video call for the family members that live at a distance and have the rest of you here in the conference room with us at the same time. We recently held two different Family Meetings, one where a long-term client brought her daughter and her son along with her for her regular review meeting. We were able to assure them that all her documents were recently updated, who was selected as POA and Executor, and put everyone's mind at ease that "Mom has everything taken care of with the help of truNorth." In this meeting, our client preferred that we not share what her account balances were. Some clients express that preference, and we often recommend this. So, throughout the meeting we spoke in percentages and kept that part completely confidential. In another recent Family Meeting, another client brought both of her sons, and we spoke openly, at her request, about balances, cash flow, taxes, her Will and POA, and even her checking and savings accounts as they help her with that now as well.

These Family Meetings have proven to be very helpful in having an open conversation about these important topics. It also gives us a chance to get to know the rest of the family, answering questions they have, and give them faces and voices to become familiar with as we all work together. Our clients who have had these meetings have shared how helpful it is to them to have us arrange, host, and lead the conversation, and that their family members were all assured and glad that we all got together. If you and your family would benefit from a meeting like this, please let us know!

PUTTING THE *BEST INTEREST OF EACH CLIENT FIRST*, PERIOD.

Lifestyle Investment

Which are more attractive right now: Stocks or Bonds?

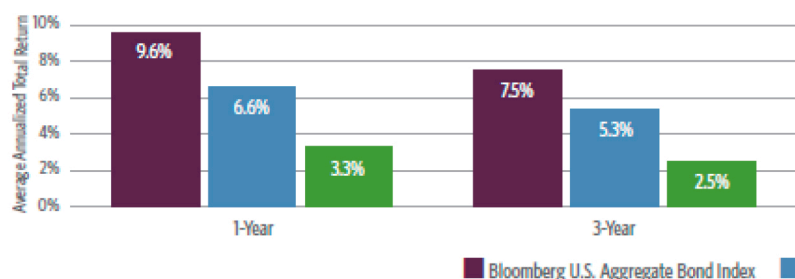
To be honest, we don't actually get this question very often :) and if you look at the past 10-15 years, you can understand why. The past 10 years especially, even when you include the 2022 market downturn that we have not fully recovered from yet, stocks enjoyed stronger returns than their long-term average. Bonds, during that same period, experienced exceptionally low returns due to low yields and low interest rates. Both stocks and bonds declined by double-digits during 2022. Over the long-term of course, stocks have outperformed bonds by a fairly significant margin. This is especially true when you factor in the impact that inflation and taxes have on returns as well. As a reminder, stocks over the past 60 years, have provided average annual returns of 7.25% per year, and bonds have provided returns of 3.75% per year.

So, which one is a better opportunity? **We actually like both stocks and bonds right now!** Stocks look attractive at these levels and still have some distance to go to fully recover from the 2022 dip. Bonds are finally paying higher yields, many around 4.5% - 5%, for the first time in 15 years. Bonds also tend to perform especially well when the Federal Reserve ends a hiking campaign, or even cuts rates, which many experts believe could begin in the second half of 2024. The article and chart below are from Guggenheim detailing how well bonds have historically performed once the Fed was done hiking. Good news, we think both stocks and bonds are positioned to provide attractive returns moving forward.

Fixed-Income Opportunities at the End of Fed Tightening

Since the Fed started tightening in 2022, rates have risen at a historically fast pace, the yield curve has inverted, and banks have failed. In these uncertain times, fixed-income investors can choose to add duration and credit exposure or allocate to the relative security of Certificates of Deposit (CDs). With many believing the Fed is in the late stages of the hiking cycle, we looked at the past three Fed tightening cycles, examining the attendant pauses in rate hikes and the periods when the Fed started cutting rates. We sought to identify those points at which fixed-income investors may expect to find opportunities to realize attractive risk-adjusted returns. During each of these periods, adding duration and credit exposure, especially after the Fed stopped tightening, would have been a more attractive option from a total return perspective than allocating to CDs over the subsequent 1-year and 3-year timeframes. The current environment can present attractive total return opportunities, but it is essential to access timely and informative market insights. Market volatility can be unnerving, and investors should have a plan that is informed by historical perspective, not emotion, although past performance does not guarantee future results.

Average Returns When Fed Stopped Tightening¹



Average Returns When Fed First Cut Rates¹

