



GENTIAN
— FINANCIAL INC. —

2022 END-OF-YEAR

NEWSLETTER



HOLIDAY GREETINGS

Cheery tunes and bright decorations remind us the holidays have arrived!

Known as “the most wonderful time of the year,” the holidays see many of us taking a moment to slow down and relish the last days of the year with our family and friends. We may gather around a fireplace to share stories, share family traditions with little ones that they might pass down to their own families and even stay up late to watch a holiday classic while baking cookies. This sweetly sentimental season is ideal for reflecting on the things that truly matter, helping us realize all we have to be grateful for, allowing time to celebrate religious holidays and all that the upcoming year may bring. Warmest thoughts and best wishes for your joyous holiday celebrations!



IN THIS ISSUE

SHARING
SIGNIFICANCE

ROTH 401(k) to ROTH IRA

8 GREAT RETIREMENT
MISTAKES TO AVOID

2023 TAX CHANGES

CLIENT SPOTLIGHT

FINANCIAL RESOLUTIONS

Plan It. Live It. Give It.



Sharing Something of Significance

Everyone leaves behind a unique legacy. For some, it's meaningful to pass down something tangible – an item or heirloom. For other people, donating to a worthy organization is what matters most. Regardless of your priorities, sharing your life's passions with your loved ones is one of the finest ways to create a legacy that lives on.

With a little bit of thought and planning, you can embed your life's passions and interests into a legacy that will be remembered for generations to come.

IGNITING THAT SPARK OF CONNECTION

Our lives are complex and multilayered. Connect the dots with those you cherish by sharing the many aspects that make up you – your professional life, creative side, civic contributions, values and family history.

Passing on a meaningful legacy improves your family ties across generations. Your children and grandchildren undoubtedly want to feel a spark of connection with you and your life experiences, so take the opportunity today to share your interests with those close to you. In telling the story behind your passions, you can leave a true sense of yourself that allows your family to better value and understand you.

YOUR LEGACY STARTS TODAY

Imparting your passions requires some thought and planning. But, starting today, you can leave your mark.

Your passions may run the gamut – doubles tennis, skiing, fine art, jewelry collecting, repairing antique cars and so on. Involve your family in the daily activities, the quiet moments where you explain how a tool works or why you enjoy a hard-fought match even if you don't win. Consistently sharing your pastimes with your family can positively influence how they think about you. Your loved ones will come to appreciate your pursuits as they experience your excitement and passion. This may even leave them with a lasting desire to follow in your footsteps.

Talking about what matters to you most likely comes naturally because it's incorporated into your everyday life. Continue telling people about the things that bring you true fulfillment, but also consider writing about them and why they're important to you. A memoir or written record can be kept, stored and passed down through the generations.

To pass down your interests in a way that celebrates your life, it will take thoughtfulness, creativity and organization. The investment will be worth it to ensure your legacy is so much more than the things you'll leave behind. You have the power to leave people with warm memories and a glimpse into your life's true spirit.

NEXT STEPS

- Share your passions, interests and stories with those closest to you.
- Consider the most important parts of your legacy and who you'd like to share them with.
- Speak with us about how to gift assets that align with your legacy.

DEMYSTIFYING Roth 401(k)-to-Roth IRA Rollovers

When rolling over Roth 401(k) dollars to a Roth IRA, the portion of the rollover consisting of Roth 401(k) contributions (and any in-plan conversions) is always available tax-free, but the availability of tax-free earnings may depend on whether the Roth 401(k) distribution is considered qualified.

■ A Roth 401(k) distribution is qualified if two requirements are met: 1) There must be a triggering event; 2) A five-year holding period for the Roth 401(k) distribution must be satisfied.

■ The tax consequences of a rollover of a qualified Roth 401(k) distribution to a Roth IRA are the same whether there was a direct rollover or a 60-day rollover; the distribution consists entirely of basis.

■ Whether Roth IRA earnings generated from a rollover of a qualified Roth 401(k) distribution can come out tax-free depends on whether the five-year holding period for the Roth IRA has been satisfied. The five-year Roth IRA holding period begins on January 1 of the year the first contribution (or conversion) was made to any Roth IRA.

■ When a non-qualified Roth 401(k) distribution is rolled over (either directly or through a 60-day rollover) to a Roth IRA, only the rolled-over plan contributions themselves are considered basis.



OPTIONS: If you've changed jobs or are retiring, rolling over your retirement assets to an IRA can be an excellent solution. It is a non-taxable event when done properly - and gives you access to a wide range of investments and the convenience of having consolidated your savings in a single location. In addition, flexible beneficiary designations may allow for the continued tax-deferred investing of inherited IRA assets.

In addition to rolling over your 401(k) to an IRA, there are other options. Here is a brief look at all your options. For additional information and what is suitable for your particular situation, please consult us, we'd be happy to run through all of the options.

1. Leave money in your former employer's plan, if permitted. Pro: You may like the investments offered in the plan and may not have a fee for leaving it in the plan. Not a taxable event.

2. Roll over the assets to your new employer's plan, if one is available and it is permitted. Pro: Keeping it all together and a larger sum of money working for you, not a taxable event. Con: Not all employer plans accept rollovers.

3. Rollover to an IRA. Pro: Likely more investment options, not a taxable event, consolidating accounts and locations. Con: Usually fee involved, potential termination fees also.

4. Cash out the account. Con: A taxable event, loss of investing potential. Costly for young individuals under 59 ½; there is a penalty of 10% in addition to income taxes.

Be sure to consider all of your available options and the applicable fees and features of each option before moving your retirement assets.

Roth 401(k) plans are long-term retirement savings vehicles. Contributions to a Roth 401(k) are never tax deductible, but if certain conditions are met, distributions will be completely income tax free. Unlike Roth IRAs, Roth 401(k) participants are subject to required minimum distributions at age 72 (70 ½ if you reach 70 ½ before January 1, 2020). | Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted.

Dad Joke Alert

WHY DID MRS. CLAUS INSIST SANTA TAKE AN UMBRELLA?

Because of the rain, dear!



7 Not Making Decisions While We Still Can

While many of the decisions may not be fun, i.e. - your will, alternative living arrangements, home care, they are much better planned and decided on while you still have the capacity to make the choices. This can be devastating, if someone has to make a choice for you that you didn't want.

8 Lack of Purpose - The Most Important Part of your Plan

During our working years, a major portion of our social life involves the people we spend 8-10 hours a day with at work. In retirement, without those collisions, there can be a sense of loss as a result of the unplanned interactions we no longer have.

- What will you do with all of your time? You can only check the pool temperature so often, golf and fish so many days a week. Often it's in this unscheduled, no set time to get up lifestyle, when people begin to feel a lack of self worth.

To have a robust goal for active engagement, which often includes some health, spiritual, social and community engagement seems to be a formula for joy and success. Things like volunteering, church groups, work that you WANT to do, exercise with others, social events and scheduled family time can remedy feelings of unease in retirement.

Planned and lived right, this can and should be the most rewarding, happiest time of your life. You have worked your entire life for this, make sure you spend adequate time preparing for it.

The bad news is time flies, the good news is...you're the pilot!



TAX CHANGES

FOR 2023

TAX INFLATION ADJUSTMENTS

The Internal Revenue Service announced the tax year 2023 annual inflation adjustments for more than 60 tax provisions, including the tax rate schedules and other tax changes.

	2022		2023	
	S	MFJ	S	MFJ
Annual Exclusion for Gift Tax	\$16,000	\$32,000	\$17,000	\$34,000
Standard Deduction	\$12,950	\$25,900	\$13,850	\$27,700
Lifetime Exclusion for Estate Tax	\$12,060,000		\$12,900,000	

	Marginal Income Tax Thresholds			
	2022		2023	
	S	MFJ	S	MFJ
10%	\$0	\$0	\$0	\$0
12%	\$10,275	\$20,550	\$11,000	\$22,000
22%	\$41,775	\$83,550	\$44,725	\$89,450
24%	\$89,075	\$178,150	\$95,375	\$190,750
32%	\$170,050	\$340,100	\$182,100	\$364,200
35%	\$215,950	\$431,900	\$231,250	\$462,500
37%	\$539,900	\$647,850	\$578,125	\$693,750

*tax rate begins once taxable income exceeds corresponding amount

<https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2023>



CONTRIBUTION LIMITS

Contribution limits were also announced for 2023:

IRAs: \$6,500 (\$1,000 catch up if over age 50)

401(k): \$22,500 (\$7,500 catch up if over age 50)

Roth IRA Phase out: \$138,000 to \$153,000 for single.
\$218,000 to \$228,000 for Married Filing Joint.

Talk with us today if you have any questions on these changes.

SOCIAL SECURITY INCREASES BENEFITS FOR 2023

The Social Security Administration has announced a cost-of-living adjustment (COLA) to recipients' monthly Social Security and Supplemental Security Income benefits. More than 65 million Americans will see the 8.7% increase in their payments beginning in January 2023.

In addition to the COLA, the Social Security Administration also announced that the maximum amount of earnings subject to Social Security tax will increase to \$160,200 from \$147,000.

The increase – significantly higher than last year's 5.9% COLA and the largest since the 11.2% adjustment in 1981 – is tied to the consumer price index for urban wage earners and clerical workers and was put in place to ensure the purchasing power of these benefits isn't eroded by inflation.

According to the Social Security Administration, on average, retired workers currently collect \$1,681 per month in Social Security payments, or roughly \$20,172 per year. The 8.7% COLA will add about \$146 per month to those payments or \$1,752 for the year.

Keep in mind all federal benefits must be direct deposited. So if you haven't already started receiving benefits, you need to establish electronic transfers to your bank or financial institution. We are happy to help you get set up if you have not already done so.



The largest cost-of-living increase to benefits since 1981.

CLIENT SPOTLIGHT

Meet Byron & Cindy!



Byron and Cindy Loomans recently traveled to Havana, Cuba with 28 other volunteers on a mission trip for 'Filter of Hope.' When they shared with us their WHY for the trip, we couldn't help but want to spread the word!

Filter of Hope is an organization that, through donations, provides \$40 water filters FREE to families in 70 countries. The water in Cuba is not safe to drink because of bacteria and harmful parasites. Families must either boil it or use chlorine tablets, which are scarce, in order to consume the water. When families have to boil their water, they are forced to use much of their limited propane fuel and their time for water that is still not pure or good tasting. Each family that received a filter during this mission now has an almost unlimited supply of 99% pure water every day for up to 10 years!

Byron and Cindy's mission successfully provided 103 filters to families in need. A Cuban translator and a guide from a local church assisted their visits to prearranged homes. After getting to know the families, they installed the water filter on the bucket the homeowners provided and even got to share the gospel message with each of them. Many were open to the message and Byron and Cindy are happy to report that 62 people put their faith in Jesus for salvation during their visit.

Byron and Cindy described Cuba as 'truly amazing, interesting, and also heartbreaking.' Cuban life is not easy, animals run free throughout the streets, there is no paper towel or tissues, toilet paper is scarce, cars are most likely owned by taxi drivers, narrow streets consist of large potholes and are filled with trash, once beautiful homes are now ran down due to 70 years of neglect, gas is rationed to 5 gallons per fill up and even their food is rationed. They heard stories from residents that would wait in line for up to 8 hours to use their "ration ticket" for one chicken and as they would approach the front of the line, supply would run out. A typical income for a factory worker is between \$15 and \$30 a month (US dollars). The government provides Cuban's with free education through college, if they so desire, and free medical care. However, the schools are indoctrinating the students. Parents are jailed if they don't send their kids to school and with no other choices for education, the cycle continues.

Cuban doctors do the best than can with what they have, considering both supplies and medicines are limited. Byron and Cindy witnessed residents with very little hope in many ways, and yet they were so hospitable and so grateful to welcome Americans into their homes.



Nothing could have prepared us for the week we spent in a country that time has forgotten.

-Reflections from Byron and Cindy



We hope their findings made you appreciate living here in the United States as much as it made us. If you're interested in learning more about FILTER OF HOPE, please visit <https://filterofhope.org/>.



ACTIONS YOU CAN TAKE TO HELP THE CAUSE:

- 1) Donate \$40 to Filter of Hope for a water filter they distribute.
- 2) For \$50 a month you can join Community of Hope, to donate one filter a month and a Filter of Hope team member will share with you exactly where your monthly donations have gone.
- 3) Volunteer for a mission trip to install water filters!



Financial Resolutions for 2023

SET YOURSELF UP FOR A SUCCESSFUL YEAR

Start the new year right by reviewing and revamping your financial plan.

Instead of hauling out those familiar New Year's resolutions about keeping a journal or drinking more water, how about focusing on your financial well-being? Here's a set of resolutions that can help ensure your long-term financial confidence.

Update your beneficiaries

If you don't correctly document your beneficiary designations, who gets what may be determined by federal or state law, or by the default plan document used in your retirement accounts. When did you last update your designations? Have life changes (divorce, remarriage, births, deaths, state of residence) occurred since then?

Update your beneficiary listings on wills, life insurance, annuities, IRAs,

401(k)s, qualified plans and anything else that'd affect your heirs. If you've named a trust, have any relevant tax laws changed? Have you provided for the possibility that your primary beneficiary may die before you? Does your plan address the simultaneous death of you and your spouse? An estate attorney can help walk you through these various scenarios.

Create flexible liquidity

Cash has inflation and opportunity tradeoffs, but a lack of access can cause greater problems if you find yourself needing to draw from your investments. Finding a balance in line with your life and goals is important to avoid disrupting your long-term plans.

The right liquidity strategy will be different for every investor and could incorporate cash reserves, cash alternatives, highly liquid securities,

Financial Resolutions for 2023 [cont.]

lines of credit, margin loans or even structured lending. Multiple institutions and account owners can be used to hold more than \$250,000 with FDIC guarantees.

Evaluate your retirement progress

What changes are needed given your current lifestyle and the market environment? Don't fixate solely on your assets' value – instead, drill down into what types of securities you hold, your expected cash flows, your contingency plans, your assumed rate of return, inflation rates and how long you're planning for. Retirement plans have many moving parts that must be monitored on an ongoing basis.

Review your account titling

Haphazard account titling can create problems down the line. If one partner dies and an account is titled only in their name, those assets can't be readily accessed by the survivor. The solution may be creating joint accounts, but it's not always that simple. Titling has implications across a range of estate planning issues, as well as other situations such as Medicaid eligibility and borrowing power, too.

Develop a charitable strategy

Giving comes from the heart, but you can also do well when doing good. For example, consider whether or not it'd make sense to donate low-basis stocks



in lieu of cash, or learn about establishing a donor advised fund to take an upfront deduction for contributions made over the next several years. Give, but do so with an eye toward reducing your tax liability.

Spark a family conversation

Sustaining the benefits of wealth for generations is nearly impossible without a mutual understanding among family members. Consider creating a family mission statement that outlines the shared vision for your wealth and legacy. This should include nonfinancial topics, too, like your values, expectations and important life lessons.

Digitize your record keeping

You likely receive emails, letters, reports and updates from multiple accounts. Consider going paperless and centralizing important files in one place to reduce frustration and ensure easy access when needed. We have access to secure storage tools that can help.

Check in with us if you haven't recently

We can offer specialized tools, impartiality and experience earned by dealing with many market cycles and client situations. Communicate openly about what's happening in your life and what may happen in the future. It's difficult to manage the unknowns, so err on the side of over-communicating when in doubt. No two long-term plans are identical - so reach out for more specific guidance!



GENTIAN HAPPENINGS



IMPORTANT *Dates*

- Dec. 26:** Markets + our offices will be closed in observance of Christmas Day
- Dec. 31:** New Year's Eve is the year-end charitable gifting deadline for check and wire transfers
- Dec. 31:** It is also the last day to take 2022 Required Minimum Distributions (RMD) for those who turned 72 in or before 2021



WELCOME 2023

- Jan 2:** Markets + Our office will be closed in observance of New Year's Day
- Jan 11:** January Birthday Club Luncheon @ 12PM in the Gentian Hall
- Jan 16:** Markets + our offices will be closed in observance of Martin Luther King Jr. Day
- Jan 25:** Health & Wealth: With Michelle Norris @ 10AM CT via Zoom

Stay Connected!

BI-WEEKLY UPDATES

Wednesdays 9-9:30AM CT

JANUARY

4th + 18th

FEBRUARY

1st + 15th

Dad Joke Alert

WHAT'S THE FIRST THING AN ELF
LEARNS IN SCHOOL?

The ELFabet.



The Nordenberg's

One holiday tradition we have is dressing up in matching pajamas on Christmas morning, dogs included!

PETER



The Zylka's

One fall tradition we have is our Annual Pumpkin Carving Day. We carve pumpkins and then bake the seeds to enjoy around a bonfire later.

ANGIE



The Sheridan's

When I know I'm not going home at Christmas...We love to visit the Pfister in December! It houses the largest Victorian Art collection to give me my English vibes.

LISA



The Podolak's

We buy glass blown ornaments to signify something notable that happened in the year - telling stories as we hang them! This year I went to Nashville!

JENNY

The Neuworth's

We always make the most of the first snowfall! It gets us all in the holiday spirit.

ASHLEY



The Doughty's

We begin our holiday season with a trip back home to Iowa.

CHRIS



DeBoer

Gathering with friends and family gets me in the holiday spirit. Spending time with loved ones is definitely what I look forward to.

ZACH



Mann

A new tradition for my family is a themed Christmas Eve. Last year everyone wore pajamas!

MIKE

The Flannery's

Every Thanksgiving, our family has a pie competition. Our family won this year & have official bragging right!

KEN



The Ellsworth's

I look forward to our annual Chinese dinner at Asian Fusion with our daughters' language teacher. We celebrate our shared love for Christmas.

KRISTIN



The Decent's

Decorating helps me get in the holiday spirit- starting in fall and carrying thru to Christmas

JULIE



The Carow's

Walking through sunflower and/or corn maze is becoming a yearly tradition that starts off the fall/winter holiday season!

RYAN



GENTIAN

— RETIREMENT —

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