OAKCREST INSIGHT

OakCrest CAPITAL, LLC

APRIL 2024

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PERSONAL FINANCE CALENDAR

January - Get ready for the brand new year.

- Write down the major financial events you anticipate in the next few years. That will help guide a discussion about whether your portfolio reflects your short- and long-term goals.
- Update your personal net worth to account for any significant changes in the past year.
- Double-check your employer-sponsored retirement plans. When determining how much to contribute, make certain to check whether your employer offers a matching program.

February - This month, don't forget your financial check-up.

- Take a moment to check on your various insurance programs and coverage amounts. Draw up a list of questions if you believe they no longer reflect your lifestyle.
- Create a list of your top-three major expenses scheduled for the year.
- Take a minute and create a list of your monthly subscription services.

March - Spring into spring.

- You should have received most of your tax documents by now. Start organizing your important documents so you can complete your federal and state returns.
- Check your credit report. All U.S. Citizens are entitled to a free copy of their credit report every 12 months from the national credit reporting agencies.

April - Tax time is the right time.

- Tax returns are typically due before midnight of April 15. If you need to request a six-month extension, you still need to pay any taxes due by April 15.
- April 15 is also the last day to contribute to most retirement accounts for the prior year.
- Don't forget that first-quarter estimated income tax payments are due by April 15.

May - It's summertime and financial prep is easy.

- Create or update your home and personal property inventory. Use your phone and reliable digital-backup service to record and store videos of your valuable possessions.

- Take a look at your estate strategy, and see if it continues to reflect your family's wishes. Were there any marriages or divorces in the past year? Did your family welcome a new child or grandchild?

June - We're halfway to the next year.

- Take a look at your "sources and uses" of money. Is it what you expected, or are you considering making adjustments?
- Don't forget second-quarter estimated income tax payments are due by June 17.
- Your college-bound child may want to consider completing their Free Application for Student Aid (FAFSA). It may show available grants or scholarships. However, the FAFSA closes this month, so don't delay.

July - Review the year so far.

- Refresh your money skills. Add at least one book on personal finance, economics, or investing to your summer reading list.
- Look back at the last 6 months. Are there any financial takeaways you can apply to the remainder of the year?

August - It's time to go back to school.

- As children or grandchildren get ready for school, create a strategy to help pay for the expenses. There are a number of educational funding choices, and one may be a fit for your situation.

September - Sweater weather has arrived.

- Most companies begin "open enrollment" for their insurance plans in the following months. Prepare now by looking at your current health plan and considering whether it meets your needs. Open enrollment for Medicare starts in November.
- Check your credit card benefits and points earned. With holidays around the corner, you may be due a deal.
- Don't forget third-quarter estimated income tax payments are due by September 16.

October - Don't forget to prepare for trick-or-treaters

- If you have children off to college next year, the Free Application for Federal Student Aid (FAFSA) window opens once again on October 1. Encourage your child to complete the FAFSA as early as possible to increase their chances at available scholarships and grants.
- File your income tax return by October 15 if you requested a six-month extension back in April.
- If you want to establish a retirement plan outside of your work-sponsored program, you must open the account by your tax filing deadline plus any extensions, which is October 15 for most.
- Medicare open enrollment begins, providing your opportunity to drop or switch plan coverage.

November - The perfect month to give thanks.

- Review your charitable giving and update any funding strategies, if needed.
- Watch for capital gains payouts. Investment companies typically distribute capital gains in December, and by November, they usually publish estimates of their distributions.
- Healthcare.gov open enrollment begins, Medicare Part A and B premiums and deductibles announced.

December - End the full of hope and goodwill.

- If you're 73 or older, don't forget to take your annual required minimum distribution (RMD) by December 31.
- You can request an annual Social Security Statement. Compare your earnings record against your old tax returns for accuracy. This is also an excellent time to check for other irregularities to prevent identity theft.

HOW WILL THE ECONOMY REACT TO AI?

Artificial intelligence (AI) tools are already invading every aspect of our lives. Debates are ongoing about how it will infiltrate individual industries. Governments are working to understand AI and determine how to regulate something that affects much more than the digital space. Its potential uses are being realized everywhere, from musicians turning 50-year-old demo recordings into fully realized hit singles to firms analyzing data to increase productivity, maximize security, and even develop new medicines. The potential for AI is a fast-moving beast, with new tools emerging so quickly that they sometimes make existing ones obsolete just months after they become available.

RETURNS (AS OF 03/31/24)

ASSET CLASS	INDEX	4 WEEK	YTD	1 YEAR	3 YEAR
US Large Cap	S&P 500 TR	3.10%	10.16%	27.86%	9.77%
US Large Cap	Dow Jones TR	2.08%	5.62%	19.63%	6.47%
US Small Cap	Russell 2000 TR	3.39%	4.81%	17.87%	-1.46%
International	MSCI EAFE NR USD	2.78%	5.06%	12.27%	2.09%
Taxable Bonds	Barlcays US Agg Bond TR	0.90%	-0.74%	1.59%	-2.49%

It has certainly made many people nervous. An online educator surveyed 800 executives about their futures with AI. Almost half of the respondents believed that many of the job skills vital to the employees of various industries, including C-suite executives, may be irrelevant in just two years.[1,2]

This is some scary talk, to be certain. However, it is important to note that such change is inevitable. Just as the telephone put the telegraph out to pasture and the commercialization of the Internet changed how every company does business, AI will change things. However, not all aspects of the change will be bad or negative.

For those in the workforce, AI represents this generation's pivot point. Just as prior generations got used to offices centered around emails and messaging tools, so will this generation of workers get used to the many AI tools that will help them work better and more efficiently. Jobs at all levels will change to incorporate emerging innovations. Executives will have access to resources that simplify their tasks and expand their abilities.

AI promises to help make a massive leap forward in terms of what people can accomplish, and its tools can help people do tasks more precisely and at previously impossible speeds. This sort of innovation always has growing pains. However, in the long run, it represents incredible potential for the economy to grow in new directions, uplifting the industries that every company changes and opening avenues that never existed before.

Although AI challenges the economy, investors have faced this challenge during every innovative period. As your trained financial professional, I will consider big and small changes, and I look forward to hearing any questions you may have about the future of AI.

Citations

1. Forbes.com, October 14, 2023

2. edX AI Survey, 2023

STARTING A ROTH IRA FOR A TEEN

Want to give your child or grandchild a financial head start? A Roth IRA might be a choice to consider. Read on to learn more about how doing this may benefit both of you.

Rules for setting up a Roth IRA. If your teen has an earned income, you may be able to set up a Roth IRA for them. For example, if your 15-year-old has earned $7,000 at a summer job, you can set up an account for them up to $7,000 (the maximum annual Roth IRA contribution). The amount cannot exceed the teen's income. Keep in mind that money that you contribute to the Roth IRA can count as a gift within your $18,000 yearly gift tax exclusion ($36,000 for a married couple).[1]

Looking ahead to the future. If money is withdrawn from a Roth IRA before age 59½, a 10% federal tax penalty may apply. There is, however, a notable exception. Up to $10,000 of investment earnings can be taken out of a Roth IRA at any time if the money is used to buy a first home. In this instance, the IRS may waive the early withdrawal penalty. Should your teenager become a parent someday, a portion of those Roth IRA assets might also be utilized to pay college tuition costs for themselves or their child.[2,3]

This article is for informational purposes only. It's not a replacement for real-life advice, so make sure to consult your tax professional before modifying any Roth IRA strategy. Tax-free and penalty-free withdrawals also can be taken under circumstances other than first-home purchases, such as the owner's death. The original Roth IRA owner is not required to take minimum annual withdrawals. To qualify for the tax-free and penalty-free withdrawal of earnings, the teenager must meet a five-year holding requirement and occur after age 59½.

Greater earning potential, thanks to the magic of compound interest. Setting up a Roth IRA for a teenager is a great way to introduce them to basic financial concepts, such as compound interest. Giving your teen a hands-on learning experience may help them understand the value of saving for the future. You may also be facilitating the development of your children's or grandchildren's financial habits.

There are a few things to consider when setting up a custodial Roth IRA. Setting up a Roth IRA for a minor is often referred to as a custodial IRA. Until the child is able to take it over, you act as the custodian of the account. Individual state laws determine when the minor child is able to take over management of the Roth IRA for themselves.

A tax professional can provide guidance that may help ensure that you and your minor child are following all federal and state regulations.

Citations

1. Investopedia.com, January 28, 2024

2. IRS.gov, 2024

3. IRS.gov, 2024

HOW TO MAKE THE TAX CODE WORK FOR YOU

By May 15, 2023, over 142 million taxpayers had dutifully filed their federal income tax returns. And they all made decisions about deductions and credits – whether or not they realized it.[1]

When you take the time to learn more about how it works, you may be able to put the tax code to work for you. A good place to start is with two important tax concepts: credits and deductions.

Keep in mind that the information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties.

Please consult legal or tax professionals for specific information regarding your individual situation.

Credits

As tax credits are usually subtracted, dollar for dollar, from the actual tax liability, they potentially have greater leverage in reducing your tax burden than deductions. Tax credits typically have phase-out limits, so consider consulting a legal or tax professional for specific information regarding your individual situation.

Here are a few tax credits that you may be eligible for:

- The Child Tax Credit is a federal tax credit for families with dependent children under age 17. The maximum credit is $2,000 per qualifying child, depending on your income level.[2]
- The American Opportunity Credit provides a tax credit of up to $2,500 per eligible student for tuition costs for four years of post-high-school education.[3]
- Those who have to pay someone to care for a child (under 13) or other dependent may be able to claim a tax credit for those qualifying expenses. The Child and Dependent Care Credit provides up to $4,000 for one qualifying individual or up to $8,000 for two or more qualifying individuals.[4]

Deductions

Deductions are subtracted from your income before your taxes are calculated, and thus, may reduce the amount of money on which you are taxed, and by extension, your eventual tax liability. Like tax credits, deductions typically have phase-out limits, so consider consulting a legal or tax professional for specific information regarding your individual situation.

Here are a few examples of deductions.

- Under certain limitations, contributions made to qualifying charitable organizations are deductible. In addition to cash contributions, you can potentially deduct the fair market value of any property you donate. And you may be able to write off out-of-pocket costs incurred while doing work for a charity.[5]
- If certain qualifications are met, you may be able to deduct the mortgage interest you pay on a loan secured for your primary or secondary residence.[6]
- Amounts set aside for retirement through a qualified retirement plan, such as an Individual Retirement Account, may be deducted. The contribution limit is $7,000, and if you are age 50 or older, the limit is $8,000.[7]
- In most circumstances, once you reach age 73, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA) or qualified retirement plan. Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.
- You may be able to deduct the amount of your medical and dental expenses that exceed 7.5% percent of your adjusted gross income.[8]

Understanding credits and deductions is a critical building block to making the tax code work for you. But remember, the information in this article is not intended as tax or legal advice. And it may not be used for the purpose of avoiding any federal tax penalties.

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1. IRS.gov, 2024
2. Investopedia.com, November 25, 2023
3. IRS.gov, 2024
4. IRS.gov, 2024
5. Investopedia.com, September 21, 2023
6. Investopedia.com, December 21, 2023
7. Investopedia.com, January 10, 2024
8. IRS.gov, 2024

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