Harford Financial Group
Retirement Income Specialists

NEWSLETTER

THIRD QUARTER 2024

Create a Life of Meaning

Adaptability is a Must in Fast Paced Digital Age of the 21st Century

By the time you read this, we will be in the midst of Fall, a great time of year. Halloween is right around the corner. Football is in full force, and for me, playoff baseball for the Major Leagues. Love it!

The theme of this quarter's newsletter is adaptability. It was essential to communicate our values, why they are important, and how they shape how we deliver our services and ultimately achieve our mission: to help our clients, team, and partners achieve a life of meaning. We provide financial security and peace of mind through world-class holistic wealth management planning and services. Our values are Teamwork with HEART, which is teamwork/collaboration, hospitality, expertise, adaptability, relationships, and trust. We have already covered teamwork, hospitality, and expertise. Adaptability is the next up.

When I was a contractor at Aberdeen Proving Grounds (APG), my company had some leadership training on the Ken Blanchard book Who Moved My Cheese? Using the analogy of a mouse who had a tough time dealing with the fact that the place where he got his cheese had changed and his struggles, it was a parable of how tough change can be for all of us. The theme is that we must be adaptable. It helped me understand that constant change is the only constant and certainty we can count on. Additionally, as I have learned more about Charles Darwin and the theory of evolution, people often need to understand his thoughts about survival of the fittest. For Darwin, it wasn't the species that was the biggest, baddest, or strongest that survived and thrived; it was the one that could adapt to the changing environment the most.

At HFG, we are proud of our 46-year history and the countless clients we have served to help achieve financial security and peace of mind. The world had changed considerably since 1978 when Matt Rehak started his career in financial services and laid the foundation for Harford Financial Group. When Matt and Paul (Smeton) passed the leadership reins to me in 2014, it was essential to balance the things we needed to hold on from our legacy with those we needed to change or improve on to stay relevant today. I am so proud of the efforts of our team to step up to the challenge and adapt constantly. I can give you countless ways we have adapted and evolved, but I will touch on three core things. Some you know because we have communicated, and some are more behind the scenes and not necessarily communicated within the customer experience:

1. Use of Technology to Better Serve Our Clients

When Matt started HFG in 1978, the personal computer, internet, cloud, and many technological tools we take for granted were not in use. Businesses have to leverage information technology to provide clients with better service quicker and more accurately. We want to stay on top of the use of information technology, and as a result, we work with great partners who advise us on how to streamline this better, including our IT partner who provides services to us. One of the big things they do is really focus on security. Unfortunately, there are a lot of cyber-attacks, malware, and a whole host of threats. We place a premium on trying to protect your information. We are now diving into it with some of our other partners to determine how to utilize artificial intelligence in tax and asset management, quickly take detailed notes, and provide information to our clients.

2. Increasing Our Holistic Wealth Management Services and Capabilities

Years ago, the general public could not access stocks, bonds, mutual funds, and financial products without a financial service professional. Now, with the internet, one can easily do this. As a result, the value proposition that a financial professional provides has changed to more holistic wealth management planning. High-net-worth individuals, like many, want someone who can integrate retirement income/cash flow management, tax management, asset management, asset protection, and legacy/estate planning together. Three of us, Melissa, Bryce, and myself, are Certified Financial Planners, which serves as the basis, and the rest of our team is working towards this. We are raising our game considerably in all of these areas. For us, there is a significant focus on retirement income, and that is why Melissa and I got the Retirement Income Certified Professional degree to develop expertise in that area. The area of Tax Management is where we are excited. Our clients want to understand tax better, and with a $34 trillion US deficit, we have vital conviction taxes are going up considerably. We want to help reduce your lifetime taxes and minimize taxes as assets are passed from generation to generation.

3. The Development of an Ensemble Practice

Our firm currently manages $660 million of assets through our office. As we have grown, we must constantly change to serve our clients better. Fortunately, we have partnered with numerous firms to help us scale our business. As all of you know, an organization's quality is based on its people's quality. Good leadership and management and the human resources of an organization are essential. In the past, financial service firms may have had multiple advisors, each doing their own thing, managing money, and working with their clients. At one point, we were like this. It becomes very problematic as one grows.

What makes a great restaurant or hotel chain so popular is that you know if you go into a hotel or restaurant in Baltimore, Maryland, Portland, Oregon, or Miami, Florida, you are going to have similar quality. We spend a lot of time behind the scenes on the consistency of client experience. A significant part of this is training our advisors in the HFG way. Melissa Mullan leads this and works diligently with her team. Mallory Evans leads the Client Service Team. Melissa and Mallory collaborate a lot. Finally, Meghan Rafferty Flanders, our head of Human Resources and Marketing, and Donna Freeland, our Chief Operating Officer, make sure we integrate all this to help our team and do it legally in a good financial way.

We want you to know that HFG has the mindset that we need to constantly adapt and survive in today's world. I study businesses like Sears, Montgomery Ward, K-Mart, Compaq, and others that were mainstays in the past. One can never rest on one's laurels and wake up every day hungry to change and evolve. You expect that of us, that we are always working to be better, and we take that challenge seriously!

Adam Freeland
President

HFG's Commitment to Smart Growth by Melissa Mullan

We are growing at Harford Financial Group! We are happy to have been voted Best of Harford by our clients for the last 4 years. Throughout Harford Financial Group's 45-year history, we have strived to deliver the highest level of service and expertise. We have built our reputation on these values, and we are excited to share with you some significant developments that reflect our continued commitment to our relationship and how we are adapting in the wake of growth.

Growing Together – Thanks to You

Our growth is thanks to you and the trust you have placed in us when you give our name to your loved ones. We are deeply grateful for this trust, and we want you to know that your referrals have played a significant role in our growth. Because of your continued support, we have expanded and enhanced the services we offer. Thank you for being such an integral part of our journey.

Increasing Our Presence

As part of our smart growth strategy, we have expanded our footprint within our building. This additional space will enable us to work more efficiently, foster collaboration among our team members, and accommodate the growth necessary to maintain our high service standards. This expansion is a physical manifestation of our long-term commitment to you and your financial well-being.

Strengthening Our Team

Over the past 2 years, we have welcomed new team members, Austin O'Donnell, Bryan Angelilli, John Sieracki, Eddie Meredith and Meghan Rafferty Flanders, with an eye toward smart growth. These new additions allow us to maintain the personalized, responsive service you have come to expect from us, even as our client base grows.

We are proud of our team's collective knowledge and capabilities. Many of our employees have advanced in their roles. Bryce Harrison and Michael Clayton now work as first chairs, leading meetings and client relationships. This change in roles marks an important milestone for our firm, as it demonstrates the trust we place in our team and their development and expertise in managing your financial needs.

Expanding Our Expertise

Our growth isn't just in space and personnel—it's also in knowledge. We continue expanding our expertise in areas critical to your financial future, including retirement income, tax strategies, and legacy planning. These areas are essential to helping you preserve and grow your wealth. We are committed to staying at the forefront of the latest developments.

In addition, we have sharpened our focus on specialized solutions for business owners, executives, federal employees, and those planning to retire from Harford County Public Schools. As our clients in these groups know, you face unique decision points and opportunities, and we are focused on providing tailored strategies that address your needs and concerns.

Our Continued Commitment to You

Our growth is not just about physical expansion, team growth, or increased expertise. It's about our unwavering commitment to providing you with the exceptional service you deserve. We aim for responsible and strategic growth, always with your best interests in mind.

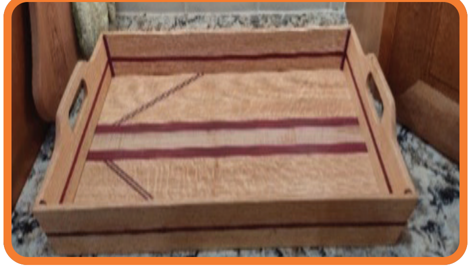
Our mission is to Create Lives of Meaning. We do this by focusing on helping you achieve your financial goals. As we grow and adapt, we will continue to uphold our values, ensuring that each interaction with us reflects our unwavering commitment to your success. Thank you for the trust you continue to place in us. We look forward to deepening our ongoing partnership and serving you and your family for many years.

CLIENT SPOTLIGHTS

David and Carrie Wehberg are thrilled to share that their dream of traveling has come to life. They, along with their beloved dog Olive, are exploring the many stunning sights our country has to offer. Their latest adventure will take them to the breathtaking landscapes of Yellowstone and the Grand Tetons. Retirement has been a joyous and fulfilling chapter for them, and they're excited for the adventures that lie ahead!

When chatting with our client, Meghan Montague, it's instantly clear she is full of pride and love for her children. The picture she shared of her daughter's high school graduation perfectly depicts one proud mamma; Meghan's smile is beaming! Congratulations to her daughter, Ruthie!

Max King, an HFG client for over a decade, recently shared his love for woodworking. He was kind enough to send us photos of his work, and our jaws dropped! Just look at these pieces! Max is truly gifted when it comes to his art. Our team just loves watching our clients immerse themselves in hobbies and passions that bring so much joy.



Act Now to Save Later: Strategies to Optimize the Tax Cuts and Jobs Act Before It Expires

by John Sieracki IV

The Tax Cuts and Jobs Act (TCJA) of 2017 brought significant changes to the U.S. tax code, including reduced tax rates, an increased standard deduction, and doubled estate and gift tax exemptions. However, these provisions are set to expire at the end of 2025, reverting to pre-TCJA rules in 2026. With the sunset approaching, it's essential to strategically manage your tax-advantaged assets to optimize your long-term tax liability.

The TCJA lowered tax rates across most income brackets, benefiting many taxpayers, and nearly doubled the standard deduction, simplifying the filing process. But when the TCJA expires, tax rates will rise, and the standard deduction will shrink, potentially significantly increasing your taxable income. Proactive tax planning is crucial to maximize the benefits under the current law and prepare for the future.

Maximizing contributions to retirement accounts has long been the default solution for retirement planning. Traditional IRAs offer immediate tax deductions. However, contributing to pre-tax IRAs may subject you to even more taxes in the future. This is especially true when we consider the TCJA coming to an end at the end of 2025. Contributing to Roth IRAs allows you to pay taxes on your retirement savings now, so that you can receive tax-free withdrawals in retirement. Similarly, choosing a Roth 401(k) can be advantageous, particularly if you anticipate higher future tax rates. Health Savings Accounts (HSAs) also offer substantial tax benefits, with tax-deductible contributions, tax-free growth, and tax-free withdrawals for medical expenses. 529 plans are another tool, offering tax-free growth and withdrawals for education expenses, with additional state-specific tax benefits.

Advanced tax planning strategies include Roth conversions, which involve converting Traditional IRAs to Roth IRAs before 2026 to lock in lower tax rates. Tax-loss harvesting, selling investments at a loss to offset capital gains, can reduce overall tax liability, especially in volatile markets. Gifting strategies, such as utilizing the current gift tax exemption and funding 529 plans, allow for substantial tax-free transfers of wealth. Finally, life insurance retirement plans (LIRPS) can be used by those who have already taken advantage of these other areas of tax planning.

At Harford Financial group, we believe that a holistic approach to financial planning is vital. Integrating tax strategies with your overall financial goals is part of this planning. Regular reviews and adjustments ensure that your financial plan remains aligned with changing tax laws, financial markets, and personal circumstances. By acting now, you can secure long-term tax efficiency and financial stability, positioning yourself and your family for success in a post-TCJA environment.

RETIREMENT SPOTLIGHT

Regina Smidt has just retired from Harford County Public Schools. We had the pleasure of chatting with her as she enters her first summer as a retired educator. Harford Financial Group admires teachers and appreciates their career and contributions to our community.

What advice would you give someone as they are leading up to retirement?

To try and think of all aspects that retirement encompasses, not just financial, but emotional and social aspects and how you will fill the void by having something small to step into.

How has your morning and evening routine changed in retirement?

Regina's morning routine is new and her favorite! She has time to enjoy a cup of coffee in a more thoughtful way. Being able to take the time to enjoy the stillness is very important to her.

Have you started any new activities or hobbies during retirement?

Regina has started 3 "jobs". She has been lucky enough to volunteer for Girls United Camp, which is a camp focusing on girl's wellness. Friendship, Fitness and Fun is the focus of this camp for elementary aged girls in Harford County.

She saw an ad on FB about someone's parents struggling, as they moved into a new living situation. Their children have moved them to the area recently, and she is helping transport them from their new assisted living and spending time with them.

November starting to watch a baby for a close family friend.

HFG MILESTONES AND NEW BEGINNINGS

Welcome Austin!

We are thrilled to announce a fantastic addition to our Harford Financial Group team! Please join us in welcoming Austin O'Donnell who joined the team in April as a Client Relationship Specialist.

Austin comes to us with a banking background and a degree in Finance from Towson. We are excited to see the fresh perspective and expertise Austin will bring to our team. His welcoming and friendly demeanor in person and on the phone is so refreshing.

Austin will be working closely with Mallory and our client service team. We're confident that Austin's skills will greatly contribute to our ongoing successful processes to meet our clients' needs.

When Austin is not busy with his professional endeavors, he enjoys a competitive game of softball in his family softball league.

HFG MILESTONES AND NEW BEGINNINGS *(continued)*

Celebrating a Decade of Dedication

Congratulations to Jen Eyre on 10 years with HFG!

Thank you for being such an integral part of Harford Financial Group's success. Congratulations on reaching this significant milestone, and here's to many more years of excellence!

Farewell and Best Wishes to Kelly

◀ Kelly's Daughter Alice who is heading into her first year of High School

With the end of the quarter came a farewell to Kelly Landers, a member of our client service team. She has chosen to focus on family as her daughter enters her first year of high school; we couldn't be more excited for them both! Kelly joined the HFG team in 2022 and has played a vital role in implementing new internal processes and creating training initiatives. Her attention to detail and amazing chocolate chip cookies will be greatly missed! We wish Kelly and her family well in this new chapter of their lives.

Internship Program at HFG

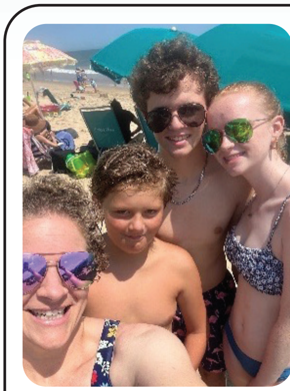
Harford Financial Group (HFG) is thrilled to unveil our dynamic Internship Program, crafted to immerse interns in the multifaceted world of finance while providing hands-on experience. This program is more than just an introduction; it's a pathway to a flourishing career in finance.

Our Internship Program has a rich history of cultivating talent. Over the years, we've seen many of our intern's transition into key roles within HFG, growing into influential leaders on our experienced team. Notable alumni like Melissa, Mallory, Bryce, John, and Michael all began their journeys with us as interns, and now they are integral parts of our organization.

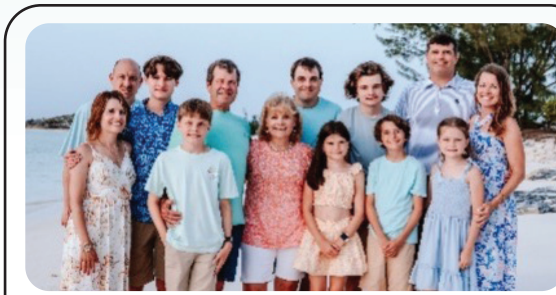
This year, we've had the privilege of working with two outstanding interns, Eddie Meredith and Elie Fraiji. Their enthusiasm and dedication have been truly inspiring. Elie, who is returning for his final year at UMBC, has embraced the complexities of holistic financial planning with remarkable aptitude. Eddie, on the other hand, is set to continue his journey with us as he embarks on his MBA program. We are excited to support his growth and look forward to the contributions he will continue to make.

HFG OUT & ABOUT

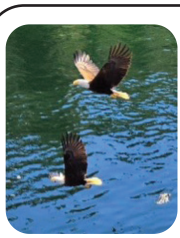
Bryan and his family visited the Tennessee Sky Bridge while on vacation this summer.



Meghan has been busy with the MudGirl Run and a family beach trip this summer.



Creating Lasting Memories: Melissa's paternal grandmother, Mary Dillard passed August 2022. Gary, Melissa's father, wanted to utilize her thoughtful financial legacy in a way that honored her memory and would bring his family closer together. The family spent a year planning their June 2024 North Caicos adventure, a once in a lifetime trip that created amazing experiences and memories that will be treasured by three generations. An example of how a well-planned inheritance can enrich lives and create meaningful moments.



This past June, the Freeland Family took an Alaskan cruise on Holland America. It was our first cruise and first time going to Alaska. We departed from Vancouver, Canada, and visited ports in Juneau, Skagway, Glacier Bay, and Ketchikan. The wildlife was a sight to behold, and the scenic views were breathtaking. Whether from the cruise ship, seaplane, train, dog sled, crabbing boat, or on foot, Alaska did not disappoint. Each port was unique and offered different excursions based on your interests, as well as many dining options with delicious food. It was a fantastic vacation where many wonderful family memories were made.

We are always open to client recommendations for future events. If there is a topic you would like to see covered in a future seminar or webinar, please reach out to Meghan Flanders at meghan@harfordfinancialgroup.com. We would love to hear from you!

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