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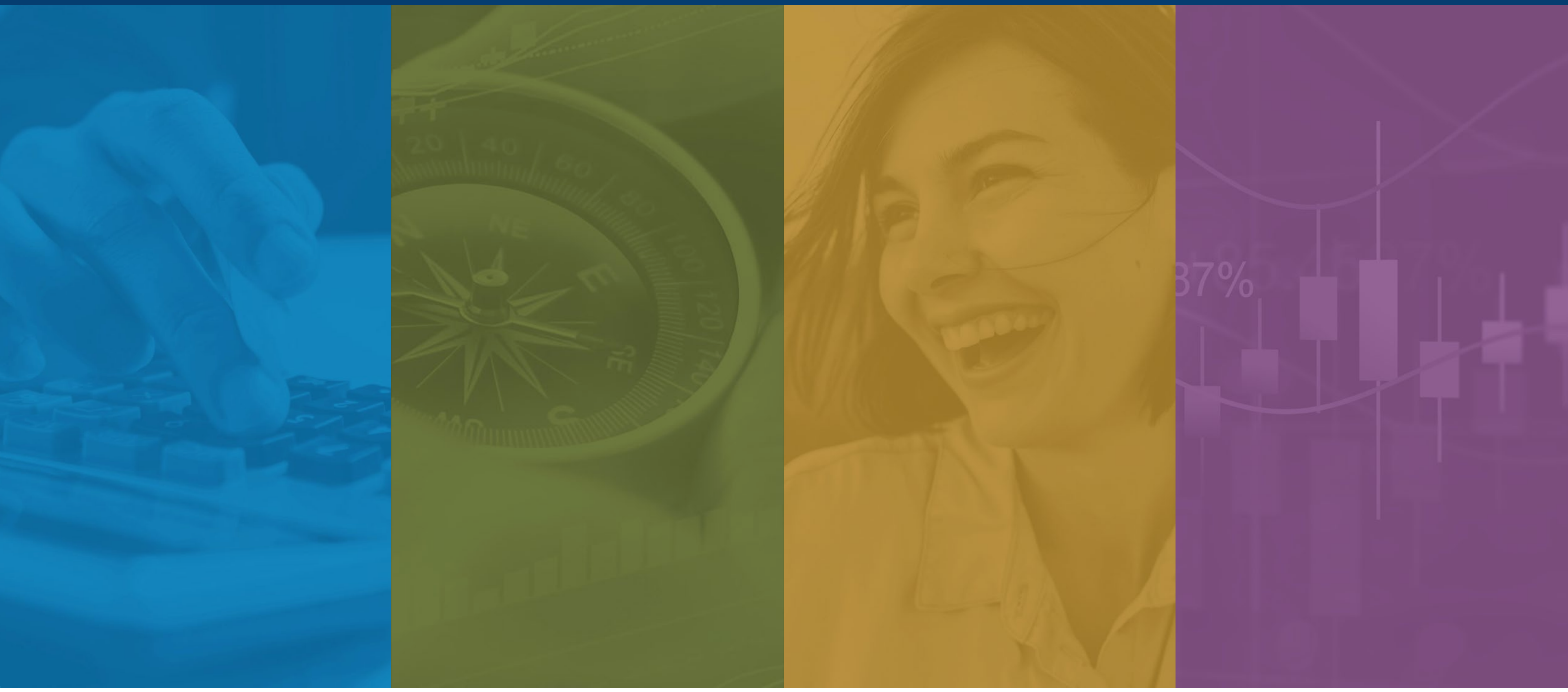
Financial PERSPECTIVES

WINTER 2023



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2024 **Cost-of-Living** *Adjustments*

Cost-of-living adjustments ("COLAs") impact a variety of tax and retirement limits each year. Despite inflation continuing to be a challenge for many, the 3.2% increase in Social Security benefits for 2024 falls well below the record-setting increase of last year. However, the increase of 3.2% for 2024 is more in line with the average cost-of-living adjustments over the past 20 years of 2.6%. Each year a number of tax provisions are subject to cost-of-living adjustments, including the tax rate schedules, standard deductions, and transfer tax limits. Below we have highlighted a few of them for you:

Retirement Savings

Both 401(k) and IRA contribution limits will increase in 2024 creating additional savings opportunities, along with the modified AGI limits that impact your ability to make Roth IRA contributions or deduct traditional IRA contributions.

Retirement Savings Contribution Limits	2024 Limit	Change
Traditional and Roth Contribution Limit Catch-up Contribution Limit (Age 50+)	$7,000 $1,000	$500 No Change
401(k), 403(b), 457(b), and Government Thrift Savings Plan Employee Salary Deferral Limit Catch-up Contribution Limit (Age 50+)	$23,000 $7,500	$500 No Change
SIMPLE IRA Employee Salary Deferral Contribution Limit Catch-up Contribution Limit (Age 50+)	$16,000 $3,500	$500 No Change

Standard Deductions

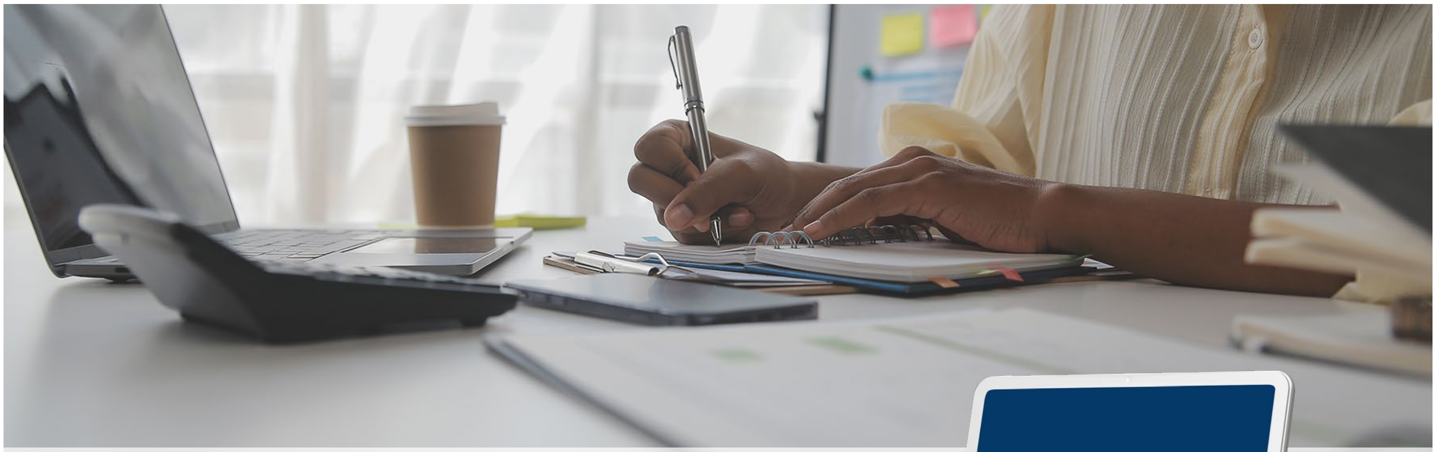
Standard deductions also increased for 2024, but again not at the same level as last year. As always, taxpayers will need to consider the advantages of utilizing standard deductions versus itemizing for 2024.

Standard Deduction	2024 Limit	Change
Standard Deduction for Married Filing Jointly	$29,200	$1,500
Standard Deduction for Single Filers	$14,600	$750

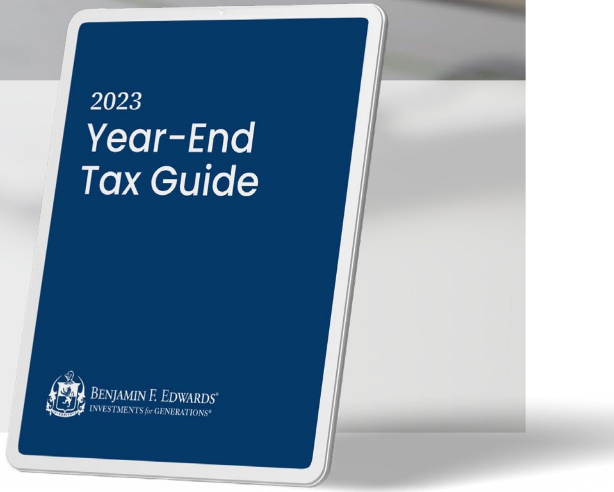
Transfer Taxes

Continuing a refreshing trend for the last few years, the annual gift tax limit increased for a third straight year. And although the increase in the federal estate and gift tax exclusion amount was not as significant as 2023, it will be helpful to impacted taxpayers.

Estate and Gift Tax Limits	2024 Limit	Change
Annual Gift Exclusion Limit (gifts to individuals, 529 education savings plan contributions and ABLE Accounts)	$18,000	$1,000
Lifetime Unified Estate and Gift Tax Exclusion	$13,610,000	$690,000



With 2024 being an election year, it's likely that we won't see significant tax legislation in the near term. That said, there are still planning opportunities to consider. To help with ideas for 2023 year-end planning, as well as some tips on issues to consider for 2024, ask how you can receive a copy of our report ***2023 Year-End Tax Guide.***



Consider Adding a *Trusted Contact* to Your Account

When you open a new account or update your account information, most financial service companies will ask you to provide the name and contact information of a "trusted contact person." This practice started in 2015 and has continued through the last eight years.

A trusted contact person is someone you allow your financial advisor and their firm to contact in limited special situations, such as if your advisor has trouble reaching you or has a reasonable belief that your account may be exposed to possible financial abuse or other exploitation. A trusted contact person must be age 18 or older.

Naming someone as a trusted contact person does not give that person power of attorney or any authority to act on your behalf, execute transactions or engage in activity in your account. A designated trusted contact person does not receive information about your account or your investments, but they may be able to assist your advisor in contacting you to help prevent possible financial abuses.

Reasons to add a trusted contact person to your account:

- If your advisor or financial services firm cannot reach you, adding a trusted contact person to your accounts may help the company ensure that your current address and contact information are correct.
- Adding a trusted contact person to your account may help your advisor respond to possible financial exploitation or fraud in your account and protect your account's assets.
- If persons associated with your financial and investment advice company suspect that you are experiencing a health issue, adding a trusted contact person to your account may help your advisor confirm your current health status.
- Adding a trusted contact person to your account may help your advisor and the company verify the identity of any legal guardian, executor, trustee or holder of a power of attorney on your account.
- The Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and many state financial regulatory authorities also actively encourage investors to consider adding a trusted contact person to investment accounts as a way to combat financial exploitation and abuse activities.

How can you add a trusted contact person to your brokerage account?

You may be asked to add a trusted contact person when you meet with your financial advisor or when you access or update your account online. Advisory firms may also send notices to you, via e-mail or regular mail, that include instructions for adding a trusted contact person to an account.

Before clicking on any link in an e-mail notice about a trusted contact person, make sure to verify that your advisory company or brokerage firm sent the e-mail.

If you would like to add a trusted contact person to your account, please contact Benjamin F. Edwards or your financial advisor.

Year-End Financial To-Do:
Hybrid LTC Insurance Products Can Help with Long-Term Care 'Denial'

As families get together over the holidays, many will have someone close to them—possibly a parent—who needs help with activities of daily living for an extended period (long-term care, or LTC). Even with this reality, most families do not address their own potential future need for LTC. Let's face it, the thought of needing care is often too depressing to think about, much less discuss with others. As a result, many people live in LTC denial, convincing themselves that they will never need care, or that the problem will just take care of itself.

The reality is that according to the U.S. Department of Health and Human Services, today's average 65-year-old has a 70% chance of needing long-term care as they age, and the national average for 24-hour home care or for nursing home care is more than $100,000* annually.

Self-Insurance

Often individuals with LTC denial choose to "self-insure" and just use their personal funds to cover potential long-term care costs. Some people like the idea of self-insuring the long-term care risk because they want to maintain control over the assets, and they do not want restrictions on how they can use them. Also, if long-term care is not needed prior to death, they can leave these assets to their heirs. However, in the likely event that care is needed, even those with significant assets could erode their wealth very quickly, due to the high cost of care. Also, self-insuring with tax-deferred retirement accounts could compound the problem even more. As care is needed, additional withdrawals may be required from these accounts to pay the income tax, or even push them into a higher tax bracket.

Traditional LTC Insurance

Qualified traditional LTC insurance can provide income-tax-free benefits when a long-term care event does occur. The downside of this product type is that the policies are "use-it-or-lose-it" type contracts, meaning if long-term care is not needed prior to death, no death benefit is paid to the beneficiaries, and the premiums paid are lost. In addition, insurers have found it difficult to price these policies, and have raised rates dramatically in recent years on both new issues and in-force policies.

Hybrid Long-Term Care Alternative

Many insurers have stopped offering traditional LTC, but some have begun offering policies that combine life insurance death benefits with long-term care benefits. This can be used as an alternative to traditional LTC insurance and self-insurance. Avoiding the "use-it-or-lose-it" aspect of traditional LTC, this product type enables individuals to maintain control of assets as they protect themselves and their savings from financial exposure to the long-term care expense risk. Should the insured die before care is needed, an income tax-free death benefit would be paid to the beneficiary.

Risk of Delaying the LTC Discussion

There are various factors and potential risks regarding delaying the LTC planning discussion.

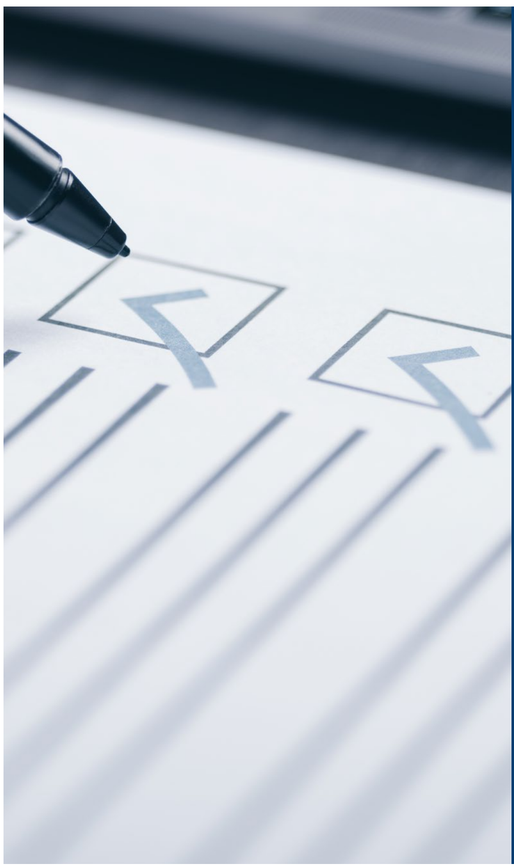
Health risks: No one can predict when or if a serious illness or injury can strike. Should a serious change in health occur, insurance may no longer be an option due to an uninsurable status.

Increased Costs: The longer an individual waits to purchase coverage, the higher the cost. Locking in meaningful insurance coverage now can protect against future uncertainties.

Putting a Burden on Others: Without a long-term care plan, financial, physical and emotional burdens can fall to loved ones.

There are a variety of LTC planning issues and insurance options to consider. Contact your Benjamin F. Edwards financial advisor for help with evaluating your situation and developing a plan based on your current assets, health situation, family dynamics and cost of care in your area.

**Mutual of Omaha Insurance Company's Cost-of-Care Study conducted by LTCG, 2022*



Don't Miss Our Year-End Financial To-Do Blog Series

As December 31 ticks closer, many of us get swept up in this busy time of year, which is completely understandable. But year end also brings with it certain tax and financial deadlines as well. To keep you on task, we've come up with a financial to-do list of sorts, to help keep you aware of important financial considerations at the end of the year.

To find our blogs, go to

benjaminfedwards.com/educational-resources →

New topics will be run a couple times per week through the end of the year, and you can take a look at a few that have already been posted. We hope you are able to enjoy the season with family and friends.

MARKET RECAP

Market Summary (As of November 30, 2023)

Market Performance

	YTD	Trailing 12 months	3-Year Annualized	5-Year Annualized
DJIA	10.72	6.19	8.85	9.41
Nasdaq	37.00	25.13	6.08	15.17
Russell 2000	4.20	-2.57	1.13	4.78
S&P 500	20.80	13.84	9.76	12.51

Sources: Benjamin F. Edwards and Bloomberg

U.S. Stock

Performance of S&P 500

Index Price Returns for periods ended November 30, 2023

Sector	Weightings	YTD	Trailing 12 months	5-Year Annualized
Info. Technology	29.1%	52.02	39.29	23.79
Health Care	12.7%	-2.15	-4.02	8.67
Financials	12.9%	6.40	0.84	8.18
Cons Discretionary	10.7%	34.22	19.10	10.45
Industrials	8.3%	10.39	7.12	10.15
Comms Services	8.6%	48.66	37.01	10.56
Cons Staples	6.3%	-2.10	-4.85	8.19
Energy	4.1%	-1.31	-4.21	10.37
Utilities	2.4%	-8.83	-9.31	5.83
Materials	2.4%	7.64	1.66	10.98
Real Estate	2.4%	3.36	-1.63	5.46

Ranked by highest to lowest index weightings. Weightings may not equal 100 due to rounding.
Source: S&P®

U.S. Treasury Securities

	U.S. Treasury Yields
Two-year	4.54%
Five-year	4.15%
10-year	4.20%
30-year	4.39%

Source: Bloomberg (as of November 30, 2023)

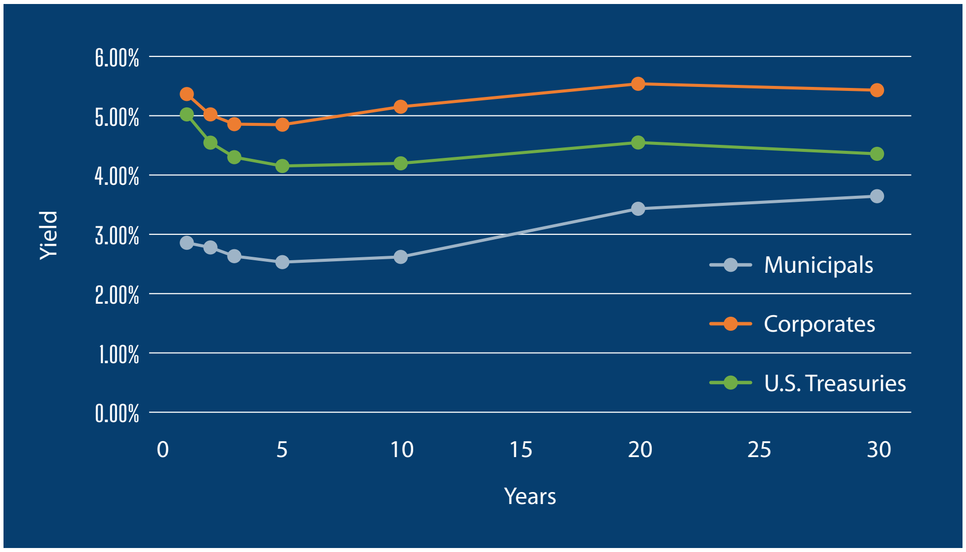
Equity Market Commentary

Markets have been busy making history since the last edition of Financial Perspectives. U.S. equities had their best month of 2023 and saw one of their largest monthly gains in decades. The S&P 500 and NASDAQ Composite neared their highs reached in July while the Dow Jones Industrial Average eclipsed its 2023 high. While November was a good month for investors, some credit has to go to a very weak two months prior. From September to October each of the major averages lost at least 5% with the NASDAQ losing more than 8%. Small cap stocks fared even worse with a nearly 14% loss as investors worried about the impact of tighter financial conditions on smaller companies. All told, the S&P 500, Dow Jones, and NASDAQ have gained 3.2%, 1.2%, and 1.4% over the last three months. Investors experienced a lot of heartburn to notch relatively muted gains. While large cap stocks have been able to approach all-time highs from 2022, small and mid-cap stocks continue to languish in an environment where very large stocks dominate the market. The Russell 2000 small-cap index is 23% below its all-time high set at the end of 2021.

From an economic perspective, the U.S. continues to exceed analyst expectations and outperform other major economies. Progress on inflation has continued at a steady pace and is now comfortably in the 3%-range. It appears as though most measures of inflation could reach the Federal Reserve's 2% target sometime in 2024 assuming no unforeseen hiccups. At the same time, economic growth has surprised to the upside with U.S. GDP coming in at +5.2% in its latest reading, fueled by consumer activity. In fact, holiday retail sales are on a record pace as Black Friday saw a 7.5% increase over 2022. While there is a lot (of economic data) to be thankful for, there are some lingering areas of concern. Surging interest rates have severely curbed housing demand, corporate bankruptcies are ticking higher, and there are some signs that strong consumer activity could be coming to an end. Meanwhile, the Federal Reserve continues to signal that interest rates will remain higher for longer despite signs that they may need to consider a pivot in the coming quarters.

Fixed Income Yield Curves

As of November 30, 2023



Source: Thomson Reuters MMD/TM3

Fixed Income Market Commentary

Oh, the story of the last quarter. Looking at the last iteration of this quarterly periodical, one might think the 10-year Treasury yield stayed flat and the market did not have much movement. The 10-year started the most recent quarter at 4.18% and ended at 4.197%. In between those dates we hit a closing level in mid-October at 4.991% and averaged a yield of 4.554%. This quarter saw a significant amount of market interpretation and assumption of the next moves to be played by the U.S. Federal Reserve (Fed). The Treasury market over the last month of the quarter staged the strongest price appreciation move we have seen since the 1980s, with the 10-year Treasury moving from 4.93% on Halloween (seems like a distant memory) to 4.20%, and the 30-year from 5.10% to 4.39% to end the quarter. On a go-forward basis, the market will continue to have a keen eye on the consumer price index and personal consumption expenditures to identify how the fight on inflation is progressing. This is where the rub lies: the Fed's "higher for longer" conservative approach to tamp out inflation has the risk to significantly slow economic growth/cause a recession. The market is making the call/anticipation that inflation has been thwarted and the Fed will not be able to maintain the "higher for longer" approach due to a slowdown and eroding economic growth.

Corporate Bonds

Corporate bonds inherently traded with the same volatility we observed in the Treasury market on the quarter as corporates trade with the formula of Treasury yield + credit spread. For the first two months of the quarter, we saw credit spreads stay steady in investment-grade paper and widen slightly in high-yield bonds. But, at the time the Treasury market started its epic rally, we saw credit spreads start to rally with A-rated paper in the 10-year maturity rally 15 basis points (100 bps = 1%). In this scenario, the market is intimating that the anticipated capitulation of the Fed's "higher for longer" approach will benefit corporations being able to fund their businesses with lower borrowing costs. As such, expected risk is reduced, and not as large of a credit spread is demanded.

Municipal Bonds

The municipal market reacted similarly to the Treasury and corporate markets, with a comparable rally for bonds. With the Treasury market nearly flat with the first and last observation of the quarter, the municipal market rallied 22 bps tighter in the 10-year maturity range signaling outperformance during the quarter, with the short end of the market (1 to 3 years) trading even tighter by 35 bps. We are seeing outsized demand in the market, with buyers looking to lock in the new yield environment.

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Diversification does not guarantee a profit or protect against loss.

Investing in securities entails certain risks, including the potential loss of all or a portion of the proceeds invested. Individuals should consider their specific financial needs, investment objectives and risk tolerance before making an investment.

Equity investments refer to buying stocks of U.S. companies as well as companies outside of the U.S. The market capitalization of U.S. companies is used to group large, medium (mid) and small companies. The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. Shareholders share in both the upside potential and the downside risk. Dividends are not guaranteed and are subject to change or elimination.

Mutual funds and ETFs are sold by prospectus. Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from your financial advisor and should be read carefully before investing.

There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions. Distributions from REIT investments are taxed at the owner's tax bracket.

An investment in a 529 plan will fluctuate such that an investor's shares, when redeemed, may be worth more or less than the original investment. Investors should carefully consider a 529 plan's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the 529 plan issuer's official statement, which should be read carefully before investing.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value in your investment.

An index is not managed and is unavailable for direct investment. The Dow Jones Industrial Average (DJIA) is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market. The Nasdaq Composite Index measures over 5,000 NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The Russell 2000 is a stock-market index measuring the performance of 2000 small-capitalization stocks. The S&P 500 Index covers 500 industrial, utility, transportation and financial companies in the U.S.

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