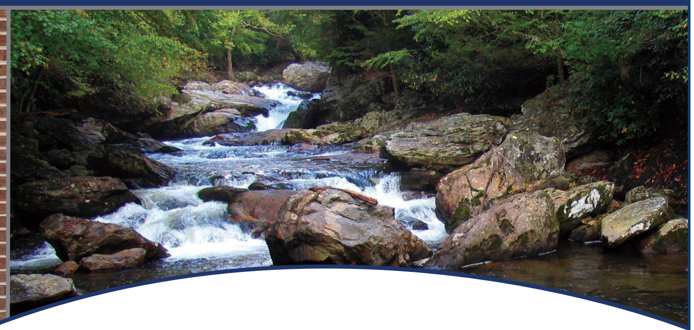
Winter 2024



HIGHLAND TRUST PARTNERS

A Tax Efficient Plan

By Amy Parrish, AWMA®, Senior Financial Advisor

Jumping into 2024: 3 Reasons Tax Planning is Crucial This Year

We have always believed in the benefits of proactive tax planning. Tax planning is especially important this year following the passage of the Tax Cut and Jobs Act (TCJA) in 2017, the Secure Act in 2019, and the planned expiration of the TCJA in 2025.

1. The clock is running down on the TCJA

Now is a good time to look ahead, as the clock is starting to run out on the provisions of the TCJA. Indeed, there's now less than 24 months before the provisions affecting individuals are going to expire. In addition, the expanded estate tax provision, which increases the lifetime exemption for a married couple to more than $27 million, is also due to expire at the end of 2025. At that time, the limit would be cut in half, adjusting for inflation, barring congressional action.

Because estate planning can be a very lengthy process (taking several months and sometimes up to a year), you do not want to wait until 2025 to address any significant issues.

2. Tax rates are low, at least for now

While basking in the lowered tax rates from 2017, a certain amount of complacency has set in, particularly with clients. However, clients are more likely to face higher taxes in the future than they are to face lower taxes.

This is another reason why 2024 and 2025 provide great opportunities for tax planning. Right now, 70% of government revenue comes from individuals (not corporations), interest rates to service our ballooning national debt have increased, and our political parties have become even more divided on the rich having to pay their fair share. In addition, entitlement programs such as Medicare continue to grow and will require

(continued on page 5)

Contributing Writer

Teaching Fiscal Responsibility

By Helen Hudson Mills,
Retired AVP of Public Service and Outreach Emeritus

Childhood Lessons

Some of you may remember from your childhood the use of saving account books! As a child, I thought it was so grown-up to go with a parent to the bank, show the teller my little book and offer a small amount of change, maybe a dollar or two, to be added to my book. The teller would kindly take the money and the book and so note the deposit. What a thrill!!!

Little did I realize I was being taught fiscal responsibility. Another lesson was making small contributions to the church. While not as vividly displayed, it was still an important practice. Upon the death of my father in March of 1999, it was my responsibility to execute and honor his wishes. I found nine checks already written out to his church, one for each upcoming month for the year. Yet another lesson, this time in being charitable.

> *"...teach these next generations the joy of financial responsibility and then the joy of sharing."*

So, you could say that as an understudy, I gained valuable lessons not by lecture but by example. The same could be said for my in-laws (although they truly were another set of parents, never in-laws). Early in our marriage, we adopted their trick of accounting. That is, when you write a check, always enter it into the checkbook rounded up to the next even dollar amount. And only carry with you two checks at a time. This was very long before the ease of whipping out a credit card or keeping that card on your cell phone!

All of this to say, it has always been a practice of faith and immense gratitude for the blessings of life we have been afforded, that leads and leans toward "giving back". I so admire the people who put that practice to work through hands-on, direct involvement volunteer work. It is not my strength but should certainly be treasured. And the GoFundMe approach amazes me.

As I have been involved in many organizations and supported efforts through charitable giving, I've come to also appreciate the impact of legacy giving. Being in the "older" group now, I am more and more aware of the adage "you can't take it with you." Living in the present and being able to help my community, church, and special places/organizations is also very satisfying. Also knowing that I can share well into the future and honor my past, gives me a similar thrill to that little girl and her savings account book. It is also not my strength to fund raise, but I can fund give.

So, as Darrell Huckaby said in the last newsletter, teach your children how to read. But I'll add, also teach these next generations the joy of financial responsibility and then the joy of sharing.

Helen Hudson Mills is retired from the University of Georgia as Associate Vice President of Public Service and Outreach Emeritus.

TAX SEASON AT-A-GLANCE

Weekly 1099 Consolidated Tax Statement Mailing

1099 Consolidated Tax Statements are mailed weekly in order to meet all IRS deadlines, reduce errors, and reduce the need to mail corrected versions. **Keep this chart handy to see when your final forms for tax year 2023 will be ready.**

Form Name	Mailing Dates	What's Reported
Consolidated 1099 Tax Statement	**January 19 & 26** Accounts with the simplest tax information and not subject to income reclassification **February 2, 9, 16 & 23** Accounts holding more complex securities, for which issuers provided final tax information after January 28 **March 1, 8 & 15** Accounts where security issuers did not furnish tax information to LPL Financial in time for the anticipated February mailing deadline	All reportable income and transactions for the year. Depending on your account activity, your 1099 may include: Form 1099-B, Form 1099-DIV, Form 1099-INT, Form 1099-MISC, and Form 1099-OID
Form 1099-R/Q	**January 19**	Distributions from qualified retirement plans (for example, individual 401[k], profit-sharing, and money-purchase plans), or any IRAs or IRA recharacterizations
Preliminary 1099 Consolidated Tax Statement	**February 16**	An advanced draft copy of your 1099-Consolidated tax forms. Includes accounts that won't receive a final 1099 Consolidated Tax Statement until all income data is finalized
Form 5498 IRA	**February 23 & May 24**	Contributions (including rollover contributions) to any IRA
IRS Tax Filing or Extension Request Deadline	**April 15**	The filing deadline to submit 2023 tax returns or an extension to file and pay tax owed for most taxpayers
Schedule K-1/Form 1065 Partner's Share of Income, Deductions, Credits, etc.	**LPL Financial does not provide this form**	Distributions from partnership securities. your partnership administrator should mail your K-1 by April 15. Please note: While the K-1 form itself accounts for distributions or other items being passed through to the partners, proceeds from the sale of partnership units are reported on the 1099-B section of your consolidated 1099

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Finding Joy

By Founding Partner Chris Caldwell, CFP®, AIF®, AEP®, CRC®, MBA, ChSNP

Its a Beautiful Day

You might know that I collect vinyl records of many genres and decades. If the album is acclaimed, with well-written material, and recorded properly I will consider adding it to my collection. When there is a quiet evening at home, blindly grabbing an album for the turntable is about as relaxing as anything else I do.

One cold evening a few weeks ago, that album was U2's All That You Can't Leave Behind, recorded in 2000. Listening to one of my favorite songs, "Beautiful Day," got me thinking. The song's premise is that life can be incredibly challenging, but we must find joy regardless. I feel over the last 10-15 years it has become harder for many to find that joy. Don't worry I am not going to give my opinions on why this might be the case (and I have plenty).

I love what I do in my career because the financial planning this firm does frees clients from many of the stresses that could be holding them back from enjoying life. Planning paints a clear picture of where a family is, where a family is headed, and where the obstacles are on that journey. I recently had a conversation with a couple referred to us, who said they did not want to engage in a financial plan relationship because they did not want me (or any planner) to tell them they could not spend money on things they wanted. To clear the air, we would never tell people not to spend money. I could not imagine personally living a penny-pinching life. I want people to be able to spend money on anything that gives them satisfaction, gratitude, and–wait for it–joy. Planning actually helps them do just that for today, tomorrow, and their future.

There have been many articles in our newsletter series on the topic of "you only live once, so make the most out of it." If you have established the financial planning track your family is on, you will be able to enjoy life without worrying about making wrong decisions. When speaking with friends, or for that matter strangers (yeah, I am that guy at the bar or on a plane), many tell me why they are currently unhappy. I ask because I care. After getting through all the uncontrollable factors that have zero direct bearing on their families, their unhappiness comes down to one simple worry: "I do not know if I have the financial means to be happy." Of course, I can give the "money does not buy happiness" talk, but they are not saying they wish they were rich. They are saying they don't know how to manage the financial resources they have for their own well-being. Feeling this way, they are not able to find that joy we all want and deserve.

We want you to have a Beautiful Day always and enjoy every moment, so bring your worries to us and let us get to work.

Navigating Changing Plans

By Will Divers,
CTFA®, Financial Advisor

No Plan is Set in Stone

President Dwight D. Eisenhower once said, “Plans are worthless, but planning is everything.” Keep in mind this man was also the Supreme Commander of the Allied Expeditionary Force in Europe during World War 2. This was a massive undertaking that took years and years to plan. Every little detail from battle plans to how to feed the soldiers had to be heavily scrutinized and each had contingency plans.

What would happen though, if they made all of these plans for the invasion of Europe and on D-Day they never adjusted?

We make plans so that we know the general direction that we are going. As we all know though, life does not always work out the way we plan. There are going to be times when the best laid plans are no longer viable. This is when President Eisenhower’s quote rings true. Planning is active, it changes, life’s circumstances can change the road we are on. We may get married, divorced, have children/grandchildren, different life needs like a long-term care event, these can all be planned for but they will never happen quite like we think it will.

I implore everyone, take a look at your Financial Plan. Some things have probably changed since you last looked at it. Allow us to help you continue planning for you and your family.

A Tax Efficient Plan

By Amy Parrish,
AWMA®, Senior Financial Advisor

Jumping into 2024... *(continued from page 1)*

additional revenue. Could tax rates stay low for a long time? Anything is possible. But it is better to be proactive and take advantage of historically low rates. That can mean Roth conversions or pulling income forward and taking distributions from traditional IRA accounts.

3. This could be the calm before the storm, so take advantage

The last six years have been a challenge, often presenting new tax laws attached to “must pass” legislation in the last two weeks of the year.

This has created many challenges in the planning arena because it is hard to project tax liabilities and make planning recommendations when the laws are constantly in flux. However, 2023 and 2024 bring a different dynamic where an almost evenly divided Congress—with Republicans and Democrats holding slim majorities in the House and Senate, respectively—has ensured that lawmakers haven’t advanced major tax legislation this year, easing some headaches for advisors.

According to *Investment News*, the legislative lull is likely to continue—and keep tax policy quiet—in 2024, before several tax breaks included in a 2017 tax law expire at the end of 2025. Now is a good time to look at multi year planning. Tax planning for our clients now, and in the future is an important part of our financial planning process. We work closely with our clients’ other advisors like their CPA and estate attorney to make sure their plan is tax efficient and stays relevant with any changes in legislation.

Market Index Returns*

Fixed Income	Current Yield 2/7/2024
90-Day T-Bill	5.38%
5-Year T-Note	4.06%
10-Year T-Note	4.11%
30-Year T-Bond	4.31%

Source: Bloomberg

Index	2024 (1/1/2024–2/7/2024)	2023 (One Year)
Dow Jones Ind.	2.63%	13.70%
S&P 500	4.72%	24.23%
NASDAQ	4.69%	43.42%
MSCI EAFE Growth ETF	1.06%	17.24%

Source: Morningstar Research

*The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

HIGHLAND TRUST PARTNERS
1077 Baxter Street, Suite 600
Athens, GA 30606
706-850-4965 (office)
www.highlandtrustpartners.com