StrategicInsights
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Go Long

OUR CLIENTS

Our clients had a very eventful 2023. Last year:

- 1 of our clients retired.
- 2 received significant career promotions.
- 4 saw kids or grandkids off to college, and 3 others celebrated graduations.
- 1 dear long-term client passed away at the age of 105.
- 2 changed states of residence (1 family leaving the NYC area, 1 arriving).
- 1 joined a non-profit Board and made a sizeable donation.
- 6 clients left jobs, either voluntarily or through restructuring.
- 4 started new ones.
- 2 of our clients' parents were diagnosed with dementia.
- 1 client is travelling the world.

In addition to reflecting our genuine interest in our clients' lives, these events also matter to us for a broader reason.

In financial planning, your key decisions are not driven by interest rates or markets. Your most significant decision points, which require informed and thoughtful analysis, are driven by YOUR life events, YOUR timing, and YOUR aspirations. In essense, YOUR personal values.

A good financial plan is customized. A good plan is comprehensive and flexible. Life can't always be anticipated. Often, we aren't sure **what** we want for the future.We need choices. And to make these choices we need numbers, perspective and insights. All of this is financial planning.

I've picked a few examples from the above list, along with the planning considerations and opportunities they presented.[1]



1 of our clients retired.

Client: *"How much can I safely spend the first 5 years of retirement while we are still in good health, to travel and enjoy our new hobbies?"*

- **Our work:** We answered by completing a detailed multi-year expense analysis for the family, including medical, income tax and typical travel costs to assess 'burn rate' and project realistic expenses during their various stages of retirement. We also included amortized, large, one-time expenses (car purchases, roof repairs, 25th anniversary celebration), to include items clients sometimes overlook.

2 received significant career promotions.

Client: *"What, if anything, does this change from a benefits and lifestyle standpoint? What else should I do?"*

- We reviewed the client's executive benefits to ensure he takes advantage of these additional resources (legal planning, additional retirement accounts, executive reimbursements).
- We obtained copies of the client's enhanced group life insurance and contact information for the executive benefit group, so that in case of premature death we can make sure the spouse and children receive these funds.

[1] Please note that each client's situation, values and goals differ; the aforementioned is intended for informational purposes only and should not be construed as investment advice.

1 dear long-term client passed away at the age of 105.

- We assisted the clients' children (also dear clients) in the administration of the estate by updating trust accounts with TINs and reviewing cost basis of 100+ securities to ensure they were accurately re-set to step-up value per estate tax rules.
- Facilitated distribution to heirs.

1 joined a non-profit Board and made a sizeable donation.

Client: "I need to give my Board gift. Should I donate cash?"

- After analyzing the client's current and projected Federal and state tax status and charitable-giving expectations, we recommended and established a Donor-Advised-Fund for the family and contributed highly-appreciated stock in excess of the amount of the capital campaign request.
- This afforded the clients a full tax deduction in 2023, eliminated Federal and state capital gains tax liabilities, and created the ability to give to charity throughout their lives while not losing future tax benefits due to high standard deduction limits.

6 clients left jobs either voluntarily or through restructuring.

Departure due to restructuring: "Am I leaving anything on the table? "What can I negotiate that I'm not considering?"

- We reviewed the client's employer-sponsored retirement and cash accounts in-depth before his departure. Based on our assessment we recommended that the client negotiate with the new company for compensation of unvested but earned profit sharing, resulting in an incremental 6-figure up-front payout.
- We helped introduce our client to a seasoned labor attorney, who reviewed and negotiated the contract, adding in flexibility by removing stipulations about future career options and adding compensatory language in the event of a no-fault departure.[2]

Voluntary departure: "Can I take the risk to make 70% of my prior job, and instead receive equity compensation? What is the minimum I can make while still retiring at the age I'd prefer?" Are there things I can do during the period my earned income is lower to benefit me in the long-run?"

- We analyzed age and spending outcomes at several income levels to create a range of incomes which would allow the client to achieve the same retirement age. We determined the minimum 'cash', non-equity income required to achieve the original goal.
- Because the top Fed tax rate is 37% (and will revert to 39.6% at the end of 2025)[3] we executed a partial Roth conversion to effectively pre-pay income tax at a lower rate and decrease future RMD tax liabilities.

2 of our clients' parents were diagnosed with dementia.

- We reviewed the parent's powers-of-attorney (which had been signed before the diagnoses) with the client and explained the limitations of a non-durable POA, which becomes null after the principal is incapacitated.
- We recommended the client work with the parents' estate attorney to update the estate documents and verify that the parents' homes and assets were titled in the correct trust names to avoid probate as necessary.

STRATEGIC WEALTH CAPITAL

2023 was also busy for us at Strategic Wealth Capital. Our practice successfully transitioned to a fully independent financial services practice and RIA[4] registered with the Securities and Exchange Commission (SEC)[5]. RIAs uphold a higher standard of advice, service, and accountability than non-registrants. We have and continue to operate as legal fiduciaries.

We invested heavily in the business, expanding our team with two fantastic members - Rebecca Hoeg, an experienced Client Associate, and Maria Eriksen, a CFP®[6] and dedicated planner with a Master's Degree in Financial Planning from Texas Tech.

We worked hard to get ahead of the TD Ameritrade/Schwab merger by proactively transitioning each client household independently, in an effort to make sure investments, records, cost basis, links and account structure were consistent and accurate.

> **"We invested heavily in the business, expanding our team with two fantastic members..."**

This year we are focusing on further streamlining operations and increasing efficiency through detailed standard operating procedures, to allow us to spend more time on high-value customized client work.

Our overarching purpose is to provide you with insights and guidance to empower you to make better decisions, hopefully freeing you up to do the things you enjoy most.

OUR ASK

I have two asks:

1. **The first:** Please tell me how we can better serve you. What would you like us to do more of, or less? I am proud of the quality of our work, but

[2] Please note that Strategic Wealth Capital does not pay for client or professional referrals, nor do we accept any compensation for providing them.
[3] Daigle, Nina. "Tax Planning for the TCJA's Sunset." The Tax Adviser, 1 Dec. 2023, [https://www.thetaxadviser.com/issues/2023/dec/tax-planning-for-the-tcjas-sunset.html]
[4] RIA: Registered Investment Advisor
[5] Strategic Wealth Capital is registered as an investment adviser with the SEC; such registration does not imply a certain level of skill or training and no inference to the contrary should be made.
[6] Strategic Wealth Capital is registered as an investment adviser with the SEC; such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

we are not done improving and adding services; many past recommendations have come from our clients. We welcome your input.

2. The second: 2024 is a year of growth for us. If you have friends or colleagues who may not receive the same level of attention and in-depth analysis from their advisors, we welcome an open conversation with them to see if we can help. New client relationships primarily come to us by personal introduction. Clients ask how they will know if someone is a good fit. We work best with clients very much like you:

- Our clients are good, honest, kind people who are accustomed to making important decisions and working with high-level professionals.
- You expect and appreciate excellent work from us and recognize the time it frees up for you.





- You value our relationship. You treasure candid conversation.
- You are curious and intellectual and prize integrity, hard work, and your community.
- For us, personal fit is paramount. On the financial side, we work best with clients with a net worth above $10mm who are looking to partner with a family office-style practice like ours.

IN CLOSING

While living in Beijing for a few months during business school I studied Chinese characters and their phonetic alphabet, pinyin. 2024 is the year of the dragon. The pinyin word for the word "dragon" is 'long'.

So my advice for the year is to "Go Long." I'm not referring to football or the stock market. Going long in the larger sense means looking to the future and keeping something, owning something, because you believe it will be valuable. Therefore, going long in this sense means leaning into the year, betting on it, taking risks, and being optimistic about the future.

In closing, I thank you for your trust and relationship. Few things are more fulfilling than doing intellectually engaging work for people we admire, respect, and enjoy. I feel incredibly fortunate.

Go forth and go long.

—Adrianne Yamaki, CFP®

STRATEGIC
WEALTH CAPITAL

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