



Roth Conversions



Are They Right For You?



Here we are in the last quarter of the year, already. Time to start thinking about end of the year planning opportunities. One thing on my mind, when talking with clients, is a Roth IRA Conversion. But does it make sense for you?

A Roth IRA Conversion is a transaction that converts your pretax IRA, 401k or 403b to a tax-free Roth IRA. But there is a catch. When you do the conversion, you have to recognize the amount of the conversion as taxable income in the year it's converted. Having said that, it might still make sense in certain circumstances. Here are a few examples...

1. If the value of your IRA investments dropped you could do a full or partial Roth IRA conversion and get away with only paying tax on the lower value of those assets now, hoping they eventually rebound

(tax free inside the Roth IRA).

2. Let's say you haven't had much income in 2023. Then the tax liability on a Roth Conversion may be inconsequential or possibly not even an issue.

3. Under the SECURE ACT, they changed the rules on inherited IRAs. Your beneficiaries now have to fully liquidate and pay tax on IRAs they inherit, within 10 years. If you're able to initiate annual partial Roth IRA conversions, with little tax consequence or a lower tax than your beneficiaries would pay, you may be setting them up for a tax-free Roth IRA that they could defer up to 10 more years and liquidate completely tax free.

4. Let's say you just sold your home and plan to use the money to live on and travel the world. Since it's after tax, you wouldn't have any taxable income (assuming you

have no other source of income, like a pension). Married couples, in 2023, have a \$27,700 standard deduction, meaning the first \$27,700 of income is tax free. So, in that case, if you have after tax resources to live on, you could do partial Roth IRA conversions up to the standard deduction allowance and not pay any tax on the conversion! This could set yourself up for a future tax-free income source as well.

These are just a few examples of how a Roth IRA Conversion might make sense. But just be aware of these obstacles***....

1. Conversions carry a 5-year waiting period before the Roth IRA is considered tax free. So be sure to save your 8606 tax forms showing when each conversion took place.

2. If you convert from an IRA to a Roth under the age of 59 ½ it's not advisable to have the taxes withheld from the conversion, because that amount would be treated as a premature distribution, subject to a 10% penalty on top of the taxes owed.

3. If you do convert assets that have lost significant value and those investments drop further, or even go bust, you paid tax on money

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The fourth quarter of 2023 is here! I hope you and your family had a fun filled Summer. Now it's time to start thinking about the holidays and cooler weather, which are both quickly approaching. Monday Oct 9th is Columbus Day.

The 31st annual Biketoberfest roars into Daytona this year, Oct 19th through the 22nd. So, get your leathers ready to go, for the festivities. Another reminder, Halloween falls on Tuesday Oct 31st so don't forget to stock up on treats for those Trick'O Treaters as well!

Wishing you and yours a Happy Halloween.

Respectfully,
Scott Weidman, CFP®



TEMU

“Team Up” “Price Down”



You know how much I love passing along money saving tips to help improve your finances, right? Well, with the holidays quickly approaching here's a little something to help stretch your Christmas shopping dollars even farther. Recently, I was introduced to TEMU, an online shopping megastore, very similar to Amazon. The company is a spin off from the Chinese Pin Duo Duo and has scaled a global distribution operation connecting manufacturing and distribution around the globe to individual consumers. They focused on using economies of scale to drive down prices for their customers.

At first, I was skeptical. A Chinese shopping app? Well, like it or not, most of the stuff we buy today is made in China. This app simply provides a direct way to purchase these goods, directly, without the retail middle-man, marking the price up. I know, try to buy local, to support local businesses. But in the world of the internet and free shipping, retail is becoming a quickly dying industry, whether you like it or not. Industries come and go and traditional brick and mortar retail is on the way out. Just compare it to the newspaper industry. Who gets a paper delivered any more?

TEMU is a fun, interac-

tive way to find some really great deals on things you need and want. With the “spin the wheel” coupon offers and free gift items they have, I see how someone could get addicted to this shopping extravaganza. I've personally ordered several packages over the past couple of months and have been mostly satisfied. Unlike Amazon, you will need to wait a couple weeks before your delivery arrives. But the PRICES! Also, if you place an order and within a 30-day window, any of the items drop in price, you can open your order and request a price adjustment! In my own experience, I had ordered a 100-foot retractable garden hose for \$20 and, after it already shipped, the price dropped \$12 and they credited me the difference! I would love to hear about your experience and see if it lives up to your expectations. Happy shopping!

“...Continued”

you never even have any longer.

4. Since a conversion is fully taxable, you need to understand that it could trigger additional tax on your Social Security Benefits, possibly making the conversion

more expensive than previously thought.

Just like any financial planning strategy, some ideas are great for some people and not so great for others. But understanding the power of a Roth IRA Conversion and knowing when to implement the strategy

is key. If you would like to discuss the possibility of a Roth IRA Conversion before the end of the year, give us a call!

***<https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras>



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Flashback 50 Years Ago This Month



Top Halloween Costumes From The 70's

Halloween is quickly approaching! Every year my boys and I try to come up with a fun family theme for costumes to wear on Halloween night. I thought it would be fun to look back at the costumes that were

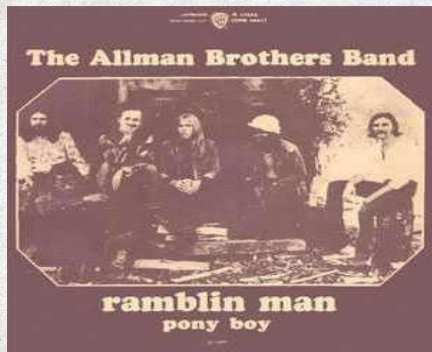
trending in the 1970's.

Plastic and rubber masks were all the rage in the 1970's. Instead of wearing a full body costume, people would get masks and themed shirts to match. The top 5 best vintage masks from the 1970's~ was: Batman, Casper the Friendly Ghost, Ringo Starr, Barbie, and Scooby-Doo

It's always interesting to look back at vintage costumes and see if any costume trends and ideas are still popular today. I bet with the new Barbie movie that aired this year, we will see a comeback of Barbie again for 2023 costumes.



Elton John released his critically-acclaimed and best-selling double album, *Goodbye Yellow Brick Road*, with lyrics by Bernie Taupin and John composing the music.



Music

"Ramblin Man" is a song by American rock band The Allman Brothers Band. The song became the Allman Brothers Band's first and only top 10 single, peaking at number two on the *Billboard* Hot 100 chart and number 12 on the Easy Listening chart. It was inspired by a 1951 song of the same name by Hank Williams.



Tip Of The Month

First off, October 5th is WORLD TEACHER'S DAY! So, a big shout out to all of you teachers that work so tirelessly for the younger generations! Thank you.

Here's a little financial tip, outside the scope of the Florida Retirement System, that may be of some help ...

Early last year, the Biden Administration had made changes to the Public Service Loan Forgiveness Program (PSLF)**.

Anyone who works in qualifying public service for at least 10 years, may qualify for loan forgiveness. Meaning the remaining balance on your Direct Loans is forgiven.

There is no limit on the total amount that can be forgiven!

To see if you're eligible for the program, click here <https://www.mohela.com/> Good luck!

***<https://www.whitehouse.gov/briefing-room/statements-releases/2022/10/05/fact-sheet-supporting-teachers-on-world-teachers-day/>

Idiom Of The Month

“Leaving The Cat Out Of The Bag”



This idiom ties right into the Halloween Holiday. It's a colloquialism that means to reveal facts about someone or something, previously hidden. "After John hit the lottery,

he told his best friend to keep it a secret, but he Let the Cat Out of the Bag and blabbed it to everyone!" One suggestion of the phrase refers to a whip-like "cat-o-nine-tails", an instrument of punishment once used on Royal Navy vessels. It was purportedly stored in a red sack and any sailor that revealed the transgressions of another would be "letting the cat out of the bag". And now you know! Happy Halloween!

