THE WHITCOMB & HESS
INFORM
Plan. Grow. Thrive.®

FALL 2024 | 1020 Cleveland Ave. | Ashland, OH 44805 | 419.289.7007 | whitcomb.com

When Do I Need a Trust?

By Aaron Bates, CFP

One of the common questions clients ask is, "Do I need a Trust?" While there are several factors involved, the answer largely hinges on your responses to the following questions.

1. Do you have a reason to exercise restrictions to your own assets now?
2. Do you have a reason to exercise restrictions on your beneficiaries after your death?

If you answered yes to the first question, we would typically explore the features and benefits of gifting your assets into an **Irrevocable Trust**. This means that you give up control of your assets, placing them in the authority of a Trustee. You may still receive income from the assets, but you no longer have control of the principal. Assets within an Irrevocable Trust typically become protected from creditors, so this option can help ensure the longevity of business assets, farmland, and other long-term assets.

The more common option addresses the second question in regard to beneficiaries. This is a **Revocable Trust** (often referred to as a "Living Trust"). This option allows you to set your own terms for when, and how, a beneficiary would receive assets from the Trust after your death. While you are living, this Trust can be changed at any time. After your death it becomes Irrevocable: no more changes can be made. The Successor Trustee only oversees the terms of the document. These Trusts are very common for clients who are concerned about leaving assets to beneficiaries in lump sum. You may have concerns about your beneficiaries being minor children, irresponsible with money, or disabled and needing care. A Trust may also aid in the distribution of assets in cases with unique circumstances due to multiple marriages or blended families.

A secondary benefit of either kind of Trust is that assets transfer outside of Probate courts, removing what is a long and often-costly process for your beneficiaries. Keep in mind that each state may have its own nuanced rules and you should consult your tax and legal advisors. If you have questions or think a Trust might be in your best interest, please contact your advisor and we can begin a discussion today.

Aaron Bates, CFP®
Principal, Investment Advisor Representative
419.496.2226
abates@whitcomb.com

BOI Reporting Reminder

By Jordan Kvochick

If you haven't already done so, remember to consult your attorney about how the Corporate Transparency Act (CTA), which makes most small businesses in the US register with the Financial Crimes Enforcement Network (FinCEN), may impact your business.

You need to know:

- If your business is affected
- When the registration deadlines are
- The hefty penalties for non-compliance
- To be aware of potential scams!

For more information, visit https://www.fincen.gov/boi. If your attorney needs any of your financial information during the reporting process, we're happy to assist.

In This Issue:

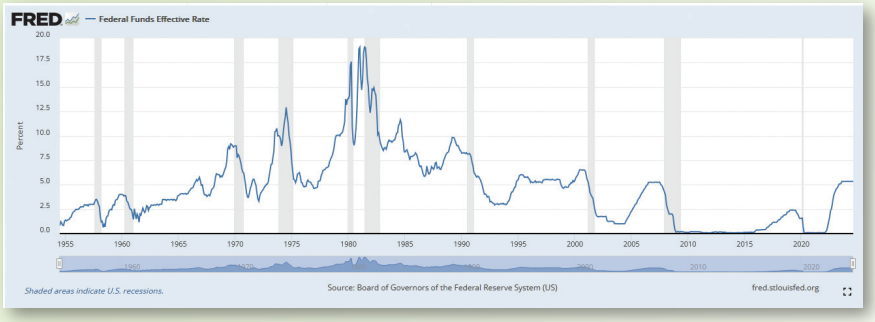
When Do I Need a Trust? 1
BOI Reporting Reminder 1
Quarter 3 Market Update 2
Avoid the Most Common Investment Mistakes, Part 3 of 3 3
Year End Checklist 3
Avoid Scam Season 4
W&H Team News 4

Q3 2024 Market Insight

By Ryan Gilmer

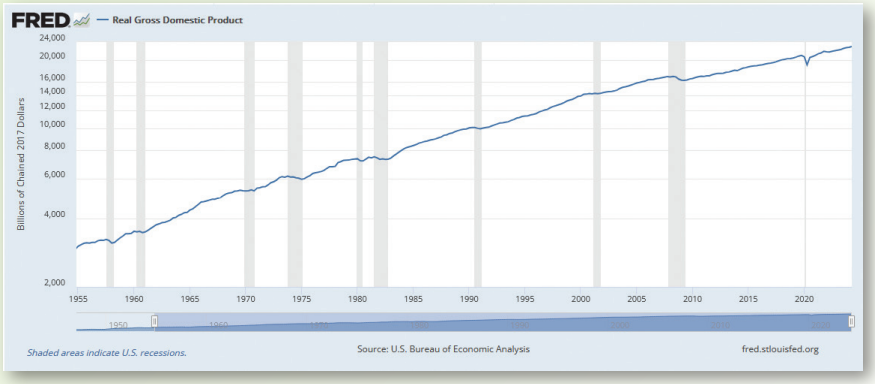
On Wednesday, September 18th, the Federal Reserve cut interest rates by 50bps (half of one percent) to a target range of 4.75 – 5.00%. This action, while expected, officially ushered in a change in monetary policy. Up until this point, the Fed had been raising rates and keeping them high in response to an inflationary environment that began in 2021.

Historically, rate-cutting cycles can coincide with an economic contraction (also known as recession). While the economy is not in recession currently, these periods can mean higher unemployment and stock market declines, so many investors are paying attention to this risk. The first graph shows the Federal Funds rate since 1955 – the gray shaded areas show recessions:



As you can see, there are quite a few periods where interest rate declines overlap with a recession. But, there are also times when rates declined and the economy continued to grow. This happened in the late 1960s, the 1980s, as well as the 1990s. So while a recession will arrive at some point, and there may be a higher chance of one happening soon, it is also possible that it may not happen yet.

Another point to consider – recessions tend to be blips on the economic radar over time. The second graph shows real (after inflation) GDP. This statistic is a popular way to gauge economic growth:



Most recent statistics value the US economy at around $23 trillion annually – an increase of around 7.5x since 1955. During this period of vast growth, there are times when the economy temporarily shrinks. The past two recessions – during COVID-19 and the financial crisis – were two of the most severe recessions during this time. But other recessions were relatively benign. In fact, the average recession has lasted less than a year and the economy declined less than 3%.

Over the next quarter, financial markets will be paying attention to economic data as well as messaging from the Federal Reserve on the next phase of monetary policy. It would be normal to expect some volatility during this time. While we build your portfolio to navigate any potential market environment, we would welcome the chance to have a conversation about how these developments affect your personal situation.

Ryan Gilmer, CFA®, CMT®
Chief Investment Officer
419.496.2121
rgilmer@whitcomb.com

MARKET UPDATE as of 9/30/24	3rd QTR	2024 YTD	5 YR AVG	10 YR AVG
S&P 500 COMP	5.89%	22.08%	15.97%	13.38%
RUSSELL 2000	9.27%	11.17%	9.38%	8.78%
MSCI EAFE	7.33%	13.50%	8.72%	6.22%
MSCI EMERGING MARKETS	8.40%	16.64%	6.93%	4.64%
BARCLAYS US AGG BOND	5.20%	4.45%	0.33%	1.84%

Disclosure Statement: Please contact Whitcomb & Hess, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add, or modify any reasonable restrictions to the management of your account. Also, as required by the United States Securities and Exchange Commission, a copy of our Form ADV2A and Form ADV2B: Firm Brochure, which provides information about the qualifications and business practices of Whitcomb & Hess, is available upon request. To request a copy, contact one of our customer service specialists at info@whitcomb.com.

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.

Avoid the Most Common Investment Mistakes, Part 3 of 3

By Tim Hilterman

The conclusion of our series of focuses on the top three most common investment mistakes. Consider if you've been able to avoid these pitfalls or if there's an opportunity to improve your financial health.

3. Short-term Focus on Recent Events

It's easy to be swayed by short term moves in the market. A period of quick, positive gains can get you excited about investing and draw you in. On the other hand, a bad year in the market can get you discouraged or worse: fearful. Speculating on performance in the short term can be a recipe for disaster because it can make you second guess your strategy. The best strategy for an investor is to have a financial plan and stick to the plan, no matter what the market may be doing in the short term.

2. Over Concentration

We all know the adage "Don't put all your eggs in one basket", but when it comes to investing it's very hard to put this into practice. We're naturally drawn to investments that have recently performed very well. We assume if it outperformed last year then it's more likely to outperform this year and we give into the temptations to try to only choose the "winners". In reality, a broadly diversified portfolio provides the best chance of providing consistent returns. No asset class or single stock leads the market every year.

1. Lacking Clear Goals and Purpose

Financial success rarely comes from winging it. Developing a comprehensive financial plan with clearly defined goals will keep you focused and help you stay on track during difficult times. It will help you create momentum as you move from one goal (like getting out of debt) to another (increasing your contributions in your 401(k)). It will also help you avoid pitfalls and plan how to navigate the unexpected, such as an extended injury or untimely death.

It's our mission at Whitcomb & Hess to walk with you through any circumstance and help you avoid these common investment mistakes. It's our privilege to help you develop a plan that gives you focus and provides peace to you and your family. If you haven't created a plan with us or if your plan hasn't been updated recently please reach out to us and let us help you.

Tim Hilterman, CFP®, CAP®
Investment Advisor Representative
419.496.2260
thilterman@whitcomb.com

Year-End Checklist

By Matthew Lefelhoc

As 2024 draws to a close, it's a perfect time to review your retirement accounts. Here are some things to consider as year-end approaches.

Maximize Retirement Contributions:

Here are the contribution limits for 2024:

Retirement Plan	Under Age 50	Age 50+
Traditional & Roth IRAs*	$7,000	$8,000
SIMPLE IRA	$16,000	$19,500
401(k)s	$23,000	$30,500
SEP IRA or Solo 401(k)	$69,000	—

*Note that IRA contributions for 2024 can be made until the tax-filing deadline (April 15, 2025).

Take out your Required Minimum Distribution (RMD):

If you are age 73 or older, you're required to take a minimum amount from your traditional IRAs and 401(k) accounts. If you have an IRA and are charitably inclined, consider making a Qualified Charitable Distribution (QCD) to your favorite charity (or charities) with your RMD.

Consider a Roth Conversion:

If you have a large amount of money in a traditional IRA (or other pre-tax accounts), consider converting some of those funds to a Roth IRA. This conversion is a taxable event, BUT it allows for tax-free withdrawals in retirement (or for your beneficiaries upon inheritance).

If you would like to explore any of these options in more detail, let's talk!

Matthew Lefelhoc
Investment Advisor Representative
419.496.2324
mlefelhoc@whitcomb.com

Avoid Scam Season

By Tracy Wells & Jerod Daniel

Scammers never take a break, but they really get busy during election cycles and the holidays. Be on guard against scams this fall and winter! Here are some tips that might help you avoid a scam:

☒ DON'T

- ☒ Don't answer the phone if you don't recognize the number. If it's important, they'll leave a message!
- ☒ Don't click unknown links in emails or text messages.
- ☒ Don't refund or forward overpayments.

☑ DO

- ☑ Be skeptical when someone contacts you. The IRS and Social Security Administration will not call you. Don't share any personal information that others can use to access your accounts.
- ☑ Enable multifactor authentication on your accounts.
- ☑ Research companies before taking any actions.
- ☑ Look for suspicious payment requirements (sending money orders, cryptocurrency, or gift cards)
- ☑ Create a family password, which can be used to verify that it's really one of you on the phone, and not someone who created a deepfake of your voice.

If you find yourself a victim of a scam, there are steps you can take to help prevent additional fraud and protect others.

- Report the scam to the Federal Trade Commission and relevant parties such as your bank, credit card company, etc.
- Use a trusted anti-virus program to scan devices for malware.
- Change your passwords, using strong passwords with at least 12 digits, letters, etc.
- Add fraud alerts and security freezes to your credit report.
- Monitor your credit and identity regularly.

Stay safe and alert!

Tracy Wells
Investment Advisor Representative
419.496.2225
twells@whitcomb.com

Jerod Daniel
Operations & Compliance Coordinator
419.496.2216
jdaniel@whitcomb.com

WHITCOMB & HESS
CPAs & FINANCIAL ADVISORS
1020 Cleveland Avenue
Ashland, OH 44805

PRESORTED
STANDARD
US POSTAGE
PAID
MANSFIELD, OH
PERMIT #158

W&H Team News

By Jordan Kvochick

In July, Tim and Abby Hilterman adopted Pippa-Claire, bringing their family to a joyful household of nine!

And in September, some of our crew learned the basics of Pickleball with guidance from the friendly folks of the Ashland Pickleball Association!