



Greetings!

Hello and Happy New Year! We hope each you had an enjoyable holiday season spent with family, friends, and loved ones. The New Year has kicked off at a fast pace, and some of the important financial planning changes you should be aware of are included in this newsletter. Below, you'll find details on some of the ways you might be impacted by the passing of the Secure Act 2.0, retirement plan contribution and gift limits in 2023, as well as important updates on your investments and 2022 tax documents. Be sure to read to the end, as our team has a couple of great suggestions on shows and articles you might be interested in checking out.

Save the Date: 2022 Year-End Webinar
When: Tuesday, February 14th from 12:00 - 1:00pm MST

*RSVP and additional webinar details will be sent out in the coming weeks.

Secure Act 2.0

Impact of the Secure Act 2.0

The passing of the Secure Act 2.0 is in some ways a story more about what didn't change than what did. Some of the current investment and saving opportunities thought to be on the chopping block survived, and a few key changes were made to Required Minimum Distributions that'll allow Americans to further delay mandatory distributions from their qualified retirement accounts. As a reminder, RMDs are set by the government to ensure that funds are withdrawn (and taxes are paid) on funds held in an IRA over the course of the taxpayer's life.

Meaningful Changes:

- Starting age for Required Minimum Distribution (RMDs)
 - If you turn 72 in 2023, you won't begin RMDs until 2024
 - In 2033, the RMD age will move to 75
 - **If you already started RMDs, this has no effect on you**

What Didn't Change:

- **No elimination of Back-Door and Mega-Back-Door Roth contributions**
 - **No new limits on who can make Roth conversions**
 - Qualified Charitable Distribution (QCDs) eligibility remains age 70 ½
 - No elimination of new types of investments (e.g., privately held investments) from being eligible to be purchased in IRAs
 - Inherited IRAs must still be depleted by 10th-year anniversary of date of death (Non-Eligible Designated Beneficiaries)
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Your Investments

[2022 Annual Market Review](#)

If you're looking for a high-level overview of performance last year, our 2022 Annual Market Review is the best place for you to go. Following the theme of our Quarterly Market Reviews, this deck breaks down performance across equity asset classes and fixed income, both in the U.S. and globally.

While U.S. and Global equities finished the year down almost 20%, this type of volatility in equity markets is not unexpected, even if it is uncomfortable. The unprecedented aspect of 2022 lies in the story of fixed income (bonds). Historically, fixed income has been significantly less volatile than equities, often holding ground when equities are sold off. 2022 was the exception. With the rapid rise of interest rates in the U.S. (and to a lesser extent globally), fixed income investments suffered their worst year in recent memory. While the long-term potential of fixed income is now much better with higher rates, investors felt the short-term pain in 2022 and were left with nowhere to hide.

To understand the changing fixed income markets in 2022, pages 10 and 11 of the Market Review are great place to start. Additionally, as a fun challenge, ask yourself what country you think had the best performance in 2022. You'll find the answer to your guess on page 7... and we think you'll be surprised!

[Read our 2022 Annual Market Review](#)

Your Financial Planning

[2023 Contribution & Gift Limits](#)

In case you missed it, there have been substantial updates to retirement account contributions and the annual gift exemption for 2023. These sections of the U.S. tax code are linked to inflation and are adjusted annually to keep up with rising costs, compensation, and economic growth. For investors, some of the most important changes are related to retirement plan contribution limits, the standard deduction, and annual gift exemptions. Here's a look at the updates that will impact many of you:

Tax Limit	2022	2023	Change
401k Employee Contribution Limit	\$ 20,500	\$ 22,500	\$ 2,000
401k Employee Contribution Limit <u>Over Age 50</u>	\$ 27,000	\$ 30,000	\$ 3,000
Total Retirement Plan Deferral Limit; Employee + Employer (I-401k)	\$ 61,000	\$ 66,000	\$ 5,000
Standard Deduction - Individual	\$ 12,950	\$ 13,850	\$ 900
Standard Deduction - Individual <u>Over Age 65</u>	\$ 14,700	\$ 15,700	\$ 1,000
Standard Deduction - Married Filing Jointly	\$ 25,900	\$ 27,700	\$ 1,800
Standard Deduction - Married Filing Jointly <u>Over Age 65</u>	\$ 28,700	\$ 30,700	\$ 2,000
Annual Gift Exemption	\$ 16,000	\$ 17,000	\$ 1,000

Team Update

What the ACM Team is Reading

Shows:

Limitless - Live Better Longer

- **Jake, Katie, & Lavea's thoughts:** As advisors, we spend a good portion of our time researching and discussing how people can make the most of their lives and retirement, whether that be through travel, helping family, charitable contributions, or a wide variety of other activities. And almost always, these conversations are centered around the financial side of things. However, money is only part of the equation.
- In a new Disney+ series, Chris Hemsworth and a team of doctors explore how we can each live better longer. These doctors put Chris through a series of extreme challenges and tasks over the course of the show, and in surprising detail, break down the science behind how incorporating certain activities into your daily life can dramatically improve your health, fitness, memory, and more into your later years.

Articles:

Your 401k Isn't Enough - Invest in Friendships and Hobbies

- **Mike's Thoughts:** In a similar theme to the comments above, this article breaks down a Harvard study looking at predictors of longevity, health, and happiness later in life. Unsurprisingly, the study finds that the relationships you have and the activities you partake in can be as important as financial or physical health. Enjoy the quick read, and hopefully you'll have a few good takeaways! My personal favorite was, "Pursuits and friendships can compound over time like stocks and bonds, the best time to start investing in your future is in your 30s, 40s, and 50s."

Operations Corner

Timing of Available Tax Documentation

1099s will start being released soon! They will be released beginning January 20th through the end of February. We recommend waiting until the second round of corrections are released on or after March 9th to ensure you have the most up-to-date information before filing your taxes.

How to Access Your 1099s

You can access electronic 1099s one of two ways from www.aspencapitalmgmt.com:

TD Ameritrade Login: you can find the tax documents on advisorclient.com by simply clicking the appropriate document on the Tax Documents menu. Here is a video showing [how to access tax docs and statements](#).

ACM Client Portal: You can access all tax documents through the secure document vault. Here is a video showing [how to navigate our document vault](#).

*Please note to receive your tax documents as soon as they are available, **make sure you are signed up for electronic tax form delivery**. You can sign up for e-delivery of tax documents by logging into www.advisorclient.com, then click My Profile > Communication Preferences > Update Preferences Individually.*

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Your Team at Aspen Capital Management

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