



## Creating an Intentional Plan for Legacy & Charitable Giving



**It's 2023 tax planning time at Omega** and we are not only focused on what we may need/want to do before year-end...we are thinking bigger. **At Omega, we are about "integrating your values, vision and wealth...for a life without regrets."** Often people

assume that "legacy" is exclusively for the wealthy. The reality is that we ALL have the ability to create a legacy whether it is in terms of money or impact. The key in both cases is to be intentional, and that's what this newsletter is focused on. While we are certainly thinking about any immediate moves before year-end that can help you save some money on 2023 taxes, we're also thinking about more than that. **For a review of Omega's Fall tax planning process, be sure to check out Davis Gardner's Planning Column.**

As I take a wider lens look at intentional legacy and charitable planning, **it has been a big year on the "legacy" front:**

- [Jared Jones and Andrew Mehari became Omega partners](#)
- [Omega became a B \(beneficial\) Corp](#)

And hot off the presses...

- **I have just passed the exam and been named a CPWA® (Certified Private Wealth Advisor) professional through Investments & Wealth Institute.**

You may ask why, at this point in my career, I would bother to do that- I have plenty of credentials and a professional lifetime of experience. Here's why:

- To continue growing and challenging myself intellectually and professionally

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- To provide additional, more sophisticated advice to our clients
- To set an example of “always evolving” (an Omega value) for my colleagues and peers in the profession

At Omega, we have often seen clients, and peers in the profession get to a point where they no longer want to manage people and just want to do their “work” as they transition to retirement. I’m not there just yet. I also want to continue to fulfill Omega’s mission “to have a positive & significant impact on our clients, community and the profession.” The 6-month journey, week-long live study session at University of Chicago Booth School of Business and the 3.5 hours I spent taking the exam are all part of that mission. And beyond that, I have some important personal goals that I am still looking to accomplish for however long I get to be on the planet (hopefully to 100+ if I am lucky- more on that in a future issue!)

**So, what’s your legacy? It can be grand or more modest. It can be a family impact, a community impact or a professional impact.** You don’t have to be “done” contributing just yet, regardless of what age you are. **In 2024, we will be spending more time thinking about this sense of legacy & purpose with each client.** In the meantime, as we prepare for year-end tax planning, we can focus more directly on any societal/charitable impact that might also have an immediate tax & financial impact for you. **The key is understanding where you want to make a difference locally or internationally? Are there particular causes or people- family, friends, or others in the world? What causes call to you?** All this is what we mean about taking an intentional approach to legacy & giving, and we look forward to the discussion this Fall with you!

Wishing you all the best this Fall and holiday season,



Lisa A. K. Kirchenbauer, CFP®, RLP®  
Certified Financial Transitionist® (CeFT®)  
President and Founder



## The OWM Tax Planning Process... An Intentional Process to Help Prevent April “Surprises”

**As part of our ongoing work for you, it’s our goal to help you understand your tax situation each year, and to proactively address opportunities and time-sensitive deadlines related to tax planning and preparation in coordination with your CPA professional (if you use one).**

With the fourth quarter now in full swing, you’re likely to hear more from us related to tax planning.

Although most of the action does happen in the fourth quarter, **our tax planning process starts at the beginning of the year.** While your focus is on filing taxes by the April (or October) 15th deadline, we begin collecting information for the current year as soon as we can, and monitoring potential opportunities in our tax planning software.

**These are some of the common financial figures we monitor for our clients throughout each year:**

- **Year-to-date investment income and capital gains/losses**
- **Expected capital gains distributions from mutual funds before year-end**
- **Retirement plan contributions and distributions**
- **Charitable donations and medical expenses**
- **Quarterly estimated payments**
- **Earned income / Business Income**

On their own, these items don’t mean much. What really matters is how these figures apply to your unique situation. **As we meet with you throughout the year, we continue verifying data and begin to analyze potential tax-planning opportunities based on your circumstances.** We listen for things like:

- **Did you sell a house, business, or receive some other kind of windfall?**
- **Did you start receiving Social Security or pension income sometime this year?**
- **Were your medical expenses significantly higher or lower than expected?**
- **Was there another significant change in earned income (new job, big pay increase, retirement) during the year?**
- **Is your business having a slower-than-expected year, or an out-sized year?**
- **Did you inherit an IRA or reach the beginning age for Required Minimum Distributions (RMDs)?**

These are just a few common examples of situations which would benefit from intentional tax planning, not to mention the fact that many of you may experience more than one of these in a given year. Between April 15th and October 15th each year, we try to collect your tax return from those of you who self-prepare, or we coordinate with your CPA (sharing files securely) to obtain your tax return for review & processing. We are in the process right now of gathering the remaining tax returns for 2022. We utilize special tax return review software to make sure we don’t miss any tax planning opportunities or potential pitfalls.

**After catching up with you at our fall meeting, we’ll reevaluate where things stand for 2023, taking into account any new priorities that may stem from our discussion.**

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From there, we await an announcement from SEI regarding their estimated mutual fund capital gains distributions. For those of you who hold mutual funds, you'll remember that these types of securities often disburse a percentage of their gains each year to investors, typically coming in early December. **Not many wealth management firms take the time to determine how big an impact that these distributions may have on their clients' tax situation. At Omega, we believe this is one of the most important values that we can provide to alleviate "surprises" in April as you file your taxes.** Because of this timeline, these distributions are often the last piece in the tax planning "puzzle" as we analyze your situation for potential opportunities – and why collecting your tax-relevant information throughout the year is so crucial.

**After taking into account the most up-to-date financial information, we'll ultimately determine whether your situation warrants any year-end tax planning action. At that point, we'll reach out to you and your tax advisor to discuss a game plan, as needed. In some years there may not be much to do but in other years, proactive tax planning will be critical.**

**The deadline for most tax planning actions is December 31st of the current year. For those of you who've worked with us closely on tax planning in the past, you know that we're committed to making this deadline at all costs, even during the busy holiday season. Please be aware that some deadlines to complete certain tax planning related actions occur before 12/31/23.**

**The work doesn't end on December 31st, though – as we head into a new year, our goal is to provide as much information as possible to assist with filing your tax return.** As many of you know, we're happy to facilitate the sharing of your tax-related information in the spring, particularly as related to your investment portfolio. **Over the years we've had the pleasure of establishing relationships with many of our clients' tax advisors and have found immense benefit when we're able to share information and ideas amongst one another.**

The IRS recently announced increases to certain retirement plan contribution limits for 2024. These limits are typically increased annually, with the goal of keeping pace with inflation.

The IRS also announced a revision of their proposed rule change regarding 401(k) catch-up contributions. You may recall from our Q1 newsletter that starting in 2024, a new rule was planned to take effect requiring catch-up contributions to be made on an after-tax (Roth) basis for individuals who earn more than \$145,000/year. This rule has been revised to not take effect until **2026, providing high-earners with two more years to maximize pre-tax savings.**

See the table below for a full list of changes:

	2024	2023
401(k), Solo 401(k), 403(b), and 457 plans	\$23,000	\$22,500
Age 50+ catch-up for 401(k) and 403(b) plans – pre-tax and Roth (unchanged)	\$7,500	\$7,500
Maximum contribution to Defined Contribution plans & SEP IRAs	\$69,000	\$66,000
Traditional and Roth IRAs	\$7,000	\$6,500
Age 50+ catch-up for IRAs (unchanged)	\$1,000	\$1,000
SIMPLE 401(k) plans	\$16,000	\$15,500
Age 50+ catch-up for SIMPLE 401(k) plans (unchanged)	\$3,500	\$3,500
Health Savings Accounts (self-only)	\$4,150	\$3,850
Health Savings Accounts (family)	\$8,300	\$7,750

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## Is your child turning 18? Make sure they have these documents in place before leaving the nest!

For those of you who've met with us this fall, you've heard us emphasize the importance of implementing estate documents and keeping them up to date on a regular basis. While most of our focus has been on you yourselves, **it's worth highlighting that your adult children also need documentation of their own, starting at age 18.**

**Turning 18 means becoming an adult by law. Consequently, parents will no longer have responsibility for maintaining their children's medical and financial information.** For 18-year-olds starting college or entering the workforce, it's critical to have protections in place so that parents can continue to provide support during the transition to eventual financial independence.

Below is a list of documents that we recommend implementing before your young adult child heads off on their own. These documents can be prepared by an attorney or in some cases are available online. Please be aware they may vary by state:

- **Universal HIPAA Release Form.** This allows parents to view their adult children's medical information and health history, so that information can be shared freely by health providers when needed. Without this document in place, parents lose access to doctors and medical records once the child is 18.
- **Healthcare Power of Attorney.** Also known as a healthcare "proxy", this allows a designated person to make medical decisions on behalf of the young adult if they are unable to do so on their own.
- **Living Will (or Advanced Medical Directive).** In the case of a severe medical crisis, young adults can use a living will to dictate what sort of lifesaving measures they would accept, well in advance of any such event.
- **Durable Financial Power of Attorney.** These can vary depending on each family's unique needs. In general, a durable power of attorney allows a designated individual to step in and act on the young adult's behalf for financial matters, such as paying bills or accessing bank accounts. Durable powers remain in effect should the young adult ever become incapacitated or otherwise unable to make decisions on their own.
- **FERPA Waiver.** For college students, this allows parents to access their academic records, financial aid, student accounts, disciplinary records, etc.

# Investment Outlook



by Jared Jones, CFP®, CIMA®, CeFT®

## Q3 Market Commentary

What a year it has been! After watching the stock market climb upwards through early summer, stocks took a breather heading into the final quarter of the year. The Dow Jones fell 2.6% in Q3, the S&P 500 slipped 3.7%, and the NASDAQ lost 4.1%.

Much of the focus on performance this year has been centered around the impact of interest rates. As we observed stronger-than-expected economic data throughout the quarter, a new expectation emerged that the Federal Reserve would maintain higher interest rates for a longer period. This expectation had a ripple effect on the markets, leading to increased bond yields and a decline in stock prices across the board.

Despite experiencing a setback this quarter, our clients' portfolios have still shown positive performance for the year. The NASDAQ, S&P, and Dow have all recorded respective increases of 26.3%, 11.7%, and 1.1%. Unfortunately, most of the pain is being felt on the bond side of the portfolio as interest rate increases have continued to drive bond performance downward and the Federal Reserve has continued its post-pandemic "quantitative tightening" strategy of systematically selling bonds (creating lower bond prices and higher rates).

### Can good news be bad news?

In the third quarter of this year, positive economic news seems to have had a negative impact on the markets.

In September, the unemployment rate remained stable at 3.8%, as did the labor force participation rate at 62.8%. However, the nonfarm payroll data for September exceeded expectations by adding 336,000 jobs, the highest in the past eight months, surpassing the projected 159,000.

Additionally, there have been positive developments in terms of inflation. The inflation rate for the United States in September remained essentially unchanged from August, at 3.70%. Core inflation has decreased for six consecutive months, dropping from 4.35% in August to 4.15% in September. The US Consumer Price Index MoM increased by 0.40% in September, while US Personal Spending MoM accelerated by 0.74%.

In some ways, this aligns with the Fed's desired "soft landing." Despite being deep into the rate-hiking cycle, we are seeing strong employment figures that surpass expectations, as seen in September. Inflation is also moving in the right direction, although at a slow pace.

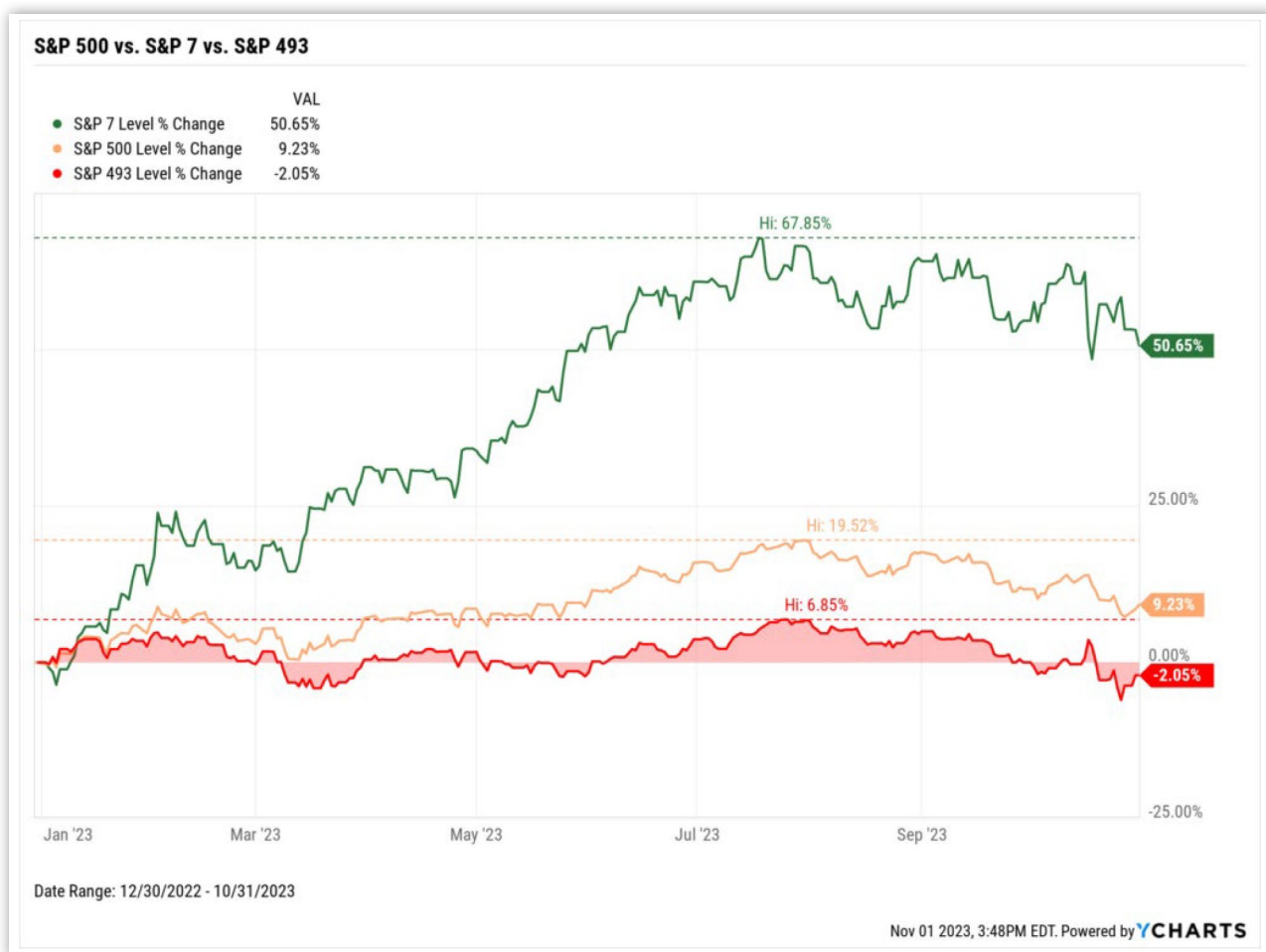
It seems that rather than lowering rates, the Fed will maintain rates at this level to observe the economy's response. During the November 1st FOMC meeting, the Federal Reserve kept the benchmark Target Federal Funds Rate at 5.50% for the second consecutive time. So, if you had "higher for longer" on your bingo card, you just might be a winner.

### Market Summary

The bad news is that stocks have declined for three consecutive months, ending in October. As bond yields have become more attractive, investors are considering alternative investment options. There's also concern that higher borrowing costs will eventually lead to lower earnings. All of this information is being worked through the market and is part of the volatility we've seen since the summer.

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Although the markets have remained positive for the year through October, this can largely be attributed to the performance of the Magnificent 7 Stocks: Apple, Amazon, Google, Meta, Microsoft, NVIDIA, and Tesla. These stocks have experienced a year-to-date increase of 50.65%. On the other hand, if these seven companies were to be excluded from the S&P 500 index, the index would be down by -2.05%. These 7 stocks account for roughly 30% of the portfolio, making the index more concentrated than ever before. When things are this concentrated, there is an ever-present fear that if those 7 companies miss the mark, it could spell big down swings for the market as a whole. It can be tempting to think that the “best” strategy is one in which you just invest in these 7 stocks, however, if you were to go back to 2022 on these same 7 stocks, the downside would have been untenable for most clients and not supportive of a steady portfolio strategy.



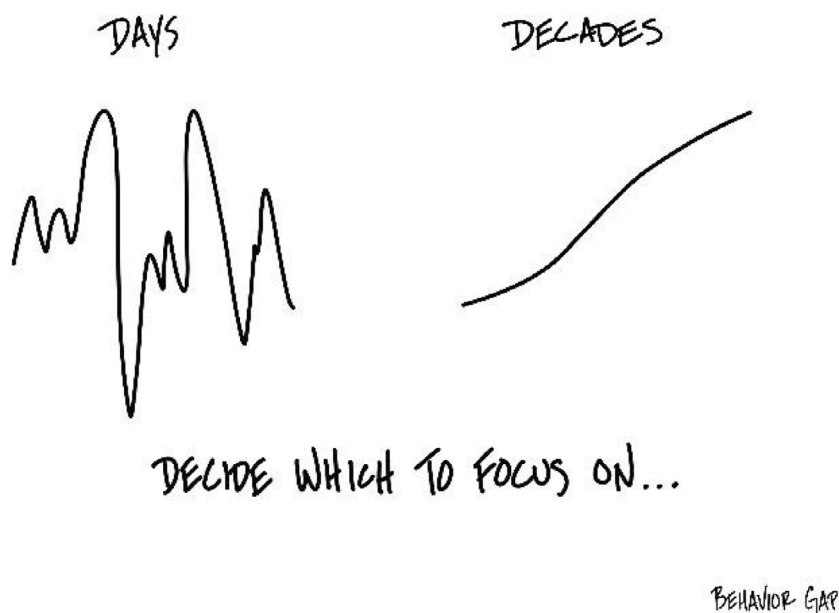
On the fixed income side of the portfolio, we may be nearing the bottom of an awful bond market. The recent rapid increase in interest rates has resulted in one of the worst bond bear markets in history. Bond bear markets, unlike stock bear markets, tend to receive less attention because they are slow and gradual. However, with the Federal Reserve keeping rates steady for the second consecutive month, many believe that the worst is behind us. Although most of the bond market’s poor performance was observed in 2022, we have experienced an additional 1-2% decline in bond holdings in 2023.

Some readers may question the rationale behind investing in bonds based on the paragraph above. However, the current market presents one of the best opportunities to buy bonds in quite some time. Currently, bonds offer a yield of around 4-5%, and when interest rates eventually decrease, we should see an increase in the market value of bond holdings. Keep in mind that as interest rates rise, bond prices decline, and vice versa.

### Maintaining Perspective

Usually, when concluding these columns, we encourage clients to inform us about any upcoming cash needs so that we can adjust the portfolio accordingly - and you should still do so! However, this quarter, I wanted to wrap up by discussing the importance of perspective in investing. It is crucial to remember that fortunes are not made or lost in a single quarter, especially when taking a diversified approach. Maintaining discipline and sticking to the plan during challenging times are key to long-term investing success.

Recently, we have been reviewing longer-term performance with clients to provide some context to year-to-date numbers that may seem less impressive. Often when we step back and zoom out from the day-to-day or year-to-year, we can appreciate some of that long-term success. The image below, by Carl Richards, encapsulates this idea well - remember, we have the power to choose what to focus on.



### 2023 Year to Date Performance as of 10/31/2023 by Index:

Benchmark	Benchmark Returns YTD	Category
Dow Jones Industrial Average	1.44%	U.S. Large Cap Stocks
S&P 500 Index	10.69%	U.S. Large Cap Stocks
MSCI EAFE Index	2.74%	International Stocks
MSCI Emerging Markets	-1.80%	Emerging Market Stocks
Bloomberg Agg	-1.21%	U.S. Bonds
Bloomberg Global Agg	0.38%	International Bonds





These days, we understand that with all the financial and institutional logins to juggle, it can be hard to keep track of everything! After hearing from clients that were struggling with this, we worked with our website developer folks to put all useful links in one place – Our *Client Resources* page! To get there, go to our website: [www.omegawealthmanagement.com](http://www.omegawealthmanagement.com), and in the top right corner, click 'Clients'!



Approach

Services

About

Resources

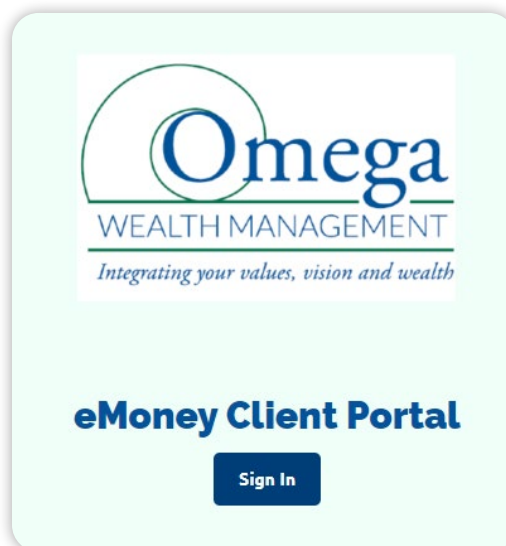
Connect

Clients

Alternatively, you can 'bookmark' this part of our website on your web browser by using this URL:

<https://www.omegawealthmanagement.com/clients/>

Once there, you will see links to login to: eMoney, SEI, and Schwab. Here is a brief breakdown of what each of those mean:

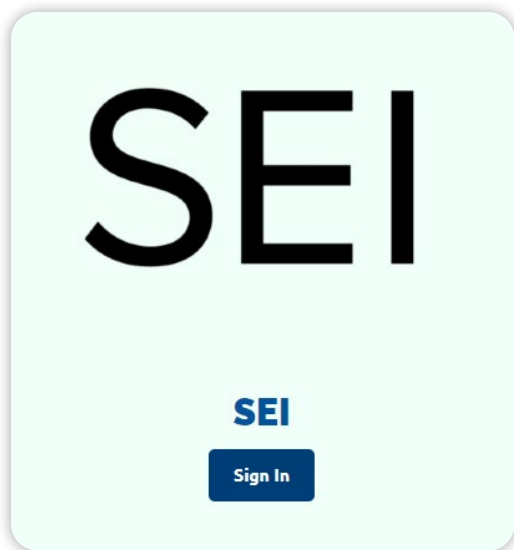


URL: <https://wealth.emaplan.com/ema/SignIn?ema%2fria%2fomegawealth>

The eMoney Client Portal, also affectionately known as 'The Omega Site' by some of our clients, is where you go to get an overview of ALL of your investments and assets – accounts that we manage, and any outside accounts you may have added or linked to the platform, like an employer 401k plan. Here, you can also utilize the client vault for safe storing and exchange of sensitive documents, such as brokerage statements and estate documents.

For login assistance, contact: [carolk@omegawealthmanagement.com](mailto:carolk@omegawealthmanagement.com)

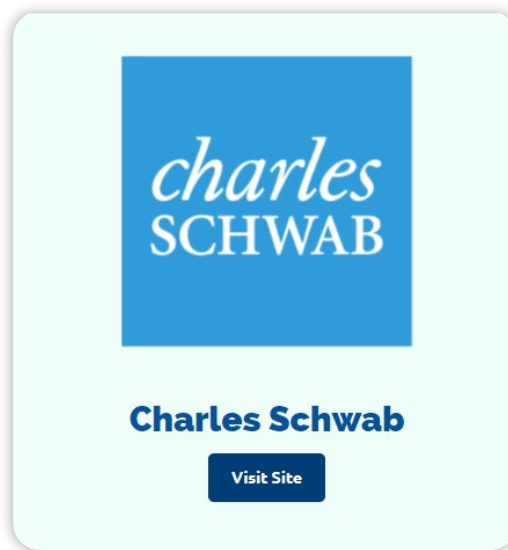
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URL: <https://accessmyportfolio.com/>

The SEI client website, known as *AccessMyPortfolio*, is where you can access information directly to your SEI accounts that we manage – including transactions, account balances, quarterly statements and annual tax forms! This does not include any accounts you own or hold outside of SEI. You can also use this website to convert from paper statements to e-statements, and help save trees.

For more information on converting to e-statements, contact: [evelyn@omegawealthmanagement.com](mailto:evelyn@omegawealthmanagement.com)



URL: <https://client.schwab.com/Login/SignOn/CustomerCenterLogin.aspx>

For those clients that still have Schwab brokerage accounts or Schwab bank checking accounts, this is where you access information pertaining to just your Schwab accounts – such as transaction history, account balances, and statements. Schwab clients also have the ability to also add/change bank accounts on file, update beneficiaries, and request/manage their own cash withdrawals.

For assistance with anything Schwab-related, contact: [evelyn@omegawealthmanagement.com](mailto:evelyn@omegawealthmanagement.com)

## Important Year-end Client Deadlines

Date	Item
Friday, December 5th	Charitable grant recommendations must be submitted to ImpactAssets for 2023 consideration
Friday, December 8th	Deadline for entrepreneurs setting up new Individual 401k accounts for 2023
Monday, December 18th	Last day to contact OWM's Service Team for holiday and year-end cash needs
Tuesday, December 19th	Deadline for out-going gifts to DAFs and Roth Conversions
Friday, December 22nd	Last day to satisfy any outstanding 2023 RMDs

# Business Owners' Corner



As we head into the Fall most business owners are focused on finishing 2023 strong, but you may be finding some hiccups along the way. While consumers seem to be spending, for now, the business & economic climate may feel uncertain and hard to predict.

So, what can you do as a business owner? **Plan!**

- **Have a Plan B if sales aren't running as expected**
- **If you are having a great year...put some funds aside...just in case**
- **Start planning for 2024: Overall business plan, marketing, budget**

Looking at where you are having success and doubling down on that effort may be the best approach for now. Planting seeds in terms of customers and other relationships now, for early 2024 business may be the best you can do. And finally, taking the time to assess whether your business needs a post-pandemic do-over may be the best investment you can make right now. There is no doubt that in both small and big ways, business and how it is done has changed as a result of the challenges and opportunities from the pandemic experience. Trying to keep doing what worked in 2019 may no longer work.

We at Omega stand ready to support you as a business owner and your business as you work on wrapping up 2023 and setting your sights on 2024!

## OWM TEAM UPDATES



As previously mentioned in Lisa's Page 1 letter, Omega is excited to announce that **Lisa Kirchenbauer has recently achieved the Certified Private Wealth Advisor® credential through the Investments & Wealth Institute.** The CPWA® credential or designation encompasses many areas of more sophisticated wealth management: investment behavioral biases, family dynamics, estate planning, charitable giving, portfolio constructions, risk management/asset protection, and tax planning. **As Omega continues to move more directly into Family Legacy Transition Planning, this knowledge and understanding of these interconnected areas of wealth management will be increasingly important.**

### AFAC Volunteering

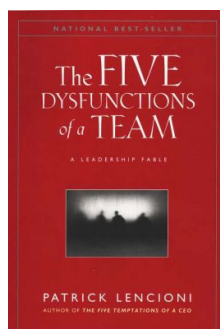
The OWM Team recently participated in a volunteer event at the Arlington Food Assistance Center (AFAC) located in Arlington. AFAC offers access to free groceries, which allows families in need to use their limited financial resources for necessary obligations. AFAC relies on generous donations of time and funds to continue feeding families in need. If you would like to donate, please use the "Donate" link at this URL: <https://afac.org/donate/>. We look forward to our continued partnership with AFAC.



This summer, the Omega Team took a trip to the **Inn at Little Washington in Washington, VA.** For those of you foodies, The Inn has been a 3 Michelin Star Restaurant for a number of years, and we thought it would be important to give our Team a little celebration to look forward to while also creating a business "fieldtrip" to see & experience what the highest level of dining experience is like. At Omega, we are looking to create a unique, bespoke experience for those clients that we serve, and The Inn delivered an amazing experience for us to aspire to.

# BOOKS & RESOURCES

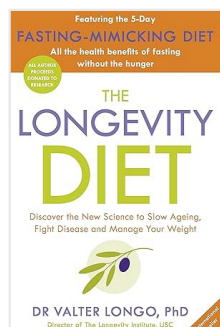
Lisa's Books and Resources contributions:



## ***5 Dysfunctions of a Team***

by Patrick Lencioni

Something I am re-reading after a number of years. Great for intentional leaders to be reminded about what it takes to build a world-class, functional team.



## ***The Longevity Diet***

by Dr. Valter Longo

Director of the Longevity Institute at the University of Southern California, Longo talks about the science of longevity and fasting. As someone (Lisa) who is working towards living to 100, being a student of health and longevity (and aging well) is a priority. Expect to hear more from Omega on longevity since it is a topic of interest for many of our clients.

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## **DON'T FORGET - Important Dates and Reminders**

**Thursday, November 23rd & Friday, November 24th – Thanksgiving** (Omega Closed)

**Saturday, December 23rd – Sunday, December 31st – Christmas Holiday** (Omega Closed)

**Monday, January 1st, 2024 – New Year's Day** (Omega Closed)

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- Prospective new client inquiries



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- Coordinate investment research & analysis process
- Prospective new client inquiries
- Support client service & meeting preparation process



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- Firm technology strategy



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- Appointment scheduling
- Pay Simple fee payment support
- Business and financial operations



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