

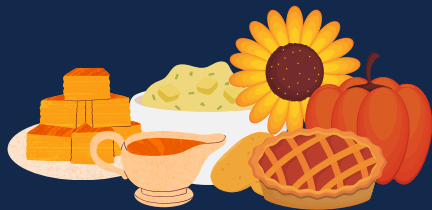
BOGGS & COMPANY

WEALTH MANAGEMENT

BUILDING OPPORTUNITIES GUIDING GENERATIONAL SUCCESS

November

NEWSLETTER



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We hope you have a wonderful Thanksgiving filled with gratitude and joy. Here at Boggs and Company Wealth Management, we're thankful for each of you and the trust you place in us year-round. With the holiday season fast approaching, it's a great time to check in on your financial plans before the December rush. Our team is here to help you prepare and stay on track, so you can enjoy a joyful and financially confident holiday season. Wishing you peace and prosperity as we look forward to the close of another year!

We hope you have a wonderful

Thanksgiving

from all of us at Boggs & Company



IN CASE YOU MISSED IT


Honoring Decades of Dedication and Leadership

Congratulations to Larry and Steve for a combined 92 years of service in the financial industry! What an incredible milestone for both of them! Thank you for your impact and service.




Boggs & Company Celebrates Top RIA Firm Recognition for 2024

We're thrilled to announce that Boggs & Company Wealth Management has been named one of the Top RIA Firms by Forbes/Shook Research for 2024. This prestigious award is a testament to our unwavering commitment to excellence, client-centered strategies, and dedication to delivering long-term financial guidance to our clients. We want to thank our clients for their trust and partnership, which continues to inspire us to elevate our service every day.



Sending Birthday Wishes to Larry!

Join us in celebrating Larry's special day on November 15th. Here's to many more years of happiness and achievement. Happy Birthday, Larry!



THE ECONOMIC IMPACT OF A CAPITAL GAINS TAX INCREASE

There has been a lot of talk lately about capital gains taxes. An investor will buy an asset at one price and sell it at a higher price for a profit. This profit is called a capital gain. These capital gains are subject to taxation by the IRS. Depending on how you manage your investments, your decisions could significantly impact your portfolio.

What Are Capital Gains Taxes?

Capital gains come from the sale of an asset, such as stocks or real estate. Assets will not incur taxes until they are sold or realized. There are two types of capital gains: short-term and long-term.

Short-Term Gains

Short-term capital gains taxes are levied on the profits from the sale of an asset held for one year or less. These gains are taxed at the same rate as your ordinary income depending on the marginal tax bracket you fall under. Capital gains could also push you into a higher tax bracket as it increases your income.

Long-Term Gains

Investments held for more than a year are considered long-term and are generally taxed less than ordinary income. High earners may also be subject to net investment income tax (NIIT), an additional 3.8% tax that people at a certain income level must consider.

Proposed Capital Gains Tax Rate Increases

Over the past year or so, the financial world has been abuzz with different proposals put forth regarding increasing the capital gains tax. For those who invest their hard-earned money, this news is likely unsettling. Early on, there was talk that the proposed capital gains tax rate increase would double from 20% to nearly 40%. Though not completely eliminated, that talk has cooled some. However, there is still a proposal on the table of a possible increase of around 28% for individuals who earn over \$1 million or more.



For ultra-high-net-worth individuals, there is a proposed change to the capital gains tax in the fiscal year 2025 budget that may be of some concern to certain investors. The proposed change suggests a modification requiring individuals with a net worth above a specified amount to pay a minimum tax on their unrealized capital gains from assets such as stocks, bonds, or privately held companies. This differs from current capital gains tax laws where taxpayers pay taxes on realized gains. If passed, some may worry this could create a precedent for the future that could impact investors at any income level.

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Potential Impact of Capital Gains Tax Increase Proposals

Pros

- According to the Joint Economic Committee, there are no real benefits to investors, across the income spectrum, regarding the increase of capital gains taxes.

Cons

- Capital gains tax increases raise the cost of capital, decreasing investments and hindering economic growth, including:
 - Decreasing real gross domestic product (GDP).
 - Potentially hurting the jobs market.
 - Decreasing real business spending.
- Taxpayers would pay capital gains on illusory, inflation-generated gains.
- Early economist, Adam Smith wrote in 1776, "A tax which tended to drive away stock from any particular country would so far tend to dry up every source of revenue both to the sovereign and to the society." He was trying to make the point that too much tax on capital gains has a greater effect on society than just who (the wealthy) is being taxed.
 - According to the Joint Economic Committee, increasing capital gains tends to drive down wages as well as the general standard of living.

Capital Gains Tax Strategies To Consider

- Hold onto your investment for over a year to prevent the profit from being taxed as regular income.
- Don't forget about tax-advantaged accounts such as Roth IRAs.

- Your investment losses can be deducted from your investment profits to lower your income by up to \$3,000 annually.
- Look into exclusions that may allow you to exclude a portion of gains from the house sale.
- Talk with a financial professional regarding your concerns.

Discuss Capital Gains Taxes With Your Financial Professional

If you are an investor concerned about capital gains, consider reaching out to your financial professional to discuss the potential changes to capital gains tax rates and to help you develop or modify strategies to prepare for whatever legislation gets passed. It may be helpful to create a list of the pros and cons of a capital gains tax increase and going over it with your financial professional.

Sometimes people view trading as a way to make a quick buck by buying low and selling when the price is higher than when you bought it. However, if you fail to take into account the capital gains implications, a large chunk of your profits could be lost. This is one of the many risks involved when it comes to investing. Remember, there is no guarantee you will make money and some loss is to be expected. Working with a financial professional can be a beneficial approach to help mitigate some of the risks. Don't wait, schedule that consultation today!

As always, Boggs & Company is here to answer any questions you may have about capital gains taxes. Schedule an appointment by calling (301) 798-7669 or reaching out via email to info@boggsandcompany.com.

Important Disclosures

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific situation with a qualified tax professional. This article was prepared by LPL Marketing Solutions.

Sources:

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HOLIDAY GIFTING BEYOND TOYS

Investing in Your Kids' or Grandkids Future

When giving gifts to our children or grandchildren, we often default to the latest toys or gadgets. However, the value of these items tends to diminish over time in terms of both interest to the child and monetary value.

A different approach to gifting can focus on investing in a child's future. This perspective offers more than instant gratification; it provides lasting benefits that may help provide an independent future for your loved ones.

Savings Account

A savings account is a traditional way to invest in your child's or grandchild's future. Opening an account in their name provides them with a financial safety net and can familiarize them with saving from an early age. It encourages them to think about finances and manage money responsibly, setting a foundation they can build upon into adulthood.

529 Plan

Another worthwhile investment is education. A 529 or education savings plan is an investment account that offers tax-free withdrawals on the accumulation when used to pay for qualified education expenses. 529 plans can pay for college, K-12 tuition, apprenticeship programs, and education loan repayments.

Leftover 529 plan monies can be used to fund a Roth IRA over five years at the allowable contribution amount. Visit with financial or tax professionals to understand how this works.

Securities

For longer-term investing, consider investing in securities for the child. Explaining to them how these investment strategies work can provide invaluable lessons in economics, patience, risk-reward, and performance analysis. Over time, these investments will continue to accumulate value, providing additional returns.

Because taxation on securities gifted to children can be complex, it's essential to consult financial and tax professionals. The 'kiddie tax' can affect a child's tax liability on an investment return or receiving financial aid.

Therefore, you must understand how this gift will impact the receiver.

Trust Fund

A trust fund is a legal structure that allows you to set aside assets for another person's benefit—your child's or grandchild's. You can transfer cash or investment strategies into the trust, which protects the assets from legal claims. Trusts must be formed with help from legal and tax professionals since they're considered legal entities with tax IDs. Therefore, fully understanding the pros and cons of a trust fund and its taxation is essential before determining if this strategy is appropriate.

Individual Retirement Account (IRA)

Contributing to an IRA for a child may seem premature. Still, the accumulation of IRAs over time may make a compelling argument for early investing. Although your children or grandchildren might not fully appreciate this gift in their youth, they can thank you when they are older and financially independent.

In conclusion, while toys and gadgets may bring joy in the moment, they eventually become obsolete. By considering gifts that invest in your child's or grandchild's future, you provide them with tools and resources that have a lasting impact, helping set them up for an independent future while instilling valuable financial education.

Important Disclosures

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial professional prior to investing. Investing involves risks including possible loss of principal. Prior to investing in a 529 Plan investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. Please consult with your tax advisor before investing. A Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax-free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Limitations and restrictions may apply. Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax. All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy. LPL Financial Representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial. This article was prepared by Fresh Finance. LPL Tracking #644104



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DEC 24	CLOSED STARTING AT 12 PM
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