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INFORM
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Celebrating 40 Years of Our Firm's Growth

By Aaron Bates

On a car ride to Columbus, Ohio in 1983, CPAs Ed Whitcomb and Jim Hess agreed to form Whitcomb & Hess. They believed they could provide clients with a high level of accounting and tax services. The new firm began with just a banquet table and folding chairs in an office space on Main Street in Ashland. In 1983, accounting was still done on handwritten ledgers, and tax forms were also filled out by hand. Their initial work was focused on accounting and tax services for approximately 75 businesses and individuals.

Over the past four decades, the continual transformation of our firm using best-in-class technology has always been a priority. Jokes are often made about the time our board debated whether or not we should invest in something called a "fax machine." We did get the fax machine — and that was only the beginning. The majority of our team now uses convertible stand-up desks and two high-definition monitors. We use state-of-the-art software and technology to enhance our client service. Today, the firm prepares nearly 800 individual tax returns and 200 business returns annually.

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Our services have also expanded through the years. In addition to taxes and accounting, we now manage investment assets for more than 1000 families. We have added services such as wealth

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Secure Act 2.0: Impact in 2023 and Beyond

By Tim Hilterman and Beau Carpenter

In December 2022, Congress passed another massive tax bill, updating a number of provisions to assist Americans saving for retirement. This is commonly known as SECURE Act 2.0. Here are some highlights:

1. RMD is now age 73

Beginning January 1, 2023, the Required Minimum Distribution (RMD) age was extended to age 73 from age 72. In 2033, the RMD age will move up to 75. If you turned 72 in 2022, you won't be included in these new changes, and you should have taken your 2022 RMD by April 1, 2023.

Being able to delay your RMDs could allow your tax-deferred saving to grow before you have to take distributions. However, you should also consider what this means for your tax situation. Larger RMDs have the potential of pushing you into higher tax brackets as well as causing more of your social security to be taxable during RMD years. Let us know if we can help you think through these details and consider additional strategies such as Qualified Charitable Distributions or Roth conversions.

2. Larger catch-up contributions limits

Starting in 2025, employees age 60-63 will be able to make a larger catchup contribution for plans like 401(k)s, 403(b)s, and SIMPLE IRAs. The additional amount will be maxed at 150% of the regular catch-up amount for a given year or $10,000 (which ever is greater).

For example, in 2023 that maximum contribution for a 401(k) is $22,500. Those 50 and older can put in an additional $7,500 for a total of $30,000. The new

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SECURE Act 2.0 provision would allow 150% of $7,500 (or $11,250) for a total of $33,750.

Also, starting in 2024, the catch up amounts will be indexed for inflation.

3. **529 Changes Coming in 2024**

If you have leftover funds in a 529 Plan after paying for your child's college, you now have an additional option: you will be able to roll up to $35,000 into a Roth IRA for your child penalty-free. This only applies to 529 accounts that have been open at least 15 years. The effective date for this option is January 1, 2024.

4. **Emergency withdrawals**

Typically if you take a distribution from your retirement account before 59 ½, there is a 10% penalty from the IRS. The new act allows someone to withdraw up to $1,000 a year penalty-free if the funds are used for personal or family "emergency expenses."

Tax laws seem to be ever-changing, but rest assured that we'll keep you informed!

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management, estate planning, business advisory, and business succession planning to our areas of specialization. As client needs evolve, we strive to meet them.

Naturally, our team has grown as well. The firm that started with two CPAs has become a team of specialists that have earned professional designations for investments, financial planning, trust administration, managerial accounting, and Social Security planning. We now have 28 employees with diverse skill sets, allowing us to serve our clients at the highest level. That one room on Main Street was quickly outgrown. Our current building on Cleveland Avenue has been expanded twice to house our team.

We always believe the best is yet to come, but the past 40 years have been an amazing journey.

We are incredibly grateful for all of our clients - past and present — who have given us the opportunity to serve them. It's a joy and an honor to do the work we love for such incredible people!

TOD: Three Letters to Avoid Probate

By Chris Nadler

We all know the saying, "It's the little things that count." This is especially true when it comes to your estate plan. One of those "little things" that can have a big impact is making sure any assets you hold (outside a trust) have Transfer on Death (TOD), or Payable on Death (POD) designations. When someone dies, the probate process can be slow and costly! If your bank accounts, investment accounts, and deeds on real estate have specific TOD or POD designations, you can save your beneficiaries a lot of time and money.

A direct transfer of assets with TOD or POD beneficiaries happens automatically upon the passing of the account owner. Otherwise, the assets will follow the language of the Last Will and are subject to the probate court process.

The terms vary, but the goal is the same. Payable on Death is used most often with bank checking or savings accounts. Transfer on Death is most common with taxable investment accounts, or direct ownership of stock shares. Beneficiaries is the label used with retirement accounts, such as a 401k or IRA. We are happy to review this with you if you are uncertain that your accounts are set up correctly.

If you have additional questions on how this could affect your estate plan, please ask. Our goal is to give you peace of mind, knowing that your estate plan will run as smoothly as it can for your loved ones.

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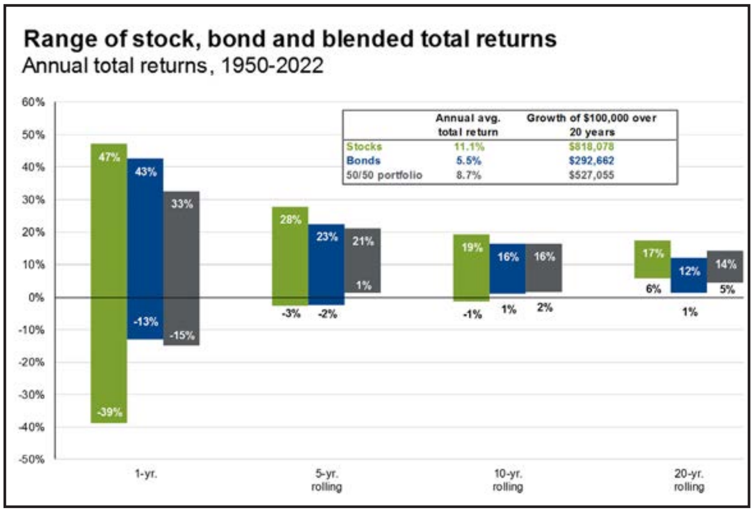
First Quarter Market Recap

By Ryan Gilmer

Investors have dealt with a lot of market volatility over the past few years: pandemic, war, higher interest rates, inflation, bank failures. All of these negative events have been front page news and affected financial markets accordingly. During prolonged times of market turbulence like this, investors often feel tired and helpless.

While world news events are outside of our control, we can combat that helpless feeling when it comes to investing. The two best tools for this are rational decision-making and time. The following chart from JP Morgan's Guide to the Markets shows how time heavily tilts the odds of success toward the investor:



Within one-year periods, markets can gyrate wildly — the worst 12-month performance of stocks was down 39%. But over longer periods of time, markets tend to go up. Even over a five-year period, a balanced portfolio of half stocks and half bonds has made money. Patient investors who wait a decade or more have always reaped returns.

As important as time is, equally important is an investor's ability to remain calm during turbulence. When markets have gone down significantly, subsequent returns have been higher than normal every time. The following chart details seven big bear markets over the past 60 years:

Dates	S&P Closing Price	Price Decline	Subsequent Annual Price Returns		
			1 Year	5 Year	10 Year
12/2/1968	108.37				
5/26/1970	69.29	-36.06%	43.73%	4.63%	4.35%
1/11/1973	120.24				
10/3/1974	62.28	-48.20%	38.01%	11.97%	10.06%
11/28/1980	140.52				
8/12/1982	102.42	-27.11%	58.33%	26.55%	15.10%
8/25/1987	336.77				
12/4/1987	223.92	-33.51%	16.43%	14.05%	15.83%
3/24/2000	1,527.46				
10/9/2002	776.76	-49.15%	18.85%	15.04%	6.38%
10/9/2007	1,565.26				
3/9/2009	676.53	-56.78%	68.57%	22.41%	14.91%
2/19/2020	3,386.15				
3/23/2020	2,237.40	-33.92%	74.78%	?	?

During each market downturn, some investors sold, some did nothing, and others bought more. Those that had the ability and willingness to buy more made higher long-term returns. Those who sold did the worst.

We understand that looking at bear market losses on this chart is a lot easier than looking at them on your quarterly statement, but this is why we encourage you to stay the course. You have unique financial circumstances, emotional tendencies, and ways of looking at the world. No matter what those are, we can help you develop a plan for navigating whatever the future may bring. If you're feeling uncertain, let's talk.

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MARKET UPDATE as of 3/31/23	1ST QTR	2023 YTD	5 YR AVG	10 YR AVG
S&P 500 COMP	7.50%	7.50%	11.19%	12.24%
RUSSELL 2000	2.74%	2.74%	4.71%	8.04%
MSCI EAFE	8.62%	8.62%	4.03%	5.50%
MSCI EMERGING MARKETS	4.01%	4.01%	-0.20%	2.53%
BARCLAYS US AGG BOND	2.96%	2.96%	0.91%	1.36%

SAVE THE DATE

Shred Day

Friday, May 5

9am – 12pm

at Whitcomb & Hess

Paper ONLY
(no metal – paper clips, binder clips, spiral bound notebooks, etc.)

40th Anniversary Celebration

Thursday, May 11

Open House: 3pm – 6pm

Ashland University, Upper Convo

You and a guest may RSVP by April 20 at **whitcomb.com/celebrate**

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W&H Team News

By Jordan Kvochick

Tami Reynolds is retiring this month! Tami joined the firm as a CPA in 1986 and has been with us through 36 tax seasons. Tami had this to say about her career at W&H:

> *It's never been boring; there were always new and challenging things to learn. I'll miss the clients. It's been a joy to work with hard-working small business owners over the years.*

The whole team will miss Tami's constant positivity, infectious laugh, and unequivocal love for the work we do. We would like to thank her for all her years of dedicated service to our firm. We wish you all the best on your next adventure, Tami!

> *Just as salt seasons food and makes it taste better, Tami has seasoned everything we do and has made it so much better. As a professional, she is exceptional at finding creative solutions. As a person, she cares deeply for others, and it reflects in the way she treats her teammates and clients. Tami makes everyone around her feel special. We will miss her dearly, but her fingerprints will remain in how we care for others.* — Jim Hess

CPAs Beau Carpenter, Neil Hinkle, and Tami Reynolds enjoying Ashland's Foundation Plaza.