



WINTER 2023

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Celebrating 40 Years of Client Service

By Aaron Bates

This year marks the 40th Anniversary of our firm! Ed Whitcomb provided outstanding service as a CPA in Ashland for many years before meeting newly-minted CPA Jim Hess in 1983.

As the need to serve clients grew beyond Ed's capacity and longevity, the two CPAs joined forces. On September 1, 1983, in a 2nd floor office in downtown Ashland at 43 West Main Street, Ed and Jim founded Whitcomb & Hess, Inc.

The original Whitcomb & Hess team consisted of Ed, Jim, and a receptionist. As the client work grew, so did we, and moved to 1020 Cleveland Avenue in 1985. Fast forward to 2007, when we added an additional wing onto the building to accommodate our growing team. Today, our team is nearly 30 people!

In 1983, the CPA firm focused on accounting, tax, and business advisory work. As time passed and our client's needs changed, this advisory approach spread to other areas of finance. Many clients were requesting help with investments and financial planning, so in 1995 we added wealth management and investment services. From that point on, our team of experienced CPAs expanded to bring in other financial planning professionals: Certified Financial Planners, a Chartered Financial Analyst, and a National Social Security Advisor. These diverse areas of expertise allow our team to advise clients holistically by addressing their accounting, tax, and investment needs seamlessly, reducing time and complexity for our clients.

We believe that our primary role as advisors is to constantly advocate for our clients. As we look to the future, we will continue to use the latest in technology to address the evolving client expectations for accurate and meaningful information in real time. It's our passion for extraordinary client service and



40 Years continued on page 4

New Year, New Limits

By Chris Nadler

Happy New Year! 2023 opens with the ability to contribute more to your retirement accounts. Due to the high inflation we saw in 2022, many contribution limits have been adjusted accordingly.

- Traditional and Roth IRAs – Contributions for 2023 have increased by \$500 to \$6,500. The catch-up contribution for those over the age of 50 is still \$1,000.
- \$401(k) and 403(b) plans – Limits have increased to \$22,500. The catch-up contribution has increased to \$7,500, allowing for a total contribution for those age 50 and older of \$30,000 in 2023.
- Simple IRAs – You will now be allowed to put away up to \$15,500 into your Simple IRA with an additional \$3,500 in catch up contributions.
- SEP IRA – Maximum contribution for 2023 increases to \$66,000.

Retirement Account	2022 Contribution Limits		2023 Contribution Limits	
	Under age 50	Above age 50	Under age 50	Above age 50
Traditional & Roth IRAs	\$6,000	\$7,000	\$6,500	\$7,500
Simple IRAs	\$14,000	\$17,000	\$15,500	\$19,000
401(k)	\$20,500	\$27,000	\$22,500	\$30,000
SEP IRA	\$61,000	\$61,000	\$66,000	\$66,000

New Limits continued on page 3

In This Issue:



Celebrating 40 Years of Client Service	1
New Year, New Limits	1

2022 Market Recap – Even Tom Brady Gets Old.	2
Market Update	2

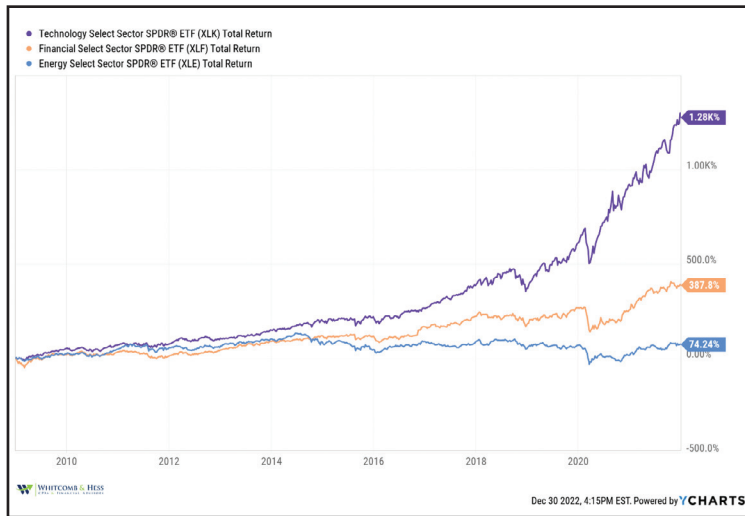
Roth IRA Conversions in a Down Market	3
Team News & Save the Date	4

2022 Market Recap — Even Tom Brady Gets Old

By Ryan Gilmer

Tom Brady is the greatest, most accomplished football player in the history of the world. He has played in 22 seasons as a starting quarterback, during which he appeared in 10 Super Bowls, winning 7 of them. This season, in a game against the San Francisco 49ers, Brady was intercepted by linebacker Dre Greenlaw. After the game, Greenlaw—who was four years old when Brady won his first Super Bowl—asked Brady to autograph the ball. And Brady did! He has been so consistently good, he is now on the field with players who grew up idolizing him.

But this article isn't really about Tom Brady. It's about Technology stocks, which have been the best financial asset to own for many years. Effectively, Technology has been the Tom Brady of the stock market. Look at the performance of these stocks (purple) relative to Financial (orange) and Energy (blue) stocks from January 1, 2009, through December 31, 2021:



During this period, the higher a portfolio was weighted to Technology, the better it did. Any other investment in the mix just diluted the performance of the portfolio. For example, Energy stocks, despite a 53% increase in 2021, severely trailed for 13 years.

Now, let's look at how these same sectors performed during 2022:



It was a vastly different story in 2022. The odds of Tom Brady winning this year's Super Bowl are 25 to 1 (in other words, it's probably not going to happen) and more embarrassingly, he was beaten by the Cleveland Browns in 2022. Technology stocks have gone from being the best performers to one of the worst. Financial stocks have lost less, and Energy stocks are up substantially.

So what changed? The biggest and most obvious difference is the shift in interest rates. At the beginning of the year, the Federal Funds target rate range was 0 - 0.25%. Now it's 4.25 - 4.5%. This is a major environment shift, and so far, Technology and other growth investments have not handled the transition well.

In markets, just like football, nothing lasts forever. Only time will tell, but 2022 may go down in history as the year Technology stocks lost their leadership, and something new emerged in their place.

If you would like to discuss how these trends are affecting your personal portfolio, let's talk.



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MARKET UPDATE as of 12/31/22	4TH QTR	2022 YTD	5 YR AVG	10 YR AVG
S&P 500 COMP	7.56%	-18.11%	9.43%	12.56%
RUSSELL 2000	6.23%	-20.44%	4.13%	9.01%
MSCI EAFE	17.40%	-14.01%	2.04%	5.16%
MSCI EMERGING MARKETS	9.60%	-19.46%	-0.73%	2.02%
BARCLAYS US AGG BOND	1.87%	-13.01%	0.02%	1.06%

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Our Privacy Policy: We limit our employee access to nonpublic personal information to those who need to know this information to provide the best service to you. We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law.

Roth IRA Conversions in a Down Market

By Tim Hilberman

While many investors saw their account values drop in 2022, there may be a silver lining. Perhaps this is an opportunity to do a Roth Conversion.

First, what's the difference between a Traditional IRA and a Roth IRA?

Both types of IRAs are designed to help you save for retirement while providing tax-favored treatment. Essentially, the difference is when your funds are taxed: before they go in, or when they come out.

- Traditional IRA – Contributions are pre-tax, so distributions will be taxed
- Roth IRA – Contributions are after-tax dollars, so distributions will be tax-free

Roth IRA Conversions in a Down Market

A Roth conversion is where those pre-tax dollars from a Traditional IRA are moved to a Roth IRA to continue to grow. This is taxed in the year you make the conversion, as part of your income. So, while no one likes to see their IRA value decrease, a down market presents a unique opportunity for a Roth conversion. Since you pay tax on any amount converted, you will owe taxes on a smaller amount if you make a conversion during a down market. Plus, the funds that you convert will now be in an account that benefits from tax-free growth.

You may want to consider a Roth Conversion if you:

- Believe your tax rate will be higher in retirement than it is now - If you haven't reached your peak earning years, it's possible that you could be in a higher tax bracket in retirement.
- Want to minimize the tax burden for your heirs - If you don't expect to use much of your IRA and anticipate that your children will be in a high tax bracket when they inherit, they could benefit from the account being tax-free.
- Have irregular income and expect it to be lower this year - For example, if you own a business that's generating a net loss for the year, this may be a perfect opportunity to make a Roth conversion and owe less in taxes.
- Are lacking diversity when it comes to tax treatment in your retirement accounts - If most of your assets are in pre-tax accounts, you would pay income tax on every distribution in retirement. A tax-free portion of assets could give you greater flexibility to stay out of higher tax brackets in retirement.

As with many financial strategies, the Roth conversion isn't one-size-fits-all, but it could provide substantial benefits for the right scenario. We have the tools and expertise to help you sort through this decision. Please contact us if you'd like to see if this is a good time for you to consider a Roth conversion.



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New Limits continued from page 1

Why are these important to know?

1. Higher limits allow you to put more away towards your retirement for the year.
2. Contributing more could help get your to your retirement goal more quickly.
3. If you contribute as much as possible to your retirement accounts from a monthly or paycheck basis, it's important to get those contribution amounts updated so that you don't miss out on the higher annual limits.

If you would like to talk with us about maximizing your current retirement account contributions or how doing so could affect your personal retirement plan, please let us know. We are here to help you in whatever capacity we are able. We hope you had a blessed 2022 and are looking forward to wonderful 2023.

Important Social Security numbers for 2023:

Cost of Living Adjustment for 2023	8.70%
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Earnings limits for Social Security Numbers for 2023	
Under Full Retirement Age*	\$21,240/yr
The year individual reaches full retirement age**	\$56,520/yr
Beginning the month an individual reaches full retirement age	None

*Note: One dollar of benefits will be withheld for every \$2 in earnings above the limit.

** Note: One dollar in benefits will be withheld for every \$3 in earnings above the limit. Applies only to earnings for months before full retirement age.



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40 Years continued from page 1

these ever-changing dynamics that give us energy and opportunity to help clients manage their financial lives, and hopefully, provide them with peace of mind.

From the beginning, our firm's focus has been to place clients' needs at the forefront of everything we do. So many business owners and higher net worth individuals need proactive advice, so that is what we strive to provide. It's often said around the office that our best work starts where most accountants or brokers stop. Naturally, many client needs have changed over the years, but one remains the same: the need for an advisor that understands your personal situation, who can effectively analyze the available information, and is committed to seeing your situation through. Our mission is to improve the lives of our clients by serving as their most trusted financial advisor, and that has been a constant throughout our 40 years.



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W&H Team News

By Jordan Kvochick

Holiday Party

The week before Thanksgiving, we gathered our team and their spouses together for some fun and fellowship before the holiday season kicked off. 1285 Winery in Mansfield was kind enough to host us and our 1980's themed Murder Mystery Dinner. It was a totally rad blast from the past!

Newest W&H Family Members

CPA **Eric Key**'s family welcomed baby Simmons to the world on December 8, 2022. She is Eric and Sharon's sixth grandchild!

On December 19th, CPA **Scott Saner** and his wife Courtney welcomed baby Shepard! Weighing in at 6 lbs, 12 oz, he is Scott and Courtney's first baby. We are delighted for our team members and their new tiny blessings!

Chamber Award Nomination

We are honored to have been nominated for the 2023 Ashland County Chamber Awards in the category of Professional Services. As we begin our 40th year of service, we are humbled by this recognition from the community Whitcomb & Hess has always been so deeply rooted in. Thank you, Ashland!



Top: Eric and Simmons Key
Bottom: Shepard Saner

SAVE THE DATE

Shred Day

May 5
9am – 12pm
At Whitcomb & Hess

40th Anniversary Celebration

May 11
3pm – 6pm
AU Alumni Room