

Advantage

Your personal finance edge

November-December | 2023



Choosing your 401(k) pathway

Retiring to a warmer climate? | Advance directives for healthcare
Getting ahead | Make-ahead holiday meals | New Year's prediction fun

A season to reflect and get ahead

As the aroma of pumpkin spice wafts through the air and twinkling lights appear in the streets and on our homes, we find ourselves at the end of another year. So, before we become too wrapped up in the merriment of holiday festivities, let's take a moment to consider the next chapter: 2024.

Instead of worrying so much about our New Year's resolutions, this year let's stop to consider the advantages of getting a head start on our aspirations. Why not use the holiday season to gain a proactive mindset and map out steps for the new year that can help you achieve your goals?

Since the decisions you make now can help shape your retirement years, we explore the pros and cons of managing your 401(k) as a large cohesive block versus a tiered approach. By understanding the pathways now, you could start 2024 in the right direction.

Do you dream of retiring in the sun? If so, we have tax considerations for retiring to a warmer climate. We also have some info to help you if you're toying with the idea of splitting your time between two destinations.

Because we need to think about life's uncertainties, we delve into the importance of advance directives for healthcare and being prepared for the unexpected. Give yourself some peace of mind this holiday season, knowing you have a plan in place for loved ones.

Efficiency is a must-have, especially during the hustle and bustle of the holiday season. That's why we have nine actionable tips to elevate your efficiency in both your professional and personal life...leaving you more time to enjoy the season.

And what's a holiday season without mouthwatering meals? We have four delightful make-ahead recipes you can just heat and serve when the time is right, giving you a holiday feel without getting your tinsel in a tangle.

Last, how about a bit of fun? Take our prediction cards and share them with friends as a whimsical way to bring in the new year.

Here's to a wonderful holiday season for you and your loved ones!

Your trusted advisors

Efficiency is a must-have, especially during the hustle and bustle of the holiday season.

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Are you ready to deal yourself a hand in shaping 2024? Take a card and let the New Year's fun begin!



Choosing your 401(k) pathway



A guide to a golden retirement

Whether you're two years away or 20, the golden age of retirement is on the horizon. And your 401(k) serves as a dynamic tool, guiding you on a path toward financial stability. But one question that may need to be answered on your journey is this: Should you go the singular, block-of-money route, or should you embrace a more diversified approach as you traverse toward retirement? Let's explore the two different avenues you can take with your 401(k) as you plan for retirement.

The singular path

Under the singular approach, your 401(k) is managed as a unified block of money. This means your assets are allocated in a way that aligns with your overall objectives and risk tolerance. It also means you'll need to check in on your progress from time to time, to make sure your assets remain well-balanced. There are both good and not-so-good things about taking the singular path. Let's explore why.

The good

It's simple to manage

Taking the singular path is very straightforward. It makes it easier to manage—and understand—your 401(k). This method is great for those who prefer to set it and forget it. You won't need to be very hands-on with this strategy.

It's cost-effective

Using a single strategy may involve lower

transaction costs and management fees than a tiered approach, where assets are frequently reallocated.

It results in consistent growth potential

When you focus on long-term financial goals, you can benefit from the compounding effect. This may result in higher overall returns over a long period of time.

The not-so-good

It lacks flexibility

When you take the unified approach with your 401(k), it may not provide enough flexibility to adapt to changing market conditions or personal circumstances.

It can increase risk exposure

Taking the singular route can present challenges, such as limiting the ability to adjust risk levels as you approach retirement. This means you could potentially lose more money during market downturns.

The diversified approach

In contrast to the singular path, the diversified approach involves dividing your 401(k) into three separate tiers based on your stage of retirement. These stages can be defined as the **growth phase** (young age), the **transition phase** (middle age) and the **preservation stage** (approaching retirement). In this strategy, your assets and risk profile depend on where you are in your retirement journey. Just like the singular approach, the tiered approach also has some positives and negatives.

The good

It allows for customization

When going the diversified route for your 401(k), you can choose a more personalized approach. This is where your asset allocations can be adjusted based on your changing needs and goals during each phase of retirement.

It's better at managing risk

As you make your way through each phase of retirement (i.e., growth, transition, preservation), the tiered strategy makes the transition from a high-risk portfolio to a more conservative one. This helps minimize potential losses as you approach retirement.

It adapts to market fluctuations

A tiered approach can help you potentially take advantage of market opportunities at different stages. This means you can optimize the return on your investments and reduce risks.

The not-so-good

It can be complex

When using a diversified path, it means you'll be managing multiple portfolios. Doing this can be complicated; it requires a deep understanding of investment principles and can also be time-consuming.

It could cost more

If you decide to diversify your approach, it could involve higher transaction costs and management fees because you'll adjust and reallocate your funds more frequently.

It can result in missed growth opportunities

Transitioning into your preservation stage means you'll be taking a more conservative approach. This could lead to missing out on growth opportunities, which could reduce your overall retirement nest egg.

Singular vs. diversified: Factors to consider

Deciding which path to take for your 401(k) can be difficult, so it's important to consider several factors, including your risk tolerance, financial goals, investment knowledge and the amount of time you have until retirement. Here are a few things to consider:

Your personal risk tolerance

Understanding your risk tolerance (i.e., the potential amount you're willing to risk so you can achieve a specific investment return) will help you determine whether a unified or tiered strategy better aligns with your investment personality.

Your timeline for retirement

How close you are to retirement plays a big part in whether you choose the singular or diversified route. If you have a lot of time left until retirement, a unified approach may be better suited to your needs. However, if you're closing in on that "permanently out on vacation" deadline, a more aggressive tiered approach may better benefit you.

Your need for expert guidance

Regardless of the path you choose, consulting with a financial advisor can help provide valuable insights into the best strategy for you based on your circumstances and goals.

Managing your 401(k) is a critical component in securing your financial comfort in the golden age of retirement. Both singular and diversified paths have their merits. However, we suggest weighing the pros and cons of your individual needs and working with an expert to help you make the right decision. Cheers to the golden years! ■

Retiring to a warmer climate?



Ah, retirement. Visions of endless sunny days, empty agendas and fists holding cool drinks may be dancing in your head. But before you pack up and say, "So long!" to the confines of your desk and home, a less exciting topic needs your attention: taxes. Whether you're planning to retire on a white sandy beach in Florida or live abroad in a Mexican villa, it's important that you understand the tax implications of your retirement possibilities. Here are several things to consider before making a move.

Dual residency

Maintaining two homes may sound like fun: One residence further north for the summer months and another residence further south during the winter months. It can be the best of both worlds. However, states view tax residency differently, and there are four things you need to think about before obtaining a second residence:

1. Determining residency

Most states consider you to be a resident if you spend more than 189 days (about six months) within their state lines per year.

This is important to remember, especially if you're cutting it close to that timeframe.

2. Income tax

If you earn money in both states, you'll most likely need to file returns in each. But don't worry about double taxation. Many states offer credits for taxes paid to another state.

3. Property taxes

Owning property in two states means you'll be paying property taxes for both residences. Some states may provide homestead exemptions or reductions for primary residences, so it's important to

know which property you'll claim as your primary. Check each state's Department of Revenue website for specifics on homestead exemptions.

4. Estate taxes

If you're thinking about passing down assets, keep in mind that some states have estate or inheritance taxes.¹ You'll want to consider how these taxes can impact your beneficiaries.

Moving abroad

If you're considering going international for your retirement (think: a picturesque coastal town in Italy or a serene beach in Costa Rica), taxes can get a bit more complicated. Here are four things to consider before retiring abroad.

1. US citizenship and taxes

Probably the most important thing to consider is that the US taxes its citizens on *worldwide* income, no matter where they live. If you retire to a beach outside the country, Uncle Sam still wants his share.²

2. Foreign Earned Income Exclusion (FEIE)

If you earn money while living abroad, you may qualify for the FEIE.³ This exclusion allows you to exclude a certain amount of your foreign earnings from US taxation. But it doesn't apply to pensions or retirement account distributions.

3. Double taxation

To prevent double taxation, the US has tax treaties with several countries.⁴ These treaties mean that if you pay taxes in your adopted country, you can often take a credit or deduction on your US return.

4. FBAR and FATCA

If you maintain foreign bank accounts, you may have to report them. The Foreign Bank Account Report (FBAR)⁵ and the Foreign Account Tax Compliance Act (FATCA)⁶ are two regulations that require US citizens to declare specific foreign assets and bank accounts.

Tips for a sunny tax future

Dealing with taxes isn't as fun as a day in the sun. But a little planning can go a long way to ensure your retirement dreams aren't dampened by unexpected tax obligations. Here are three tips to set your retirement up for sunny success.

1. Consult a tax professional

Tax laws are intricate and can change. It's best to work with a tax expert who's familiar with dual-state or international retirement residences.

2. Keep detailed records

If you decide to split your time between two residences, make sure you keep detailed logs of your days spent in each state. This will help quash any questions about your residency, should they arise.

3. Plan your estate

Whether you're in two states or two countries, making a plan for your estate can save your beneficiaries unnecessary stress.

In the end, retirement is about relishing your well-deserved break. And with a bit of tax planning, you can focus on enjoying those golden years. Cheers to the sun and smart strategies! ■

¹"Deceased Person," Internal Revenue Service, April 14, 2023. <https://www.irs.gov/individuals/deceased-person#estate-and-gift-tax>

²"U.S. Citizens and Resident Aliens Abroad," Internal Revenue Service, June 9, 2023. <https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad>

³"Foreign Earned Income Exclusion," Internal Revenue Service, September 21, 2023. <https://www.irs.gov/individuals/international-taxpayers/foreign-earned-income-exclusion>

⁴"Tax Treaties," Internal Revenue Service, September 12, 2023. <https://www.irs.gov/individuals/international-taxpayers/tax-treaties>

⁵"Report of Foreign Bank and Financial Accounts (FBAR)," Internal Revenue Service, July 5, 2023. <https://www.irs.gov/businesses/small-businesses-self-employed/report-of-foreign-bank-and-financial-accounts-fbar>

⁶"Foreign Account Tax Compliance Act (FATCA)," Internal Revenue Service, September 25, 2023. <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>



Advance directives for healthcare: Do you need one?

It's often easy to get caught up in life and push off having critical conversations about our health and future. One topic that gets put on the back burner more often than we'd like to admit? Advance directives for healthcare. How do you know if you need one? Well, let's dive in and explore that.

What is an advance directive?

At its core, an advance directive is a legal document that details your decisions about end-of-life care before you need it. It gives you a way to let your family, friends and healthcare professionals know what you wish to happen—ahead of time. Advance directives typically consist of two elements:

1. A living will establishes what treatments you want if you're dying or permanently

incapacitated, and you can choose to accept or reject medical care. It should include instructions on whether you want to use dialysis and breathing machines, if you want to be resuscitated, if you want to be fed through a tube, and whether you want to donate your organs and tissues.

2. A durable power of attorney for healthcare (or healthcare proxy) is the person you designate to make healthcare decisions on your behalf if you're unable to express informed consent.

Why should you consider an advance directive?

If you've been wondering if you need an advance directive, give this situation a thought: You get into an accident where you've been hospitalized and can't communicate. Important decisions need to be made about your healthcare. But if you don't have an advance directive, your loved ones may be torn between what they *believe* is best for you and what you would want. Not only can it lead to potential disagreements among family members, but it can also place an emotional (and mental) burden on them. Having an advance directive gives you—and your loved ones—peace of mind.

"End-of-life care can be costly. By detailing the care you do or don't want, you can potentially prevent unnecessary medical bills."

Here are four reasons you should have one:

1. Making decisions on your terms

The main benefit of an advance directive is ensuring your healthcare directives reflect *your* wishes. You're in control, even when you can't voice your preferences.

2. Reducing stress

When you clearly state your end-of-life care wishes, you remove the responsibility of making such challenging decisions from your family and loved ones.

3. Avoiding potential conflicts

Your loved ones may have differing opinions on your care, especially during a stressful time. Having an advance directive provides them with a reference point to act on your behalf.

4. Preventing financial implications

End-of-life care can be costly. By detailing the care you do or don't want, you can potentially prevent unnecessary medical bills.

Why do people elect not to create advance directives?

There may be several reasons people decide against an advance directive. Here are the three most common misconceptions that keep people from planning ahead:

1. People believe they're too young

Accidents or unexpected health issues can arise at any time—it's not something that only affects the elderly. It's wise to be prepared at any stage of life.

2. It seems too complicated to create

The topic of an advance directive can be emotionally challenging, but setting up an advance directive is a pretty straightforward process. Many online resources can walk you through step by step, and many are free.

3. It's too hard to make changes

As your life changes (i.e., you experience a significant event such as a marriage or the birth of a child), so can your preferences on your advance directive. It can be updated as frequently as needed.

Getting started

Once you've made the decision to create an advance directive (and we applaud you!), carefully consider your values, beliefs and desires regarding end-of-life care. Make sure you discuss your decisions with your loved ones, so they're in the loop and can advocate for you if the time comes. Document all of your decisions and distribute copies to your healthcare proxy, family members and primary care physician.

The conversation around advanced directives for healthcare can be emotional, but they're critical for planning for the unexpected. Take time now to ensure your voice is heard—even if you're unable to speak. ■



Getting ahead: 9 tips for personal and professional efficiency

In today's go-go-go world, "efficiency" isn't just a buzzword—it's a survival skill. Whether you're climbing the corporate ladder, shattering glass ceilings or juggling life's day-to-day demands, finding ways to do more with less has become an invaluable trait. But how can you tap into your productivity? We've gathered nine tips to help you up your efficiency game in your professional and personal lives.

1 Clear the clutter

Professional

Organize your desktop—including your actual desktop *and* computer desktop. Streamline your to-do list and prioritize your top three tasks each day. When you get rid of the mess, it helps you focus.

Personal

Remove clutter from the areas where you spend most of your time at home. A clean and tidy space helps reduce mental fog and can boost creativity.

2 Be ruthless with priorities

Professional

Learn to differentiate between tasks that are "urgent" and "important" (hint: there's a difference). Tackle the tasks that will give you the most return on your time investment.

Personal

Think about your long-term goals and align your daily choices accordingly. Would you rather binge-watch your favorite series or get work done on your passion project? The choice is yours.

3 Embrace technology

Professional

Wherever possible, automate routine tasks with apps and tools. But remember to disconnect at the end of the day and turn off unnecessary notifications.

Personal

Use technology to set reminders, organize your personal tasks, and even meditate or track exercise. Just don't forget to unplug and indulge in the real world.

“Not all meetings are necessary—opt for a quick chat or email instead.”

4 Know when to delegate

Professional

As much as you'd like to, you can't do everything yourself. Empower your team members by entrusting them with tasks. It helps them grow and lets you focus on the bigger picture, instead of being in the weeds of the minutiae.

Personal

Share responsibilities at home with your partner or children (if they're of an age where they can do chores without supervision). Remember that it's OK to ask for help. And if it's in your budget, it's also OK to hire help.

5 Learn to say no

Professional

Not all meetings are necessary—opt for a quick chat or email instead. Learn to say no so you can get the most value from your time and energy.

Personal

Rest when you need to, surround yourself with positivity and cut ties with people who drain your energy. Know your limits!

6 Set clear boundaries

Professional

Especially if you work from home, define your work hours. This ensures you're not working all day and allows you to step away and relax when your workday is over.

Personal

Establish boundaries in your relationships. It's important for your mental health *and* allows you to prioritize self-care.

7 Learn at every opportunity

Professional

The business landscape changes constantly. Stay updated on current trends and technologies by attending webinars, reading relevant materials, or hiring a mentor or business coach.

Personal

If you're not growing, you're not learning. Embrace new hobbies, read diverse books and never shy away from an opportunity to learn.

8 Visualize your goals

Professional

Seeing what you're working toward is a powerful motivator. Create a vision board or set clear milestones so you can focus on your end goals.

Personal

Whether you have a new fitness goal, a travel destination you've been dreaming about or a new monetary goal, visualize yourself achieving them. Vision boards are great for personal goals too!

9 Celebrate small wins

Professional

Recognize and celebrate all achievements—no matter how small they may be. It can help boost employee morale and keep them motivated.

Personal

Every step you take toward a goal is progress. Celebrate it, no matter how small it may seem. Every step counts. ■

Make-ahead holiday meals

The holiday season is filled with joyous carols, twinkling lights and the merry laughter of loved ones gathered around the table. But as magical as it can be, we sometimes find ourselves overwhelmed in the kitchen, trying to prepare numerous family meals to feed our hungry guests. What if we told you there's a way to combine the magic of the season with the simplicity of a make-ahead meal? Here are four recipes you can make ahead of time, so you can simply heat and serve during your family gatherings.

Overnight French toast II

View the original recipe [here](#)¹

Servings: 4 to 6

Ingredients:

- 2 tablespoons corn syrup
- 1/2 cup butter
- 1 cup packed brown sugar
- 1 (1 pound) loaf French bread, sliced
- 5 eggs
- 1 1/2 cups milk
- 1 teaspoon vanilla extract
- 1/4 teaspoon salt



Directions:

- 1.** Combine corn syrup, butter and brown sugar in a small saucepan and simmer until sugar has melted. Pour this mixture over the bottom of a greased 9x13-inch casserole dish.
- 2.** Place bread slices over the sugar/butter mixture in the dish. In a bowl, beat together eggs, milk, vanilla and salt; pour the mixture over bread. Cover the dish and let stand in the refrigerator overnight.
- 3.** The next morning, preheat the oven to 350°.
- 4.** Uncover the pan and bake for 45 minutes.

Serve while hot, or the French toast will harden in the pan. It can be reheated.

Vanessa's make-ahead beefy lasagna

View the original recipe [here](#)²

Servings: 8

Ingredients:

- 12 uncooked lasagna noodles
- 1 (24 ounce) container 4% small-curd smooth-and-creamy cottage cheese
- 1 (16 ounce) container ricotta cheese
- 2 large eggs, lightly beaten
- 1/2 cup refrigerated pesto
- 1 teaspoon salt
- 2 1/2 cups (10 ounces) shredded mozzarella cheese, divided
- 1 pound lean ground beef
- 1/2 cup finely chopped onion
- 2 (24 ounce) jars tomato-and-basil pasta sauce



Directions:

- 1.** Preheat oven to 375°. Prepare noodles according to package directions.
- 2.** Stir together cottage cheese and the next four ingredients. Stir in 1 cup mozzarella cheese.
- 3.** Cook ground beef and onion in a large skillet over medium-high heat, stirring often,

¹"Overnight French Toast II," Allrecipes, April 19, 2021. <https://www.allrecipes.com/recipe/24130/overnight-french-toast-ii/>

²"Vanessa's Make-Ahead Beefy Lasagna," Southern Living, January 9, 2019. <https://www.southernliving.com/recipes/vanessas-make-ahead-beefy-lasagna>

6 to 7 minutes or until meat crumbles and is no longer pink; drain. Stir in pasta sauce.

4. Layer 1 cup beef mixture, 3 noodles and 2 1/2 cups cottage cheese mixture in a lightly greased 13x9-inch baking dish. Top with 3 noodles, 2 cups beef mixture and 3 more noodles. Top with remaining cottage cheese mixture, 3 noodles and beef mixture. Sprinkle with remaining 1 1/2 cups mozzarella cheese.

5. Freeze unbaked lasagna for up to three months. To bake, thaw in the refrigerator for 24 hours. Let stand for 30 minutes.

6. Bake, covered, at 375° for 40 to 45 minutes. Uncover and bake for 20 minutes or until cheese is browned. Let stand 10 to 15 minutes before serving.

Hearty baked potato soup

View the original recipe [here](#)³

Servings: 10

Ingredients:

- 5 pounds baking potatoes, cut into 1/2-inch cubes (about 13 cups)
- 1 large onion, chopped
- 1/4 cup butter
- 4 garlic cloves, minced
- 1 teaspoon salt
- 1/2 teaspoon pepper
- 3 cans (14 1/2 ounces each) chicken broth
- 1 cup shredded sharp cheddar cheese
- 1 cup half-and-half cream
- 3 tablespoons minced fresh chives
- Optional toppings: Shredded cheddar cheese, sour cream, crumbled cooked bacon and minced chives



Directions:

- 1.** Place the first seven ingredients in a 6-quart slow cooker. Cook covered on low until potatoes are very tender, about 6 to 8 hours.
- 2.** Mash potatoes slightly to break up and thicken the soup. Add 1 cup of cheese, cream and chives. Heat through, stirring until blended.
- 3.** Allow soup to cool before freezing. To use, partially thaw in the refrigerator overnight. Heat through in a saucepan, stirring occasionally.
- 4.** Serve with toppings as desired.

Chocolate mint brownies

View the original recipe [here](#)⁴

Servings: 16

Ingredients:

- 1/2 cup unbleached, all-purpose flour
- 1/2 cup granulated sugar
- 1/3 cup unsweetened cocoa powder
- 2 eggs
- 1/4 cup neutral oil (e.g., vegetable, canola or corn oil, to name a few)
- 1/2 teaspoon vanilla extract
- 1/4 teaspoon salt
- 1/2 cup butter (softened)
- 1 cup chocolate chips
- 1 cup powdered sugar
- 1 tablespoon half-and-half
- 1 teaspoon peppermint extract



Directions:

- 1.** Grease an 8-inch square baking dish with nonstick cooking spray or line the pan with parchment paper. Preheat the oven to 350°.
- 2.** In a large mixing bowl, combine the flour, sugar, cocoa powder, eggs, oil, vanilla extract and salt. Pour this into the prepared dish.
- 3.** Bake for 25 to 30 minutes or until a tester comes out with a few crumbs attached. Cool on rack.
- 4.** To prepare the chocolate glaze, melt 1/4 cup butter in a small sauce pot. Remove the pan from the heat and add chocolate chips.
- 5.** As the chips start to melt, whisk until smooth. Allow to cool.
- 6.** To prepare the mint layer, cream together the powdered sugar and the remaining 1/4 cup butter.
- 7.** Add the half and half, along with the peppermint extract. Whip until light and fluffy. Spread this mixture over the cooled brownie layer.
- 8.** Spread the cooled chocolate glaze over the mint layer.
- 9.** Wrap to freeze.
- 10.** Thaw and slice to serve.

³"Hearty Baked Potato Soup," Taste of Home, December 1, 2022.

<https://www.tasteofhome.com/recipes/hearty-baked-potato-soup/>

⁴"Chocolate Mint Brownies," Good Cheap Eats, December 17, 2022.

<https://goodcheapeats.com/chocolate-mint-bars/>



NEW YEAR'S PREDICTION — FUN —

Pop the champagne, toss the confetti and prepare for a fun twist on ringing in the New Year. Forget generic resolutions that fade into the abyss come February. This year, we've created prediction cards for you to share with friends and family. These whimsical cards give you a chance to manifest a year full of joy, surprise, adventure and laughter. **Help your loved ones predict their 2024!**

PROMPT ①

Three words

EXPLANATION

Which three words would you like to define 2024?

PROMPT ②

Challenge accepted

EXPLANATION

Think of a challenge that may present itself in 2024. How will you overcome it, and what will you learn?

PROMPT ③

Your future self

EXPLANATION

Write a short note to yourself for one year from now. What hopes or advice would you tell your future self?

PROMPT ④

Passion project

EXPLANATION

Think of a hobby or a passion you have now. How do you want it to evolve over the next year?

PROMPT ⑤

Your anthem

EXPLANATION

If you could choose one song that will carry you through 2024, what would it be?

PROMPT ⑥

Crystal ball

EXPLANATION

If you had a magical crystal ball, what would you hope to see in it for 2024?



We take your **data security** seriously

Protecting your personal data from today's breed of cybercriminal is a main focus in our firm. We continue to implement best-of-breed technologies and enhance our internal processes to keep your sensitive data safe and secure.

***Thank you for making us
your trusted advisor***