

WORTH A REED

Third Quarter 2023

New Pershing Paper Fees

Amanda Lisachenko, COO

It seems like there is a constant push to go paperless in our lives. This has been a major initiative for Pershing over the last few years. It started with charging Statement and Trade Confirmation fees on an account level. It is now progressing to all other paper communications including Tax Documents. Here is what to expect in the coming months per Pershing:

A monthly paper subscription fee of \$2 per month is being introduced effective January 2024, replacing the current paper fees. Accounts that elect to receive paper communications for any of the below eDelivery eligible communications will be subject to the paper fee. The fee will accrue monthly and be assessed in the last month of each quarter. (Schedule: \$4 will be assessed in March for January and February, \$6 in June for March, April and May, etc.)

Communications subject to the paper subscription fee include:

- Statements
- Trade Confirmations
- Notifications and Letters

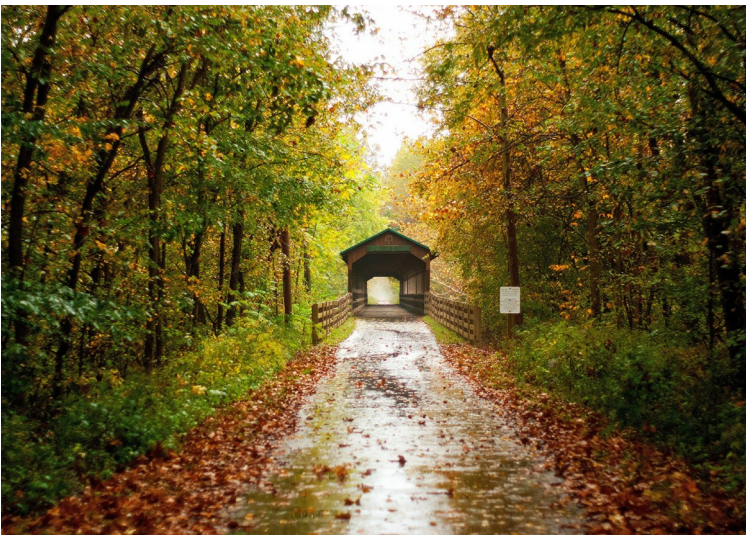
Separately, a conditional paper tax document fee of **\$10 per year** is being introduced effective March 2024 for the receipt of 2023 tax documents in paper form. The fee will be based on the eDelivery enrollment status of the account as of December 31, 2023.

- Any account that has elected to receive paper tax documents will be subject to the paper tax document fee.
- Accounts already subject to the new \$2 monthly paper subscription fee will be exempt from the paper tax document fee.
- The tax document fee will accrue as of December 31, 2023, and be assessed in March of 2024.

In order to avoid the above mentioned fees, please ensure you have access to the Investor Portal and are enrolled in eDelivery.

If you have access to the Investor Portal, please log in to <https://investor.pershing.com/nxi/welcome> and click on the "Go Paperless" logo on the top right of the screen and follow the instructions to enroll all your eligible accounts.

If you do not have an Investor Portal or need help setting up the Paperless settings on your account, please reach out so we can assist you in getting eDelivery set-up. ■



Planning for Fall

James M. Reed, President

It seems hard to believe summer is nearly gone and soon, cooler temperatures and the colorful leaves will be upon us. As we cross into the fall season, it can be extremely helpful to plan for items that need to be completed by year-end.

Giving to Charity Now

If you plan to make any charitable donations, doing it sooner rather than later is always recommended to allow enough time for checks to clear before year-end for both record-keeping and tax purposes.

Remember for those of you required to do minimum distributions from your retirement accounts, you can have those monies sent directly to charities of your choice (which qualifies as a Qualified Charitable Donation (QCD)). That potentially could save you on taxes since direct contributions to charities do not count as income for tax purposes. A QCD is a direct transfer of funds from your IRA custodian, payable to a qualified charity.

In addition to the benefits of giving to charity, a QCD excludes the amount donated from taxable income, which is unlike regular withdrawals from an IRA. Keeping your taxable income lower may reduce the impact to certain tax credits and deductions, including Social Security and Medicare.

Also, QCDs don't require that you itemize, which due to the recent tax law changes, means you may decide to take advantage of the higher standard deduction, but still use a QCD for charitable giving.

Tax Planning

We are starting to get an early feel on dividend payouts from our fund managers. Currently, we expect dividends to be at least equal to last year.

For independent one-person businesses, consider establishing a K-Plan. This is a combined 401(k) and Profit-Sharing Plan for you and family members. Individual plan participants can contribute up to \$22,500 of their wages in 2023. For those ages 50 and older, the catch-up contribution is capped at \$7,500. That brings the annual total to \$30,000 for taxpayers 50 and over.

We hope you enjoyed your summer and are looking forward to a wonderful fall. ■

Newsletter Teaser

Watch out for a more detailed article in our next quarter's newsletter.

Items to Keep Indefinitely

- Birth Certificates, Adoption Certificates and Death Certificates
- Marriage Certificates, Prenuptial Agreements, Divorce Decrees and Separation Agreements
- Records of paid mortgages
- Military discharge paperwork
- Social Security cards

Items to Keep up to 7 Years

- Tax Returns
- Investment Statements (if needed for tax basis)

Items to Keep up to 5 Years

- Medical Insurance

Items to Keep 3 Months up to 1 Year

- Household Bills
- Paystubs
- Bank Statements
- ATM Receipts
- Credit Card Statements

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Paying for College - Changes are Coming to the FAFSA Form - Colleen M. Cleary, CPA/PFS, CFP®

This year is the first year for the new FAFSA form (Free Application for Federal Student Aid). Parents need to complete the FAFSA form so that their college age students are eligible for financial aid from the federal government, states and even for some colleges their children hope to attend. Completing this form allows the college student to apply for aid in various forms, including low-interest loans, grants, and work study arrangements.

In the past, the FAFSA preparation process has been very difficult. The new FAFSA streamlined to a maximum of 36 questions, a huge drop from the current 108 questions on the Form. This drop in the number of questions is possible because tax information for parents and students will be directly imported from the tax return information on file with the IRS into the new FAFSA application.

Some students are fortunate enough to have grandparents and other family members who wish to help them pay for the cost of their college education via 529 plans and other cash gifts. The current financial aid process counts parental 529 accounts as assets but ignores distributions from those accounts in the income calculations. Historically, distributions from non-parental 529 accounts, such as grandparent 529 accounts are considered untaxed student income, with 50% of the 529 distribution counted as funds the student has available for college. As a result, the student's financial aid can be greatly impacted.

The new FAFSA application removes the need for students to disclose gifts from grandparents on the Form. With the removal of this question from the application, it appears as though assistance from grandparents and other individuals

outside of the student's custodial household will no longer negatively impact need-based financial aid. This is great news for students as well as grandparents and other family members who wish to help their grandchildren and other loved ones pay for a college education via a 529 plan or direct cash gifts.

It should be noted that many private colleges require that the student also complete an additional form called the CSS Profile. Because of the upcoming FAFSA changes, it is possible that the questions on the CSS profile could be expanded to include details of gifts received from grandparents and other individuals outside of the student's custodial household, so direct aid from private colleges could still be impacted by these payments.

The new FAFSA also removes the requirement for students to register with the Selective Service before completing the form. Questions regarding drug offenses will also be removed from the application and drug-related convictions will no longer disqualify applicants. To assist applicants and families that do not use English or Spanish as their primary language, the new application will be available in at least eleven languages.

We will continue to keep you informed of any new developments in the college planning process. Please contact us with any questions you may have. ■

Holiday Hours:

*Our office will be closed for
the upcoming holidays:*

November 23rd and 24th

December 25th

January 1st



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Safety Travel Tips

Mark Lisachenko, IT and Risk Management

Vacation is a time for rest and relaxation. But that vacation can have unexpected negative consequences, namely theft. But it's not just physical theft, according to a Javelin Strategy and Research Identity Fraud Study, identity theft affected 40 million U.S. adults in 2022, totaling \$43 billion in losses. So, what can we do to reverse this trend? Here are some travel safety tips:

- **Protect your smartphones and devices:**
 - Ensure your smart phones and other electronic devices are password protected and have a form of data encryption in place. This way if they are lost or stolen your data will not be compromised.
 - If your device has tracking software (Find My iPhone, for example) be sure it is enabled so that if your phone is lost/stolen you have a chance at tracking its location.
 - Don't connect your devices to public WI-FI. Instead use cellular data on your smartphone and create a hotspot on your smartphone to connect your other devices to. If you have no choice but to use public WI-FI then connect using VPN (Virtual Private Network) software to encrypt your data traffic.
 - Avoid public USB charging stations for your smart devices. Remember, your USB connector also shares data so you risk your data being stolen. Bring your own charging cords instead (those that plug into an electrical outlet).
 - If you are going to post those vacation photos directly to social media or talk about the timing for your upcoming trip – stop. You can still post those pictures to share but do so after your trip. Otherwise you are just giving the bad guys a heads up.
- **Protect your home while you are away.**
 - Contact the USPS to stop mail (online).
 - Be sure to arm your security alarm and turn on notifications on your smartphone to help monitor.
 - Install light timers or WIFI enabled lights to give the appearance that someone is home.
 - Don't forget to have someone take your trash bins in if you had to leave on collection day.
 - Consider buying a WIFI enabled camera to monitor your home remotely (or have one added to your security system). Camera's have come a long way and dropped in price (Wyze Cam v2 is only \$20 for example).
- **Other safety tips**
 - Leave a trip itinerary and contact information behind with a family member or trusted friend and check in with them from time to time. If something happens while you are away, you will be kept informed and if something malicious were to happen to you on the trip they will be able to alert authorities.
 - Only bring the minimum required important documents with you and clean out your wallet. Document what you are bringing including your wallet items (credit card, debit card, driver's license, etc.) and keep the list separate in case your documents do get lost or stolen.
 - Keep a list of important phone numbers such as those for credit card companies so that you can report a lost or stolen card immediately.
 - This way your legitimate purchases won't be mistakenly flagged as fraud. Consider having a minimum of two different credit cards on your trip in case one is compromised.

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Safety Travel Tips *(Continued)*

- Contact your credit card companies ahead of time to let them know when and where you will be traveling. This way your legitimate purchases won't be mistakenly flagged as fraud. Consider having a minimum of two different credit cards on your trip in case one is compromised.
- If traveling with your passport, keep an electronic copy on file in case your real one is lost or stolen. Consider keeping this and other images of important documents in a secure online portal such as the one offered by Reed Financial through our Tamarac Portal.
- If you have to bring something valuable on your trip, ensure that you lock it in the hotel safe. Don't tell strangers where you are staying and keep valuables out of sight. Be aware of common travel scams. Lastly, use your instinct and common sense to be aware of situations where your personal safety and/or data is at risk.
- As always, it's a great idea to have your credit frozen for peace of mind.

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