



*More key numbers coming next quarter*

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2024.

### Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2024 is \$18,000, up from \$17,000 in 2023.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2024 is \$13,610,000, up from \$12,920,000 in 2023.

### Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2024, the standard deduction is:

- \$14,600 (up from \$13,850 in 2023) for single filers or married individuals filing separate returns
- \$29,200 (up from \$27,700 in 2023) for married joint filers
- \$21,900 (up from \$20,800 in 2023) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2024 is:

- \$1,950 (up from \$1,850 in 2023) for single filers and heads of households
- \$1,550 (up from \$1,500 in 2023) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

### Employer-sponsored retirement plans

Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$23,000 in compensation in 2024 (up from \$22,500 in 2023); employees age 50 or older can defer up to an additional \$7,500 in 2024 (the same as in 2023).

Employees participating in a SIMPLE retirement plan can defer up to \$16,000 in 2024 (up from \$15,500 in 2023), and employees age 50 or older can defer up to an additional \$3,500 in 2024 (the same as in 2023).

### Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above \$2,600 in 2024 (up from \$2,500 in 2023) is taxed using the parents' tax rates.

### IRAs

The combined annual limit on contributions to traditional and Roth IRAs is \$7,000 in 2024 (up from \$6,500 in 2023), with individuals age 50

or older able to contribute an additional \$1,000. The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges (see table). For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges (see table). The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

#### MAGI Ranges: Contributions to a Roth IRA

	2023	2024
Single/Head of Household	\$138,000-\$153,000	\$146,000-\$161,000
Married filing jointly	\$218,000-\$228,000	\$230,000-\$240,000
Married filing separately	\$0-\$10,000	\$0-\$10,000

#### MAGI Ranges: Deductible Contributions to a Traditional IRA

	2023	2024
Single/Head of Household	\$73,000-\$83,000	\$77,000-\$87,000
Married filing jointly	\$116,000-\$136,000	\$123,000-\$143,000

Note: The 2024 phaseout range is \$230,000-\$240,000 (up from \$218,000-\$228,000 in 2023) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is \$0-\$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

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## Extreme Weather and Your Home Insurance: How to Navigate the Financial Storm

With wildfires in Maui, Hurricane Idalia in Florida, and the heat wave that blanketed the South, Midwest, and Great Plains, 2023 was a record-setting year for extreme weather in the United States. In fact, last year the U.S. saw more weather and climate-related disasters that cost over \$1 billion than ever before.<sup>1</sup>

As a result of these extreme weather events, many insurance companies have begun to raise rates, restrict coverage, or stop selling policies in high-risk areas. This has left homeowners in a precarious situation when it comes to home insurance, as many are now faced with higher premiums, lower home values, and the possibility of the nonrenewal of their policies.

If you live in an area that is susceptible to extreme weather events, you'll want to be prepared for the possible disruption of your home insurance coverage. The key is to act quickly so that you can manage your financial risk and help make sure that your home is protected.

### Handling a nonrenewal

Depending on the state you live in, if your insurer chooses not to renew your coverage, they generally have 30 to 60 days to send you a notice of nonrenewal. Your first step should be to contact your insurer and ask why your policy wasn't renewed. They may reverse their decision and renew your policy if the reason for nonrenewal can be fixed, such as by installing a fire alarm system or fortifying a roof.

If that doesn't work, you should begin shopping for new coverage as soon as possible. Start by contacting your insurance agent or broker or your state's insurance department to find out which licensed insurance companies are still selling policies in your area. You can also try using the various online comparison tools that will allow you to compare rates and coverage amongst different insurers. Finally, ask for recommendations for insurers from friends, neighbors, and coworkers who live nearby.

### Consider high-risk home insurance

If your home is deemed to be at high risk due to its geographic area, you may want to look for an insurance company that specializes in high-risk home insurance.

High-risk policies often have significant exclusions and policy limits and are more expensive than traditional home insurance policies. However, they can provide coverage to a home that might otherwise be uninsurable.

### Use a FAIR plan as a last resort

If you have trouble obtaining standard home insurance coverage, you may be eligible to obtain coverage under your state's Fair Access to Insurance Requirements (FAIR) plan. Many states offer homeowners access to some type of FAIR plan.<sup>2</sup>

FAIR plans are often referred to as "last resort" plans, since homeowners who obtain insurance through a FAIR plan are usually not eligible for standard home insurance coverage due to their home being located in a high-risk area. Coverage under a FAIR plan is more expensive than standard home insurance and is fairly limited — it usually only provides basic dwelling coverage, although some states may offer other coverage options for things like personal belongings or additional structures. In addition,

most states require you to show proof that you have been denied coverage before you can apply for a FAIR plan.

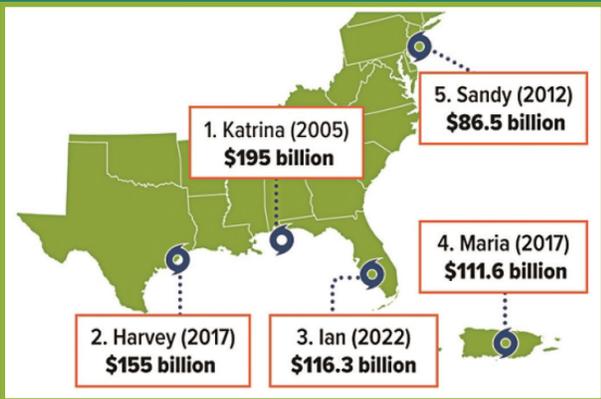
### Avoid expensive force-placed insurance

If you have a mortgage, your lender will require your home to be properly insured. If you lose your home insurance coverage or your coverage is deemed insufficient, your lender will purchase home insurance for you and charge you for it. These types of policies are referred to as "force-placed insurance" and are designed to protect lenders, not homeowners. They usually only provide limited coverage, such as coverage for the amount due on the loan or replacement coverage if the structure is lost.

Force-placed insurance policies are typically much more expensive than traditional home insurance, with the premiums being paid upfront by your lender and added on to your monthly mortgage payment. Your lender is required to give you notice before it charges you for force-placed insurance. In addition, you have the right to have the force-placed insurance removed once you obtain proper home insurance coverage on your own.

1) NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

2) National Association of Insurance Commissioners, 2023



### Five Costliest Natural Disasters in U.S. History

Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

# Individual Bonds vs. Bond Funds: What's the Difference?

Individual bonds and bond funds can both provide an income stream, but there are important differences. An individual bond can offer more certainty and stability than a fund, while a fund can offer diversification that might be difficult to obtain with individual bonds.

## Coupon, maturity, and yield

An individual bond has a coupon rate — the annual interest rate paid on the face value of the bond — and a maturity date, which is the date the principal is returned to the borrower. If you hold a bond to maturity, you will receive any interest payments due during the time you own it (typically paid quarterly or semi-annually) and the full principal at maturity, unless the bond issuer defaults. If you sell the bond on the secondary market before maturity, you will receive the market price, which may be higher or lower than the face value or the amount you paid, depending on market conditions.

By contrast, a bond fund does not have a coupon rate or a maturity date (with the exception of certain defined-maturity funds). A fund typically pays monthly distributions based on the bonds in the fund. The rate can change as bonds are replaced (due to maturity or sales), and as market conditions change. A fund also has fees and expenses, which reduce the interest paid, and fund managers can adjust to market conditions in various ways, depending on the fund's objective. Because there is no maturity date, you can hold the fund as long as the fund company remains in business. However, there is never a guarantee that you will receive your principal no matter how long you hold the shares. Fund shares, when sold, may be worth more or less than your original investment.

Yield is the expected return from a bond or bond fund, based on the interest rate and purchase price. If you buy a \$1,000 bond at face value with a coupon rate of 4%, the yield is 4%. But if you buy the same bond on the secondary market for \$800, the yield is 5%, because you receive interest based on the face value:  $4\% \times \$1,000 \text{ face value} = \$40 \text{ interest} / \$800 \text{ purchase price} = 5\% \text{ yield}$ . Bond fund yields are more complex, but the 30-day SEC yield (or standardized yield) offers a helpful comparison. This is typically calculated using the maximum share price on

the last day of the month and projects annual net investment income assuming it remains the same as the previous 30 days.

## Interest rate sensitivity

Bonds and bond funds are sensitive to changes in interest rates. Generally, when rates rise, the market value of existing bonds and bond funds falls, because newly issued bonds pay higher interest rates. Conversely, when rates fall, the market value of existing bonds and bond funds rises. This only applies to market values and would not affect an individual bond held to maturity.

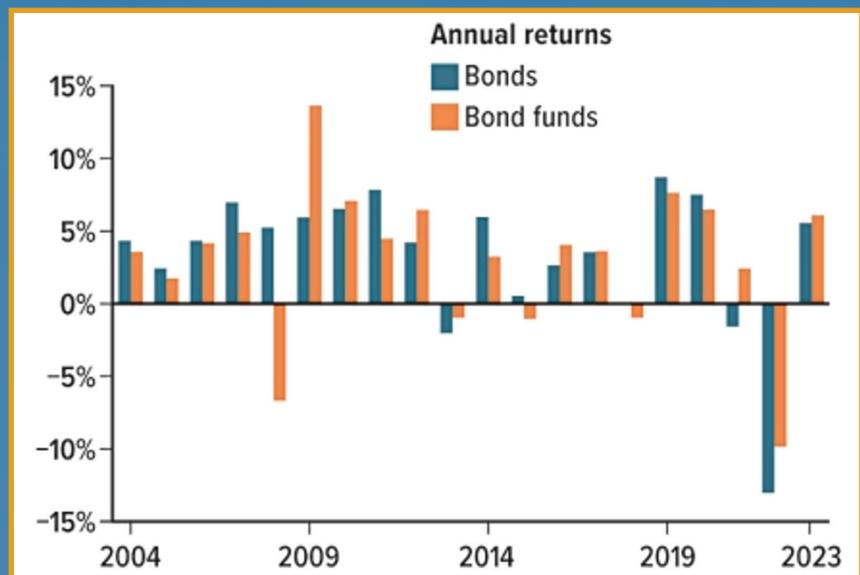
If you owned bond funds during the period that the Federal Reserve was aggressively raising interest rates, you may have been frustrated

as you watched the value of your shares drop. Now that interest rates seem to have stabilized, share values are likely to stabilize as well, and they may increase if rates begin to decrease. Bond funds typically replace underlying bonds as they mature, and new bonds added to funds over the last two years will generally pay higher interest rates, increasing the interest paid by the fund. Although it is impossible to predict future market direction, bond funds may be poised to offer solid returns if rates remain stable or begin to fall.

Diversification does not guarantee a profit or protect against investment loss. Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

## Varied Performance

Individual bonds and bond funds have performed differently over the past 20 years. In part, this is because fund managers may respond to the market in different ways; for example, they might try to preserve yield over share price or vice versa. Note that the performance of individual bonds only applies to values on the secondary market, not to bonds held to maturity.



Source: London Stock Exchange Group, 2024, for the period 12/31/2003 to 12/31/2023. Bonds are represented by the Bloomberg U.S. Aggregate Bond TR Index, and bond funds are represented by the Thomson US: All Gen Bond - MF Index. Expenses, fees, charges, and taxes are not considered. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Investments seeking higher rates of return involve a higher degree of risk. Past performance is no guarantee of future results. Actual results will vary.

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## Why Family Businesses Should Have Succession Plans

In recent years, the family drama surrounding an aging media mogul — and his unresolved succession plans — have been at the center of a hit television show. For family businesses, succession plans are designed to ensure the orderly transfer of ownership and leadership to the next generation. But relationships among family members are sometimes just as complicated in real life as they are on TV and monetizing a closely held business to help fund retirement often takes longer than expected.

In fact, only 34% of family businesses have a robust, documented, and communicated succession plan in place.<sup>1</sup> Much like the fictional billionaire in "Succession," some leaders avoid the issue because they love running their businesses and don't want to stop any time soon.

But one never knows what the future has in store. Even if you are happy, healthy, and determined to stay involved in your business for years to come, you might be glad you took the time to develop a thoughtful succession plan.

### Set a target

It might be wise to have a realistic retirement date in mind. Any effort to identify and groom a successor might take longer than you expect. And if you plan to sell your company, it could take several years to find a qualified buyer, begin the ownership transition, and finalize the transaction. To get the best possible price and terms, you may need to focus on improving the company's balance sheet before you put it on the market.

### Stage your exit

Keeping your business in the family may be an easy decision if an adult child or another relative is capable, willing, and prepared to take over. If so, finding ways to reduce the value of the business on paper could help you gift ownership shares with fewer tax consequences.

Otherwise, it may be possible to sell your business to co-owners, outsiders, or even your own employees. Closing and liquidating the assets could be the only viable option for some businesses.

### Invest for retirement

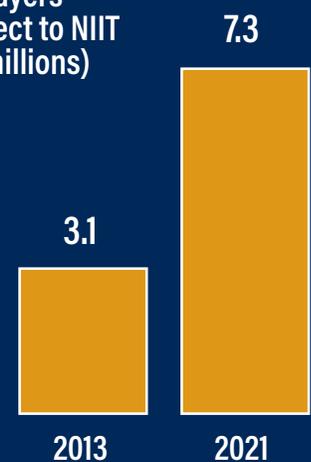
Making annual retirement plan contributions with some of your profits can build wealth outside of your business and help insulate your personal financial picture from risks associated with your business's distinct market. Building a separate investment portfolio might also provide greater flexibility during and after a transfer of ownership.

<sup>1</sup>) US Family Business Survey, PwC, 2023

## Investors Beware: This Surtax Is Creeping Up on You

High-income taxpayers are subject to a 3.8% net investment income tax (NIIT) from capital gains, dividends, interest, certain royalties, rents, and passive income if their modified adjusted gross income (MAGI) exceeds \$200,000 for single filers or \$250,000 for married joint filers. The number of taxpayers paying the NIIT has more than doubled since it took effect, mostly because these income thresholds were not indexed to inflation, and the revenue collected has more than tripled.

### Number of taxpayers subject to NIIT (in millions)



### NIIT revenue (in millions)



Source: Congressional Research Service, 2023 (uses IRS data)

March is Women's History Month. What better time to reflect on the contribution women have made to the field of finance? What follows are the stories of just five of the many women who helped blaze the trail for others in investing, banking, finance, and economics.

## Victoria Claflin Woodhull and Tennessee "Tennie" Claflin

Victorian-era sisters Victoria Woodhull and Tennie Claflin were pioneers on many fronts. Not only did they launch the first brokerage house by and for women, they started a progressive newspaper supporting women's rights and were also suffragists. In 1872, Woodhull was the first woman to run for president.

The sisters' rise to fame had quite unconventional beginnings. Their father was a "snake oil salesman" who made his young girls serve as psychics and healers in his scams. Woodhull later parlayed this unusual experience into a business relationship with the superstitious tycoon Cornelius Vanderbilt. With the backing of his fortune, the sisters opened Woodhull, Claflin & Co., New York's first female-owned brokerage firm. Through surreptitious means (a hidden back door and a women-only lounge), the company helped women manage their own money during a time when it was frowned upon to do so.<sup>1</sup>

## Maggie Lena Walker

Maggie Lena Walker was born to enslaved parents in 1864 in Richmond, Virginia. At just 14 years old, she joined the local council of the Independent Order of St. Luke, an African-American benevolent society that aided the sick and elderly, promoted humanitarian causes, and encouraged individual self-sufficiency.

Walker eventually assumed leadership of the organization, where she served until her death. Among her achievements were launching The St. Luke Herald newspaper, which encouraged economic independence and, in 1903, becoming the first African-American woman to charter a bank — the St. Luke Penny Savings Bank.

Upon opening, the bank helped hundreds begin saving money, including one person who opened an account with just 31 cents. Walker also encouraged children to save by handing out penny banks and allowing them to open accounts after saving 100 pennies.

The bank later merged with two others to become The Consolidated Bank and Trust Company, the nation's oldest bank continually operated by African-American management until 2009.<sup>2</sup>

## Muriel Siebert

The first woman to buy a seat on the New York Stock Exchange (NYSE) and the first to be a superintendent of banking for the state of New York, Muriel Siebert was also the first woman to lead a NYSE member firm.

Considered "a scrapper" with "the same brash attitude that characterized Wall Street's most successful men," Siebert made it her life's mission to fight for women to occupy the most coveted seats at Wall Street's proverbial tables. She donated millions to help women secure careers in business and finance.

At a 1992 luncheon where she was honored for her life's work, Siebert said women "...are still not making partner and are not getting into the positions that lead to the executive suites. There's still an old-boy network. You have to keep fighting."<sup>3</sup>

## Dr. Janet Yellen

Currently serving as U.S. Secretary of the Treasury — the first woman to do so — Dr. Janet Yellen has been a standout in the field of economics for decades.

Born to a middle-class family in Brooklyn, New York, Dr. Yellen graduated summa cum laude from Brown University in 1967 and earned her Ph.D. in economics from Yale in 1971, the only woman to do so that year. After teaching at several top universities, including Harvard and the London School of Economics, she served as a member of the Federal Reserve Board of Governors.

In 1997, President Bill Clinton appointed her as the first woman chair of the White House Council of Economic Advisors. She later went on to serve the Federal Reserve System in a variety of leadership roles. In October 2013, President Barack Obama nominated her for the position of Federal Reserve Board Chair, the first woman to hold that role.

Dr. Yellen is not only the first woman to lead the U.S. Treasury, the Federal Reserve Board, and the White House Council of Economic Advisors, she also is the first person to have held all three posts.<sup>4</sup>

1) Museum of the City of New York

2) National Park Service and the National Women's History Museum

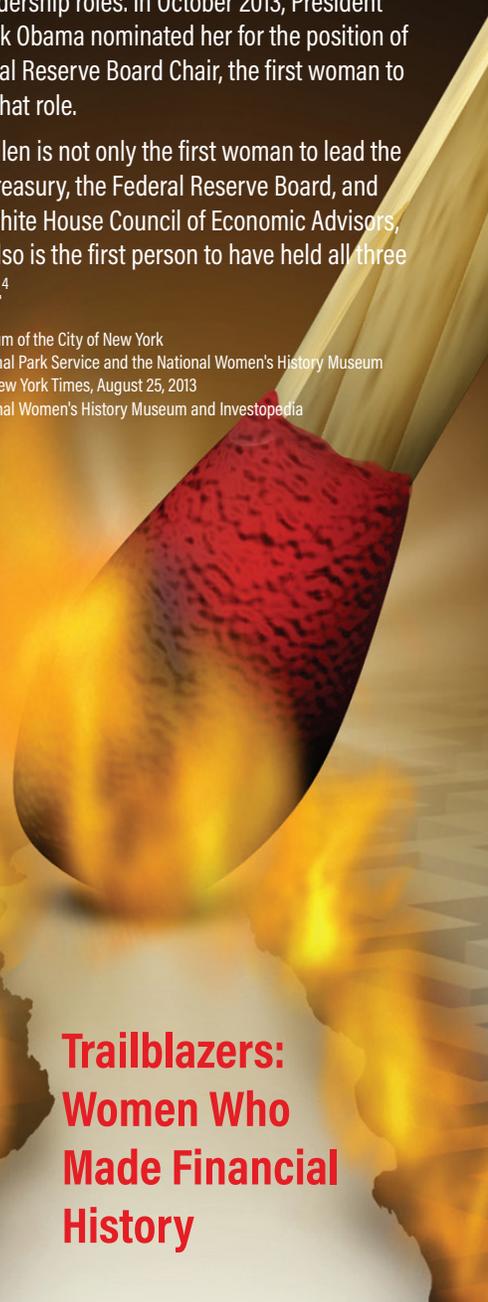
3) The New York Times, August 25, 2013

4) National Women's History Museum and Investopedia

## Milestones in Financial HERstory

- 1862** The Homestead Act allowed women to claim land in their own names.
- 1920** The 19th Amendment gave women the right to vote and have a voice in their future, financial and otherwise.
- 1963** The Equal Pay Act mandated equal pay for equal jobs.
- 1974** The Equal Credit Opportunity Act permitted women to apply for credit and loans without a male co-signer.

Source: HerMoney, 2022



**Trailblazers:  
Women Who  
Made Financial  
History**



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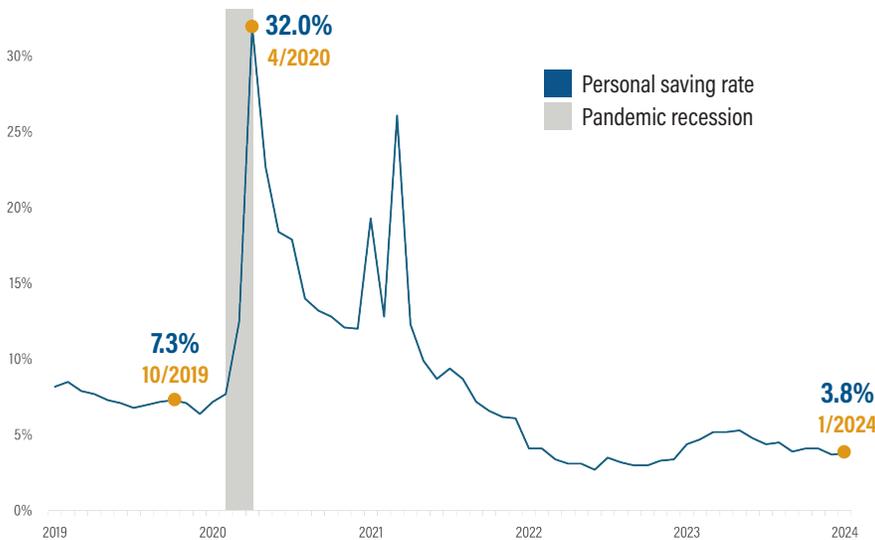


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## Saving Less? You're Not Alone

The U.S. personal saving rate — the percentage of personal income that remains after taxes and spending — was 3.8% in January 2024. The saving rate spiked to an all-time high during the pandemic, when consumers received government stimulus money with little opportunity to spend, but fell quickly as stimulus payments ended and high inflation ate into disposable income. The current level is well below pre-pandemic saving rates.

A low personal saving rate means there is less money available on a monthly basis for saving and investment. However, many households still have pandemic-era savings, and the low rate indicates consumers are willing to spend, which is good for the economy. The question is how long this spending can be sustained.



Sources: U.S. Bureau of Economic Analysis, 2023; Bloomberg, October 10, 2023

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