

# THE ADVANCED CONNECTION

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## Bob & Dorothy Celebrate 40 Years in the Financial Services Industry

On January 20, 2023, we hosted a reception to celebrate the 40 years Bob and Dorothy Haley have been in the financial services business. The reception turned into a large party, as approximately 100 people joined us in honoring the two of them.

Bob (of course) gave some remarks, calling attention to the deep relationships we have developed with our clients. He thanked clients for their years, sometimes decades, of working together, and presented a beautiful bouquet to the client who has been with us the longest – 40 years as of 2023! Bob also introduced family and long-time friends to us, and then introduced the team members of AWM to the audience.

It was an emotional and delightful evening. Thanks to all those who could join us, and to all those who sent emails and cards. And, thank you, Bob and Dorothy, for helping AWM become what it is today.



### Tax Filing Deadline & Other Important Dates

April 18th is the deadline for filing 2022 Federal taxes. Commonwealth/National Financial Services will soon begin issuing tax documents. Many of the tax documents will be available online through Investor 360® several days before they are mailed.

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## Other Important Dates

**January 20:** Form 1099-R available online – for distributions from brokerage retirement accounts

**January 20:** Form 5498 available online – for use with contributions to, and year-end market values of, brokerage retirement accounts

**January 21:** 1099 Consolidated Tax Form available online – for accounts holding securities with no anticipated reclassifications

**February 11- March 4th:** All remaining 1099 Consolidated Tax Forms available online

## New Year, New Changes in Retirement Planning!

As further evidence of the validity of one of our favorite phrases, “Things Change,” late last year Congress passed a sweeping bill that impacted retirement and financial planning in numerous ways. Part of this bill, called SECURE Act 2.0, served to make changes to the 2019 SECURE Act. The SECURE Act 2.0 has many ramifications, some immediate and some with impacts that won’t be felt for years.

One of the changes that will likely impact the most people is (yet another!) change to when individuals are forced to take money out of their pre-tax retirement accounts. For many years, Required Minimum Distributions (RMDs) had been required when an account owner turned 70 ½. In 2019 that was changed to when the account owner turned 72. Now, the age has changed to 73 for those born in the years 1951-1959, and 75 for those born in 1960 and later. An important note is that those who had already been required to take an RMD (for example, someone who turned 72 in 2022), are not impacted by these changes, or in other words, these changes only apply to people who were under age 72 at the end of 2022.

In addition, the SECURE Act 2.0 created changes in employer sponsored retirement plans, Roth savings opportunities, 529 college savings accounts, tax penalties, and many others. We will be reviewing with you the aspects of the Act that impact your financial plan, but if you have any questions or concerns for us please reach out at any time!

## The Importance of Naming a Power of Attorney

A critical part of the wealth management services we provide is helping clients be certain their estate planning documents are in good order. Sometimes this involves meeting with an attorney for the first time to develop wills or trusts, health care directives, Powers of Attorney and other related documents. For those with estate plans created years earlier, we often encourage people to talk with their attorney about updating these documents, as it is not uncommon to hear, "Oh, yes, we do have a will, but it hasn't been updated since the kids were born, 30 years ago."

Estate plans should adjust as time goes on. Births, deaths, marriages, changes in financial circumstances, a move to a different state, tax law revisions, these and many other events can make it prudent to have your estate planning documents reviewed. There may be times when your attorney might agree that an update is not necessary because your situation remains much the same as when the wills or trusts were written. However, there is at least one document that should be either updated or "renewed" every 5 years or so, and that is your Power of Attorney (POA).

This is a very powerful document. A "Principal" authorizes one or more trusted individuals to make decisions on the Principal's behalf about financial and legal matters, including buying and selling

assets, making investment decisions, and even things as minor as changing your address with the Post Office. The POA can become effective under two general circumstances. The first might be when the Principal authorizes it, such as when the Principal will be out of the country for an extended time, or when the Principal has reached an age where he or she no longer wants to manage their own affairs. More frequently the POA becomes effective when doctors declare that the Principal no longer has the physical or mental capacity to deal with these matters. Be aware - the POA will become null and void when the Principal passes away, and the will or trust will dictate the management of the deceased's assets.

The challenge with a POA is that many financial institutions are reluctant to honor it, especially if it is "stale dated," meaning it has been many years since the document was signed. If a financial institution refuses to honor the POA it can complicate management of the Principal's assets, sometimes with very negative results. Thus it is very important that the entire estate plan be reviewed every 5 years or so, and that the POAs be updated as recommended by the attorney.

As young people become adults (the age is determined by state law), and are now responsible for the management of their financial and health-care issues, THEY need POAs also. *(Continued)*

## The Importance of Naming a Power of Attorney

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Parents or other family members cannot make these decisions for their loved ones without a valid POA. And, for those who end up responsible for elder family members, care should be taken

that the elder's POAs and other estate planning documents are current and in good order.

We encourage everyone to be mindful of the importance of having current POAs for yourself and your families.

## Growing the AWM Extended family

Greetings from Traci and the Nelson Family!

It has been so nice to be "back in the swing of things" and able to see some of you in person after the last couple of years. My family and I are looking forward to a fun-filled spring, sneaking in some camping trips and enjoying lots of family time. Our son, Logan, is becoming quite the charming toddler, his vocabulary is growing substantially, and he loves trucks, animals, and music. My husband is assistant-coaching a high school baseball team. I keep busy chasing Logan around while keeping up with my duties at AWM, and as Ted announced late last year, I am honored to be serving as the President for our local Financial Planning Association chapter this year.

The most exciting family update is that we are preparing to welcome Baby Nelson #2 to our family in May! We are so blessed to be growing

our family and cannot wait to meet the new baby. We are hopeful that Logan will enjoy and embrace being a big brother.

Once baby arrives, I will be taking some time away so our family can all be together and adjust to being a family of four (well, five, let's not forget our beloved Golden Retriever, Brooks!). I am very thankful that we have such a strong, talented team here at AWM so that I am able to take the time away that our family needs.



## IRS Benefit Plan Limits for 2023

On October 21 2022, the Internal Revenue Service released Notice 2022-55, announcing cost-of-living adjustments that affect contribution limits for retirement plans and retirement accounts in 2023. The list below, though not exhaustive, highlights key changes that retirement plan sponsors should be aware of, as well as several limitations that remain unchanged from 2022:

401(k) Plan Limits for Plan Year	2022 Limit	2023 Limit
401(k) elective deferral limit <sup>1</sup>	\$20,500	\$22,500
Catch-up contribution <sup>2</sup>	\$6,500	\$7,500
Defined contribution dollar limit	\$61,000	\$66,000
Compensation limit <sup>3</sup>	\$305,000	\$330,000
Highly compensated employee income limit	\$135,000	\$150,000
Key employee officer limit	\$200,000	\$215,000
Non-401(k) Limits	2022 Limit	2023 Limit
403(b) elective deferral limit <sup>1</sup>	\$20,500	\$22,500
Defined benefit dollar limit	\$245,000	\$265,000
457 employee deferral limit	\$20,500	\$22,500

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## IRS Benefit Plan Limits for 2023

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SEP and SIMPLE IRA Limits	2022 Limit	2023 Limit
SEP minimum compensation	\$650	\$750
SEP maximum compensation	\$305,000	\$305,000
SIMPLE contribution limit	\$14,000	\$15,500
SIMPLE catch-up contribution <sup>2</sup>	\$3,000	\$3,500
IRA and Roth Limits	2022 Limit	2023 Limit
IRA and Roth contribution limit	\$6,000	\$6,500
Catch-up contribution <sup>2</sup>	\$1,000	\$1,000

1 Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

2 Contributors must be age 50 or older during the calendar year.

3 All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Investors should consult a tax preparer, professional tax advisor, and/or a lawyer.

## Welcoming Louise Reyes to AWM!

Louise joined us in 2023 to assist in our Operations Department, and comes to us with previous experience in the financial industry, as well as the hospitality industry.

Louise was born and raised on a taro farm in Hawai'i. She left the islands to attend Pacific University where she earned a degree in Business Administration with an emphasis in Accounting/ Finance, and minored in Psychology. Combining the two, she is passionate about providing exceptional client service and doing her best to make each day easier for clients and her colleagues. Her caring nature and sense of humor make her a natural helper.

On the weekends, you can find her, along with her husband, supporting their 3 active children at the softball field, cheer competitions, volleyball tournaments, or assisting their son with his love for the outdoors through Cub Scouts. She enjoys

volunteering as classroom helper and team parent, along with exploring the different places her kids' activities take her.



## Office Closures

Memorial Day

May 29th

Juneteenth

June 19th

Independence Day

July 4th

Labor Day

Sep 4th

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