Randall and Associates Wealth Management

2025 Q4

FALL FINANCIALS!

4th QUARTER DATES TO REMEMBER:	
Medicare open enrollment begins	OCT 15
2024 Individual tax extension deadline	OCT 15
Veteran's Day	NOV 11
Thanksgiving Day **(Markets Closed)**	NOV 27
Medicare open enrollment closes	DEC 7
Christmas Day **(Markets Closed)**	DEC 25
Last day for tax deductible charitable contributions	DEC 31
Last day for 401k contributions	DEC 31
Last day to sell stock to realize gains/losses	DEC 31
Last day to take required minimum distributions	DEC 31

These newsletters are authored and brought to you by:

Randall and Associates Wealth Management

FROM BAWM TO RAWM

It's official! Bennett Associates Wealth Management is now Randall and Associates Wealth Management. Founded in 2015 by Wendy Bennett, Bennett Associates Wealth Management prided itself on delivering the best possible financial planning experience to each and every client. Wendy's principled approach and holistic nature with financial planning is one that has looked to put the client's interests first for almost a decade now. In 2019, Collin Randall joined Wendy's team. A Butler native, Collin worked on Wall Street for almost a decade, earning his CFA designation and building a wealth of knowledge regarding the financial world. Wendy and Collin worked to build Bennett Associates with the end goal of Collin succeeding Wendy, ensuring Wendy's clientele would get the same quality of planning for years after she retired. With Wendy's retirement on the horizon at the end of 2025, Collin has assumed the role of President of the firm and the name change has reflected this transition. As the era of BAWM ends and RAWM begins, clients can expect the same level of planning, integrity, and care they have come to know.

The Effects of Standard Deviation on Your Portfolio

Many analyze a portfolio's performance strictly by the rate of return it presents over a specified amount of time, often denoted in increments of years (i.e. returns in a one year, five year, and ten year time frame). Return, however, is often associated with the coinciding risk the portfolio has. For many investors, maximizing return while minimizing risk is the end goal. It is important, then, to understand standard deviation. One standard deviation away from the mean (average) contains roughly 68% of the returns that portfolio may incur. So, if the mean return is 10% and the standard deviation is 5%, then 68% of the time the rate of return should be between 5% and 15%. Two standard deviations out from the mean contains 95% of the returns, and three standard deviations contains 99.7% of the returns. So, we are 99.7% confident that the rate of return will be between -5% and 25% in the previous scenario.

A high standard deviation leads to you taking more risk relative to the anticipated return. In a sense, your return is less predictable (not that the market or your portfolio is ever quite predictable!) Having an optimal standard deviation relative to the anticipated return can help portfolios grow faster and recover better. For example, imagine you have $100 dollars invested and your portfolio drops 10%. Now, you have $90. Let's say the market recovers and you are back up 10%. You have $100 again, right? Nope! You'd have $99. The fluctuation of losing 10% and gaining 10% back still leaves you at a net loss. All this noted, it is paramount the return you are seeking, and the coinciding standard deviation of the portfolio matches your risk tolerance, time horizon, and overall financial plan.

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We're on the web!
RandallAWM.com

It All Begins With a Plan!

Our Services …

Retirement Planning

- *Retirement Goal Setting*
- *Cash Flow Analysis*
- *RMD and Withdrawal Strategies*
- *Roth Conversions*
- *Socials Security and Pension Analysis*

Investment Planning

- *Asset Allocation*
- *Withdrawal Strategies*
- *Account Consolidation*

Tax Planning

- *Tax Sensitive Investing*
- *Review of Realized and Unrealized Gains*
- *Tax Loss Harvesting*
- *Roth Conversion Opportunities*
- *Tax Return Review*

Trust & Estate Planning

- *Minimize Estate Taxes*
- *Analyze Trust Needs*
- *Analyze stepped up cost-basis for highly appreciated assets*

Assistance to Others

- *Charitable giving through Qualified Charitable Distributions (QCDs)*
- *Charitable giving of appreciated assets*
- *529 College Saving Plans*
- *Donor-Advised Funds*

The Ten Year Rule

A common question one might ask regarding their IRA's is how exactly they will be inherited. If the IRA is transferred to a spouse on the death on the owner, the IRA will be inherited as if it is owned by the surviving spouse. That is, there will be no rules regarding when the surviving spouse must liquidate the account. For non-spouse inheritors, the account must be liquidated in a certain time frame (with some notable exceptions). Prior to 2020, the "stretch IRA' existed, allowing beneficiaries to take mandatory distributions over their lifetime, stretching out the tax burden over time. However, an IRA inherited by most non-spouses after 2020 will be subject to the ten year rule. This means, in addition to the mandatory distributions, the beneficiaries will have ten years from the time of inheritance to liquidate the IRA in its entirety. For a pre-tax IRA, this can have significant consequences, as the inheritors must recognize that much more in income for that tax year. If the IRA is a Roth IRA, the inheritors will still have to liquidate the account within the ten year time frame, but they will not have to recognize any taxes. This can be an argument for those worried about their legacy to consider Roth conversions during their lifetime so their descendants save on taxes.

It is important to note that there are non-spouse exceptions to the 10 year rule. For example, someone within 10 years of the age of the original owner of the IRA can utilize the original stretch IRA rules, taking distributions over their lifetime. There are also some exceptions for minor children inheriting the IRA and those who are disabled. It is important for all individuals with an IRA to analyze how their IRA may be inherited and the tax consequences associated with it.

Q&A...

Q: Is it true that I can no longer make my tax estimates via check?

A: Yes. The IRS has established that the last date they will accept tax estimates via check is September 30th of 2025. Though this is subject to change, people are now steered towards making their tax estimates online via the IRS's official website.

Q: I don't need my required minimum distribution. What are my options?

A: Depending on your financial situation, there may be ways to lower your future RMD by utilizing planning techniques such as Roth conversions or Qualified Charitable Distributions (QCDs). If you are currently RMD age, a common strategy one can take is to reinvest excess RMD's in a taxable account to get that money back into the market and back to working for you!

Q: Why would anyone delay collecting social security past their full retirement age?

A: You may receive delayed credits for waiting to collect your social security. If your full retirement age is 67, for example, you get an 8% increase in benefit for each year you delay collecting until age 70. This can bear significant consequences to your total lifetime benefit and your spouse's surviving benefit if you pass away.