



# 2023 spring NEWSLETTER



## RETIREMENT

Things to consider when planning your retirement:

- Where is your ideal place to live - a new community or closer to family?
- How will you spend your days - volunteering or working in the industry you spent your life in?
- What lifelong dreams are you going to work on?

Be prepared for what you will do when you have the freedom to do it!

*Retirement, sweet retirement  
The time has come for me  
To lay aside the troubles  
Of my former life, and be*

*Free from toil and worry  
From the daily grind and rush  
To spend my days in leisure  
In a peaceful, calm hush*

*To travel far and wide  
And see the world anew  
To revel in the freedom  
That retirement brings to view*

*To learn and grow and flourish  
In a way I never could  
When bound by the constraints  
Of a job, a task, a good*

*Retirement, sweet retirement  
A gift beyond all measure  
A chance to be my own  
And find my true treasure*

*So let the world keep turning  
As I take my ease and rest  
For in my golden years  
I am truly blessed*

Written by Chat.io. | Inspired by Chris Doughty

**Plan It. Live It. Give It.**

**IMPORTANT**

**MONDAY, APRIL 17TH &  
TUESDAY, APRIL 18TH**

**DEADLINES**

April 17 - This is the last day to contribute to Traditional & Roth IRAs or health savings accounts for 2022.

April 18 - Tax Day - the deadline to file your 2022 tax return & pay taxes or request an extension. Also, first quarter estimated tax payments are due, if required.

## Spring **TO DO LIST**

### **MIND YOUR RMDs:**

If over 72, take required minimum distributions (RMDs) from your IRAs and qualified plans. You must begin RMDs by April 1 the year after you turn 72. Subsequent distributions must be taken by Dec. 31 each year. That means if you reached 72 during 2023, and you delayed your 2022 initial RMD until April 1, 2023, you still have to take your 2023 RMD before Dec. 31, 2023. For more information, go to [irs.gov/rmd](https://irs.gov/rmd).

### **HOME IN ON HOUSING:**

If you're considering buying or refinancing a home, keep an eye on mortgage rates and plan to review the terms with us and see how it could possibly impact your financial plan.

### **CONSIDER AN EXTENSION:**

If applicable – particularly if you hold securities subject to income reallocation – ask your tax advisor if filing an extension with the IRS would be beneficial.

### **COMB THROUGH YOUR CREDIT REPORT:**

Making a habit of checking your credit report at least once a year can help you detect and dispute errors.

### **CONSOLIDATE AND DONATE:**

Create a spring cleaning ritual and let go of the clutter consuming space in your home – digitizing your files is a good place to start. Though giving items away offers its own benefits, remember to get a qualified appraisal for more valuable donations.

**NURTURE  
FINANCIAL  
WELLNESS**

April is National Financial Literacy Month, the perfect time to tune in to new personal finance resources. That includes the Gentian Bi-Monthly Update streamed live via ZOOM or you can catch the recording on Gentian Financials' YouTube page.



# FILER BEWARE!

Tax season is a prime chance for fraudsters to make their move. Learn how to recognize some key strategies to watch out for.

Tax season is rife with opportunists who use a multitude of nefarious tactics to get you to part with your money. Increasingly sophisticated, even the savviest tax filer might have trouble discerning a real IRS request from a fake one. Here are five ways to protect yourself this tax season.

## 1 GET YOUR IRS ONLINE ACCOUNT SET UP

The No. 1 thing you can do to protect yourself is to sign up for an online IRS account. Your account will give you the clearest picture of balances owed, payment plans, tax records, past tax years, authorizations from your accountant or tax preparer, any additional taxes on qualified plans or other tax-favored accounts, shared responsibility payments, and trust fund recovery penalties. You'll be required to go through an extensive process to verify your identity and create an Identity Protection PIN through the IRS secure site – an additional layer of protection for you against tax fraud and identity theft.



### TIP

irs.gov is the official website for the IRS. If you get a communication from irs.com, irs.net, irs.org or any other website, you'll know immediately it is not a legitimate request.

## 2 DON'T ANSWER

The IRS will never initiate contact with you through phone calls, texts, social media, direct messages or emails. It always contacts you by letter first if you owe money. The only exceptions may be if you are undergoing a criminal investigation or if you haven't filed at all. The IRS does not demand immediate payment or leave you prerecorded or threatening voicemail messages either. If you receive any kind of call like this, do not give out any information. Instead hang up and immediately report it to the Federal Trade Commission.

### TIP

Since criminals can now "spoof" IRS phone numbers, don't let the fact that it appears to be a legitimate IRS number sway you. If they demand payment or ask for identifying information, hang up.

## 3 BEWARE OF GHOSTS

"Ghost" tax preparers have an easily identifiable hallmark – they don't sign the tax return they have prepared. They might also require you to pay them in cash, invent fake income or deductions, or try to direct refunds into their own account – not yours.

## 4 LOOK OUT FOR FAKE CHARITIES

Fraudsters posing as charities are a classic scam at tax season. They may ask you for identifying information and push the fact that you can reduce your tax burden by donating. However, any legitimate charity operating in the U.S. must have an Employer Identification Number it will happily provide to you. If you don't get one, don't donate.

### TIP

All tax preparers are required by federal law to have a preparer identification number they include with their signature on the tax return.



## 5 BE ON GUARD

Fraudsters escalate activity around tax time, especially to seniors and non-native English speakers. Anything at all that seems strange or confusing and is asking for your personal identity information is a red flag. Don't be afraid to ask questions. Gently, along with your tax professional track the latest scams and have insight to share. Remember, it's not personal – it's just that tax scam time of year.

For additional tax scams check out: <https://www.irs.gov/newsroom/dirty-dozen>.



## CAN DEBT HELP MAKE MONEY?

**Your portfolio can be the key to managing cash and maintaining flexibility!**

Truths that seem universal often fray at the edges, particularly when talking about money.

Take for example the popular and often helpful advice from writers of bestselling personal finance books. One common tenet is to aggressively pay down debt and then live without it. This is great advice for many, but not everyone, highlighting how our unique situations make a major difference. To that point:

- For spenders, people who have difficulty delaying gratification, this advice can be a useful and rewarding core discipline. Extreme spenders easily fall into credit card debt traps that drag on their financial situations.

- For those on the extreme saver side of the spectrum, this advice can instead cost potential opportunities. Not all debt is made of the same stuff, and risk should be thoughtfully explored before committing to major financial strategies.
- For those with stratospheric net worth, paying down debt immediately could prevent them from using strategies that keep their assets intact and able to grow while providing liquidity – simple income or the flexibility to react to potential investment opportunities. For them, debt is often an inexpensive way to manage access to cash.

And even for people who may not be able to leverage a Dali painting hanging in their foyers, debt can be a useful tool to keep their wealth engines running if it comes cheaply enough relative to other opportunities, keeps their assets working for them and, above all, if the risks are understood and tolerable. And that's the key. Truly understanding if debt can help you take a balanced approach to liquidity without disrupting your investment or retirement plans or your lifestyle.

This is where your financial plan – one tailored to your unique circumstances, including assets and liabilities – can open up a world of opportunity. Very wealthy people still get mortgages, even on multiple properties, and extremely wealthy families are sometimes able to avoid capital gains taxes,

take no traditional income and continue to enjoy a luxurious lifestyle.

### EXAMINING THE TOOLS

A simple quiz illustrates what we mean: You are a responsible, financially comfortable investor who has just inherited \$100,000. Your goal is to maximize the benefit. For instructive purposes, let's ignore the uncertainties of the market and the complexities of taxes. What should you do with it?

A) You pay off the \$100,000 balance on your mortgage, which has a 3% fixed interest rate.

B) You invest it into your portfolio, which hypothetically averages 6% gains each year.\*

C) You create a rainy-day fund in a savings account earning negligible interest.

In a world without risk, the clear answer is B: Your portfolio has an open-ended invitation to compound onto itself. As for the other options, the mortgage has a known, fixed cost that isn't particularly egregious. Paying it off early may be an emotionally fulfilling accomplishment, but it potentially comes at a major opportunity cost. And a savings account would currently erode in the headwinds of inflation.

**The cost of borrowing can be lower than the cost of selling an asset when you have collateral**

# 3 TYPES OF COLLATERALIZED Debt

Asset-backed loans can provide income while enabling the underlying asset to continue growing.

## 1. Securities based loan

A bank holds stocks, bonds or similar assets as collateral to make a loan.

## 2. Securities based line of credit

A bank holds financial securities in collateral against a line of credit, like a collateralized credit card.

## 3. Structured Lending

A general term for lending with customized terms and nontraditional assets as collateral, such as **art**, a **car collection** or **real estate**.



There can be a strong case to make for Option A for many investors, particularly ahead of retirement. For established investors, Option C might not be an ideal answer except to manage specific risks – and there are other options for maintaining cash on hand that we're about to explore.

But even in the real world, where there is market risk, Option B remains a reasonable decision for many investors. And, judiciously leveraged, a strong portfolio can meet other obligations, like the demand for a rainy-day fund.

### INVESTMENT INCOME WITHOUT CAPITAL GAINS

A topical question these days is how the nation's wealthiest individuals pay relatively little in tax in comparison to their fortunes. The short answer is

that they don't take a traditional income and most of their wealth is in highly appreciated assets – like shares in the company they founded. They don't need to sell stocks, which would trigger capital gains taxes. Instead, they can take loans against their shares.

Simply, the cost of borrowing can be lower than the cost of selling an asset when you have collateral. For the top tier of wealthy people, they may be able to extend these obligations for the entirety of their lives, or at least until they see tax laws as being favorable to paying off the loans. Eventually, they can leave their assets to their beneficiaries, resetting the capital gains counter, and thus making selling them cheap again – though their beneficiaries would probably be wise to follow their example.

Securities based lending, securities based lines of credit, home equity lines of credit, and structured lending are options for leveraging assets without selling them. These loans tend to have relatively low interest rates because they are collateralized. There is a major caveat, however: If the value of the underlying stocks, bonds or other assets no longer meet the value of the outstanding loan, the bank will request additional securities as collateral – or start selling.

That means a market downturn can create some additional challenges. For the ultra-wealthy who have the means to use collateralized lending to

meet all of their income needs, this is less of a concern. For everyone else, knowing how to use these tools can unlock opportunities to keep their wealth-generating assets untouched.

### A SPECIAL WRENCH FOR YOUR FINANCIAL TOOL BOX

Even highly organized financial plans will have to weather surprises, on occasion. This is where securities based lending can make a difference for more typical investors, particularly when they see large, one-time expenses, like an abnormally large tax bill. Rather than sell assets to meet the immediate need, a collateralized loan can, in effect, blend the expense into their regular income stream.

These lending products can also enable investors to make additional investments-by buying a business, for example.

At the intersection of taxes, investments, family budgets, surprises and everything else, figuring out when it's best to strategically borrow or when to just pay cash can be a complicated question. Luckily, this isn't a unique question, and your financial advisor may have tools to help.

But the underlying idea of using your portfolio for relatively low-interest borrowing ties into another piece of **age-old financial advice:**

**'Make your money work for you. With a collateralized loan, in a way you're just giving it a second job.'**



# Think You Can BEAT THE CLOCK?

Do you trust your GPS or do you always assume you can get there just a little bit faster? Arriving to a birthday party a few minutes late isn't usually a big deal, but overestimating your control as an investor can potentially lead to serious problems for you and your finances.

Many of us are guilty of overconfidence at one point or another. Say you check directions and see that it will take 17 minutes to get to your destination and think, "Okay, great. I can make it in 15."

Sound familiar? We all have subconscious biases, but that doesn't mean they need to get in the way of your financial success.

As a wealth management team, we can help you set up guardrails against your own biases and give you the tools and education you need to manage your hard-earned wealth with confidence.

In addition to providing personalized financial guidance, we also serve as a knowledgeable resource and accountability partner to our clients, helping them to stay on track for their long-term goals.

How you can overcome financial overconfidence:

- Take a good look at the fee and tax consequences of your investment activity. Do the gains outweigh those costs on a consistent basis?

- Ensure your long-term plan can handle the unexpected – like a sudden health event, longer-than-predicted retirement or market shifts.
- Consider the real source of your gut feelings. Is your confidence greater than research and evidence?
- Take an objective look at past successes. How often were luck or external factors involved?

While believing you can always beat traffic or the clock is usually harmless, overconfidence can sabotage bigger decisions. Take steps to become just the right amount of confident when it comes to achieving your goals.

I look forward to building family memories, experiences with friends & being there for others.

CHRIS



Lindsay and I are expecting our first child in June 2023!

PETER



This year I have started R+ training with my horse (Trick Horse Work).

JENNY



My 3x breast cancer survivor mum turns 80 in March! Looking forward to having a HUGE party in England!

LISA

This year my kids and I are learning to ski. We are having fun and enjoying the extra time outside!

ASHLEY



Our family will be taking a trip to explore the Badlands and Mount Rushmore this summer!

KEN



I look forward to leading volunteer & service opportunities for my fitness communities in the MKE area.

ZACH



Resuming my annual Canada fishing trip with my dad and uncles!

RYAN

I look forward to getting back on the slopes in Utah!

MIKE



I look forward to the Telluride Bluegrass Festival - the music, mountains & people are awe inspiring!

KRISTIN



An annual mother/daughter vacation! Destination TBD yet for 2023!

ANGIE



We look forward to traveling within the US - exploring the state! Pictured here in Chandler, AZ.

JULIE



**GENTIAN**  
HAPPENINGS  
UPCOMING EVENTS

**Plan It. Live It. Give It.**

**Spring**  
INTO  
**Spring**



**MAR 12 | DAYLIGHT  
SAVING TIME BEGINS**

This day we will 'spring' our clocks ahead for what may be, the final time!\*

*\*At the time this newsletter was printed, Sunshine Protection Act of 2021 is still pending review.*



**APR 7 | GOOD FRIDAY  
MARKET CLOSURE**

The markets + our office will be closed in observance of Good Friday.

*Our offices will re-open on Monday April 10th.*

**Stay Connected!**

**BI-WEEKLY  
WEBINARS**

Wednesdays 9-9:30AM CT

**MARCH**

15th + 29th

**APRIL**

12th + 26th

**MAY**

10th + 24th

**UPCOMING EVENTS**

- |          |   |
|----------|---|
| MARCH 15 | March Birthday Lunch Club @ 12PM CT               |
| MAR 22   | <b>Ladies &amp; Gentian:</b> Live From England!   |
| APRIL 12 | April Birthday Lunch Club @ 12PM CT               |
| MAY 24TH | May Birthday Lunch Club @ 12PM CT                 |
| MAY 31ST | <b>Ladies + Gentian:</b> Optimizing Female Health |

**WAYS TO  
REGISTER**



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**OR click the links in your weekly bulletin!**