PERSPECTIVES

Winter 2024 Newsletter

Save the Date

Pickleball/Golf Event at the Yards

Thursday, April 18 – 5:00 PM

More information to follow!

ullmann wealth partners

OUR DISCIPLINE. YOUR FREEDOM.™

Founding Partner's Letter

Dear Clients and Friends,

In 2022, the Dow, the S&P 500 and the Nasdaq 100 experienced peak to trough declines of 21%, 25% and 35% respectively. Yet by the end of 2023, all three were (including dividends) on new high ground. Now, who predicted that?

There is no such thing as a crystal ball. Intuitively each of us has a crystal-clear blue understanding of how we humans act. Predicting what the world or markets will look like based on specific events is impossible. Predicting that people will still respond to greed, fear, opportunity, exploitation, risk, uncertainty, and social persuasion as they always have is all but certain. Those are the behaviors that drive every economy and every market.

Think about some of the specific events of the last four years. From January 2020, we endured the start of a worldwide pandemic, the shutting down of the world's economy for more than sixty days, a yoyo of falling then rapidly rising interest rates and oil prices, a riot at the US Capital, the highest inflation in 35 years, the worst bond market since the founding of the country and a significant decline followed by a rapid advance of the U.S. stock market. And that's just in our country, which is protected by two oceans and peaceful neighbors to the north and south.

At UWP, our job has always been to incorporate balance into your plan and your investments. Think of how California treats the risk of earthquakes. Predicting when an earthquake will strike is useless. But what we can do is build up defenses in advance of the event (i.e. strengthen building codes, train emergency crews, back up water and power systems, etc.).

We plan for "earthquakes" by owning thousands of the world's greatest companies. This enables you to participate in both increasing dividend growth (income in your pocket) and the appreciation in value of these great businesses over time. We balance this with owning assets that pay interest regardless of economic conditions. This is made stronger by the value of your home(s) and private equity (businesses) and always finished off with enough cash in the reservoir to pay for unanticipated expenses so you can sleep well at night. We don't have to worry about planning for an actual earthquake but some of those same steps and how human behavior intervenes are very much part of your plan.

Why did equity markets swoon into Halloween (creating fear) and then turned and went straight up (+16%) through the end of 2023? This is unknowable and largely irrelevant. Warren Buffet said, "Games are won by players who focus on the playing field—not by those whose eyes are glued to the scoreboard." Focusing on our process allows you to enjoy your life, build wealth and take care of the people and causes you love.

With gratitude for being entrusted with your wealth management,

Glenn Ullmann

Wealth Advisors’ Corner

How Boomers and Millennials Differ

We are in the midst of an unprecedented transfer of wealth, with trillions of dollars being moved from one generation to the next. This transfer challenges many commonly held notions as new values and interests become more prominent.

For someone from the boomer generation, it might be easy to become upset with or confused by millennials’ differing points of view. However, acknowledging the differences between the two generations can foster better communication and understanding.

The younger generations, including millennials, Gen Z, zoomers, and whatever else you call them, have a different perspective on wealth than their forebears. As these generations reach middle age, an interesting trend has emerged in emphasizing YOLO (You Only Live Once). Now that these generations have the steering wheel, they seem to be stepping on the gas and running full force into exciting, once-in-a-lifetime experiences.

At this point, it bears looking at the “why” of the YOLO economy. In other words, why do these forty-somethings spend as if there is no tomorrow?

Less money: Your average 40-year-old earns about $49,000 a year. While this is more than the 40-year-olds of the previous generation, the rising cost of living has taken a significant bite out of that difference.[1]

Less control: This generation also holds a smaller piece of the pie. While the post-WWII cohort controlled 22 percent of wealth in the United States once it reached middle age, millennials only controlled seven percent.[2]

Less marriage: Middle-aged millennials are less likely to be married or start families than prior generations. Only 44 percent of millennials have walked down the aisle by age 40, compared to 61 percent for Generation X and 53 percent for baby boomers. Only 30 percent of millennials live with a spouse and at least one child, far lower than prior generations. This means that the expenses that come with a family are also off the table. If you aren't married, the costs of a possible divorce are simply gone. Without children, you don't have to pay for school clothes each fall, braces, and everything else that comes with helping a child grow up.[3]

The result is a very different economic picture for today's middle-aged individuals. Consequently, these differences have informed a different set of values. Among millennials, 78 percent prefer spending money on experiences rather than material things. While prior generations may have placed more importance on things like home ownership, car purchases, and investments, millennials are looking at a different future with disparate priorities. For these reasons, spending on travel, exclusive events, and entertainment has become a priority.[4]

Of course, many boomers today find themselves in similar situations as middle-aged millennials. Most of the boomer generation is in their retirement, with their children growing and perhaps finding themselves needing further stimulation in their golden years. While many keep working part-time, start businesses, or help their families with childcare, there may be a pang of that YOLO spirit in them as well!

While their middle-age experiences may have been very different, there is no better time than now to take that big trip you've always thought about. Maybe it's time to splurge on those expensive concert tickets or challenge yourself through a special adventure that always seemed impractical, like learning to SCUBA dive or skydive.

It's important to remember that wealth can serve us in two ways: providing security and allowing us to enjoy life. If you've been working hard to pursue your financial security, maybe it's time to talk to us about putting some of those resources toward enjoyment.

It's also possible that the younger people in your family have done too much YOLO and not enough saving and investing. A conversation with us may help them understand how to balance living for today and preparing for tomorrow.

1. Businessinsider.com, February 22, 2023
2. Fortune.com, March 22, 2023
3. Pewresearch.org, October 19, 2023
4. Harris Interactive, October 19, 2023

The More You Know

The History of New Year's Resolutions

- It began around 2000 B.C. with the Babylonians at the Akitu festival.
- This signaled the start of the farming season, a time to crown their king and pay debts.
- For this agricultural society, a common resolution was returning borrowed farm tools.
- The Romans adopted this tradition, shifting it to January 1st.
- Honoring Janus, Romans promised good behavior for the year ahead.
- Medieval knights renewed their vow to chivalry annually by placing their hands on a peacock.
- Now, resolutions tend to focus on self-improvement and personal growth.
- Let's embrace this tradition, set our goals, and welcome 2024!

Source: FMG Suite

Ask a Wealth Manager

What are Some of the Key IRS Changes for 2024?

Every November, the Internal Revenue Service releases figures including updated income tax brackets, standard deductions, and retirement plan contribution limits for the upcoming year. While these taxes are not due for some time, it may benefit you to start thinking ahead. Here are a few of the most critical changes.

Tax Bracket Inflation Adjustment

Overall, tax brackets have been adjusted upwards by 5.4% for 2024. The primary purpose of this adjustment is to account for inflation, which is based on the Consumer Price Index. The government's goal is to keep income taxes in sync with consumer buying power.

Standard Deduction

The standard deduction has increased to $29,200 for married couples filing jointly, up $1,500 from the previous year. For single filers, this number increased by $750 to $14,600.

Individual Retirement Accounts (IRAs)

IRA contribution limits are up $500 in 2024 to $7,000. Catch-up contributions for those over age 50 remained at $1,000, bringing the total limit to $8,000.

Roth IRAs

The income phase-out range for Roth IRA contributions increased by $8,000 to $146,000-$161,000 for single filers and heads of household. For married couples filing jointly, phase-out will be $230,000 to $240,000 (a $12,000 increase). Married individuals filing separately see their phase-out range remain at $0-10,000.

Workplace Retirement Accounts

Those with 401(k), 403(b), 457 plans, and similar accounts will see a $500 increase for 2024, bringing the total maximum contribution amounts to $23,000. The catch-up contribution for those aged 50 and older remains at $7,500, bringing their total limit to $30,500.

Gift Tax

The annual gift tax exclusion is now $18,000 for 2024, an increase of $1,000 from the previous year.

These updates are for informational purposes only. Please consult with your tax professional before making any changes in anticipation of the new 2024 levels. You may also contact us and we would be happy to discuss any of the changes with you.

Ullmann Wealth Updates

Congratulations to our newest Partner, Caitlin Frederick, CFA, CFP®, Director of Financial Planning. Caitlin joins other Partners Glenn Ullmann, Brian James, Patrick Kilbane and Carrie King.

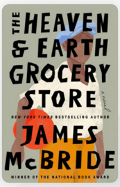
Caitlin was also recognized by the *Jacksonville Business Journal* as a Finance Star in their Rising Star program. Well done, Caitlin!

Brian James, CPWA®, Director of Investments, was recently a featured guest on *Money Life with Chuck Jaffe*. To listen to the interview, visit ullmannwealthpartners.com/news.

Work Anniversary

10 Years!

Pat Kilbane, J.D.,CDFA®



Book Recommendation

The Heaven and Earth Grocery Store

by James McBride

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