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Hello Everyone, Hope the Thanksgiving Holiday was a great one! A quick note to REMIND anyone trying to get forms processed (eg RMD) by year end, all custodians have Dec. 15th as the deadline for submission. So here we are in November and still reeling a bit from the September and October performance numbers: -4.8% Sept., and -2.1% Oct. for the S&P500 index. And we all were awaiting some good news, and now the November month to date is approximately +9.5 %. It really reminded me of some type of amusement ride at Disney with the volatility. The obvious take-aways are: -long term returns require sitting through all market cycles, - downturns can lead to emotional decision making which can have negative impacts, and - it's time in the market not timing of the markets that matter most. And yes, I understand that we all know these basic investment rules, but the volatility still causes stress. Quite the turnaround for November so far, so let's see if Santa delivers in December !!!

Then and Now

In 2003, the U.S. was emerging from the dot-com recession, unemployment rates were peaking during a jobless recovery, and online shopping was becoming more popular. Twenty years have passed, and here's how some things have changed — one pandemic and two recessions later.

	Average mortgage rate (30-year fixed)[1]	Unemployment rate[2]	E-commerce sales (percent of total retail)[3]	Personal saving rate (percent of disposable income)[4]	Average credit card interest rate[5]
2003	6.32%	6.1%	1.7%	6.1%	12.89%
2023	7.18%	3.8%	15.4%	3.5%	22.16%

Sources: 1) Freddie Mac, 2023 (August); 2) U.S. Bureau of Labor Statistics, 2023 (August); 3) U.S. Census Bureau, 2023 (Q2); 4) U.S. Bureau of Economic Analysis, 2023 (July); 5) Federal Reserve Board, 2023 (Q2)

Much Ado About RMDs

The SECURE 2.0 Act, passed in late 2022, included numerous provisions affecting retirement savings plans, including some that impact required minimum distributions (RMDs). Here is a summary of several important changes, as well as a quick primer on how to calculate RMDs.

What Are RMDs?

Retirement savings accounts are a great way to grow your nest egg while deferring taxes. However, Uncle Sam generally won't let you avoid taxes indefinitely. RMDs are amounts that the federal government requires you to withdraw annually from most retirement accounts after you reach a certain age. Currently, RMDs are required from traditional IRAs, SEP and SIMPLE IRAs, and work-based plans such as 401(k), 403(b), and 457(b) accounts.

If you're still working when you reach RMD age, you may be able to delay RMDs from your current employer's plan until after you retire (as long as you don't own more than 5% of the company); however, you must still take RMDs from other applicable accounts.

While you can always withdraw more than the required minimum, if you withdraw less, you'll be subject to a federal penalty.

Four Key Changes

1. Perhaps the most notable change resulting from the SECURE 2.0 Act is the age at which RMDs must begin. Prior to 2020, the RMD age was 70½. After passage of the first SECURE Act in 2019, the age rose to 72 for those reaching age 70½ after December 31, 2019. Beginning in 2023, SECURE 2.0 raised the age to 73 for those reaching age 72 after December 31, 2022, and, in 2033, to 75 for those who reach age 73 after December 31, 2032.

When Must RMDs Begin?

Date of Birth	RMD Age
Before July 1, 1949	70½
July 1, 1949, through 1950	72
1951 through 1959	73
1960 or later	75

2. A second important change is the penalty for taking less than the total RMD amount in any given year. Prior to passage of SECURE 2.0, the penalty was 50% of the difference between the amount that should have been distributed and the amount actually withdrawn. The tax is now 25% of the difference and may be reduced further to 10% if the mistake is corrected in a timely manner (as defined by the IRS).

3. A primary benefit of Roth IRAs is that account owners (and typically their spouses) are not required to take RMDs from those accounts during their lifetimes, which can enhance estate-planning strategies. A provision in SECURE 2.0 brings work-based Roth accounts in line with Roth IRAs. Beginning in 2024, employer-sponsored Roth 401(k) accounts will no longer be subject to RMDs during the original account owner's lifetime. (Beneficiaries, however, must generally take RMDs after inheriting accounts.)

4. Similarly, a provision in SECURE 2.0 ensures that surviving spouses who are sole beneficiaries of a work-based account are treated the same as their IRA counterparts beginning in 2024. Specifically, surviving spouses who are sole beneficiaries and inherit a work-based account will be able to treat the account as their own. Spouses will then be able to use the favorable uniform lifetime table, rather than the single life table, to calculate RMDs. Spouses will also be able to delay taking distributions until they reach their RMD age or until the account owner would have reached RMD age.

How to Calculate RMDs

RMDs are calculated by dividing your account balance by a life expectancy factor specified in IRS tables (see IRS Publication 590-B). Generally, you would use the account balance as of the previous December 31 to determine the current year's RMD.

For example, say you reach age 73 in 2024 and have $300,000 in a traditional IRA on December 31, 2023. Using the IRS's Uniform Lifetime Table, your RMD for 2024 would be $11,321 ($300,000 ÷ 26.5).

The IRS allows you to delay your first RMD until April 1 of the year following the year in which it is required. So in the above example, you would be able to delay the $11,321 distribution until as late as April 1, 2025. However, you will not be allowed to delay your second RMD beyond December 31 of that same year — which means you would have to take two RMDs in 2025. This could have significant implications for your income tax obligation, so beware.

An RMD is calculated separately for each IRA you have; however, you can withdraw the total from any one or more IRAs. Similar rules apply to 403(b) accounts. With other work-based plans, an RMD is calculated for and paid from each plan separately.

For more information about RMDs, contact your tax or financial professional. There is no assurance that working with a financial professional will improve investment results.

Bond Yields Are Up, but What Are the Risks?

After years of low yields, bonds are offering higher yields that may be appealing to investors regardless of their risk tolerance. While bonds could play a role in any portfolio, they can be a mainstay for retirees looking for stability and income, and near-retirees might consider shifting some assets into bonds in preparation for retirement.

Bonds are generally considered to have lower risk than stocks — one good reason to own them — but they are not without risk. In fact, bonds are subject to multiple risks. In considering the brief explanations below, keep in mind that coupon rate refers to the interest paid on the face value of a bond, whereas yield refers to the return to the investor based on the purchase price. A bond purchased for less than face value will have a higher yield than the coupon rate, and a bond purchased for more than face value will have a lower yield than the coupon rate.

Interest rate risk (or market risk) — the risk that interest rates will rise, making the coupon rate on an existing bond less appealing because new bonds offer higher rates. This typically lowers the value of a bond on the secondary market, but it would not change the yield for a bond purchased at issue and held to maturity. As the Federal Reserve has rapidly raised rates to combat inflation, the potential resale value of existing bonds has plummeted. However, rates may be nearing a peak, which potentially could make it a more opportune time to purchase bonds. If interest rates drop, the value of a bond will typically increase.

Duration risk — the risk that longer-term bonds will be more sensitive to changes in interest rates. Duration is stated in years and based on the bond's maturity date and other factors. A 1% increase in interest rates typically will decrease a bond's value on the secondary market by 1% for each year of duration. For example, a bond with a duration of seven years can be expected to lose 7% of its value on the secondary market.

Opportunity risk (or holding period risk) — the risk that you will not be able to take advantage of a potentially better investment. The longer the term of a bond, the greater the risk that a more attractive investment might arise or other events might negatively impact your bond investment.

Inflation risk — the risk that the yield on a bond will not keep up with the rate of inflation. This might be of special concern in the current environment, but high inflation is the reason that the Fed has been raising interest rates. If inflation cools, bonds with today's higher yields could outpace inflation going forward.

Call risk — the risk that an issuer will redeem the bond when interest rates are falling in order to issue new bonds at lower rates. Investors can avoid this risk by purchasing non-callable bonds.

By the Letters

Bond ratings in descending order of creditworthiness as judged by the three best-known rating agencies (shaded ratings are considered non-investment grade)

Standard & Poor's	Moody's	Fitch
AAA	Aaa	AAA
AA+/–	Aa1–3	AA+/–
A+/–	A1–3	A+/–
BBB+/–	Baa1–3	BBB+/–
BB+/–	Ba1–3	BB+/–
B+/–	B1–3	B+/–
CCC+/–	Caa1–3	CCC+/–
CC/C	Ca	CC/C
D	C	RD/D

Note: Standard & Poor's and Fitch Ratings use the symbols + and - to denote the upper and lower ranges of ratings from AA to CCC; Moody's uses the numbers 1, 2, and 3 to denote the upper, middle, and lower ranges from Aa to Caa.

Credit risk (or risk of default) — the risk that the bond issuer is unable to make promised interest payments and/or return principal upon maturity. Credit-rating agencies analyze this risk and issue ratings that reflect their assessment. Higher-rated bonds are considered "investment grade." Lower-rated bonds, commonly called "junk bonds," are non-investment grade. They generally offer higher yields and are considered speculative with higher credit risks.

Some lower-rated bonds may be insured, so the bond carries two ratings, one for the bond and one for the insurance company. Bond insurance adds a potential layer of protection if an issuer defaults, but it is only as good as the insurer's credit quality and ability to pay. An investor should not buy bonds based solely on the insurance.

The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

Medical Debt and Your Credit Report

It's no surprise that consumers are contacted by debt collectors about medical bills more than any other type of debt.[1] After all, the complex world of medical billing and collection practices is extremely difficult to navigate. Many people have trouble understanding what the various billing codes on a medical bill even mean.

Historically, this has led to consumers racking up unpaid medical bills because they were unaware of what they owed or were in the process of disputing what they owed to their health care provider. These unpaid bills were then often reported to credit bureaus, negatively impacting credit reports.

Fortunately, there have been changes to the way medical debt is reported on credit reports. As of July 1, 2022, the three nationwide credit reporting companies (Equifax, Experian, and TransUnion) no longer include medical debt that was paid after it was sent to collections.

The credit reporting companies have also increased the amount of time before medical debt in collections appears on credit reports, extending it from six months to one year. This additional time is meant to give consumers the opportunity to settle any disputed charges or work out a payment plan with their health care providers.

Finally, as of April 11, 2023, the credit reporting companies no longer include medical debt in collections of less than $500 on credit reports. It's estimated that with this last step, roughly half of those with medical debt on their credit reports will have it removed from their credit history.[2]

If you have unpaid medical bills, there are some steps you can take to make sure that they aren't negatively impacting your credit. First, check your credit report. You have the right to request one free copy of it every week from each of the three major consumer reporting companies at AnnualCreditReport.com.

Once you obtain your credit report, make sure that any medical bill that is under $500, less than a year old, or has been paid off no longer appears on your credit report. If you find a medical billing error (or any other error), you have the right to dispute it by contacting both the credit reporting company and the company that provided the erroneous information. You can also file a complaint with the Consumer Financial Protection Bureau at consumerfinance.gov.

1-2) Consumer Financial Protection Bureau, May 2023

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