

NELSONCORPNEWS

DECEMBER
2023

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YOUR NELSONCORP TEAM



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AMANDA SCHAVER



TABATHA WESTPHAL



MIKE STEIGERWALD



HANNAH VAN HYFTE



MERRY CHRISTMAS!

Every year, I sit down at my desk to write a few thoughts about Christmas to share with my clients. I ask myself, "What can I say that will spread a little Christmas spirit in some small way?"

Most years, I think it's easy for people to feel the Christmas spirit. But some years, it's more difficult. Maybe the year was harder. Some years, maybe Christmas seems more like a burden than a holiday.

That's when I think about Charles Dickens.

Dickens knew all about hardship. After his father was sent to debtors' prison, Dickens was forced to leave school to work in a dank, unsanitary shoe factory infested with vermin. To earn more money, he pawned his most prized possession – his books. He was only twelve years old.

Later in life, Dickens' experiences filled him with a lifelong love for the spirit of Christmas. The spirit of family and love, giving and goodwill. To him, Christmastime was what the world should be like every day of the year.

To me this is what Christmas is really all about. It's more than a day. It's a feeling. A feeling of giving and gratitude. A feeling of home, hearth, and hope. A feeling shared between family and friends.

I want you to know that I feel it, and that it's in part because of you and our relationship. I count myself blessed to know you, and to work with you. I hope you feel that Christmas spirit this holiday season, too.

David Nelson

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THINGS TO NOTE

Did you know that in addition to the investment, tax, and Medicare services we provide, we also offer notary services? We have many notaries on staff that can help you if you need it.

We will be closed for the holidays on Friday, December 22nd, Monday, December 25th, and Monday, January 1st.

SUPPORT OUR LOCAL CHARITIES & BUSINESSES

Check out what's happening at our area charities, businesses, and communities:

- Messiah with RiverChor, Gateway Singers, and Orchestra at Zion Lutheran Church, Clinton, IA
- Salvation Army Red Kettle Campaign
- Visit Clinton www.clintoniowatourism.com
- Visit Quad Cities www.visitquadcities.com

NelsonCorp Nuggets

Statistics on retirement in the U.S. indicate that the average retiree has to set aside roughly \$4,300 on healthcare every year.

*Source:
The Motley Fool*

INVESTING IN CASH

I want to address some questions I've been hearing lately about recent investing trends. We'll start with...

What does it mean to invest in cash?

Sometimes, an investor will see a headline that mentions the word "cash." Here are some examples just from the last year or so:

"Cash is king again."

"Warren Buffett sits tight on cash."

"No more 'cash is trash' billionaire hedge fund manager says."

"How much of an investment portfolio should be in cash?"

Headlines like these often bewilder new investors. But even experienced investors sometimes wonder: "What does it mean to invest in cash?" After all, we don't usually think of the word "cash" in relation to investing. For most people, cash is the stuff you keep in your wallet. So, what gives?

This is a textbook example of an intelligent question people are often afraid to ask.

Fortunately, "investing in cash" is a fairly simple concept. It means to invest in a type of **short-term security** for a set period of time in exchange for one or more interest-rate payments.

Certificates of deposit (CDs), money market accounts, and treasury bills are three examples. These securities are known as "cash equivalent" investments, but the word "cash" alone is often used as an umbrella term to cover all the various types. That's because these types of investments are very **liquid**. That means the funds inside them can be converted to actual cash – money you can spend at a moment's notice – quickly and easily compared to stocks, bonds, or



investment accounts like a 401(k) or IRA. (Stocks and bonds aren't always easy to sell, and depending on the timing, you may sell for a lower amount than what you paid for. Meanwhile, withdrawing the money from an IRA or 401(k) before you retire can trigger financial penalties from the government.)

That's why these types of securities are referred to as "investing in cash." They still provide a return – hence the investing part – but also a level of liquidity close to actual, physical currency.

Cash investments are handy if you have money that you:

1. Want to keep safe. Money markets and certificates of deposit are historically stable investments and are often insured up to a certain point by the federal government.

2. Want to earn a return on. In the form of interest rate payments, which are generally higher than with a basic savings account.

3. Want easy access to within a relatively short period of time. Most money markets have a maturity of six months or less. Treasury bills mature within one year or less. CDs, meanwhile, usually have a maturity of 6 months to a few years.

That said, there are some downsides to investing in cash. For one thing, if your focus is on *growing* your money, there are usually much better options. That's why many investors often shun putting too much money into cash. They feel there are more produc-

tive ways to invest. And while they are very liquid compared to other securities, there are still penalties if you withdraw the money from a CD before maturity. (Money markets don't have an early withdrawal penalty, but many banks and credit unions will charge monthly fees if the balance falls below a certain minimum.)

With all this in mind, why have we seen so many headlines about "cash" in recent years? It all has to do with interest rates. As you probably know, the Federal Reserve has been gradually hiking rates for much of the past two years to bring down inflation. When the Fed raises rates, banks and credit unions usually follow suit. As a result, some cash investments have been paying higher interest rates than normal. This, coupled with a volatile stock market, has caused cash to gain in popularity with some investors.

How long this trend continues is impossible to know. And it's worth emphasizing that cash, like all securities, is an investment that is sometimes right for some people in some situations...not always right for all people all the time. So, if you're interested in cash investments, be sure to talk about it with a qualified financial professional first to make sure it's right for you.

In the meantime, now you know what it means to "invest in cash." In my next message, we'll discuss another recent investing trend. Have a great month!

OPERATION CHRISTMAS DROP

Everyone knows the story of Santa Claus. Each Christmas Eve, he loads up his sleigh with goodies and toys for the children of the world. Pulled by eight reindeer, he traverses the night, magically visiting every home before the sun comes up.

But Santa isn't the only one who delivers gifts from the skies. He has peers who deliver presents to places even he can't reach. No one sings songs or writes poems about them. Most people don't even know who they are. But what they do every Christmas, for dozens of islands throughout the Pacific, is magical all the same.

I'm referring to the men and women of...

Operation Christmas Drop

It was December, 1952.¹

The tiny island had no electricity and no running water. There was no airport or runway. Isolated from the outside world, it had recently been ravaged by a typhoon. So, when the entire island began to tremble from the sound of a humongous airplane flying overhead, the inhabitants all rushed outside to look.

Then they saw the parachutes.

"There are toys coming down!" one boy shouted.² He wasn't far off. While it wasn't quite Santa in his sleigh, in truth it was something better: The U.S. Air Force. The crates they dropped into the water contained much needed food and other supplies. Some adults swam out to collect their Christmas "gifts" while others watched the plane fly off.

So began a tradition that has continued for almost 70 years.

It wasn't planned. When the crew of a B-29 Superfortress took off from Guam that day, they thought it was just another training exercise. But then they saw the islands. Despite their condition, the islanders waved cheerfully as the plane went by. So, the crew decided to spread an impromptu bit of Christmas cheer themselves. They quickly gathered what supplies they had, placed them in a container with a parachute attached, and dropped their cargo into the sea.

Operation Christmas Drop, as it's known, is still technically a training exercise. But it's likely the most rewarding one that Air Force pilots get to experience. From its humble beginnings, the annual Drop has grown to include over fifty islands spread across the region of Micronesia. Most of these islands are so small and remote that Operation Christmas Drop may be their only opportunity to obtain new clothes, medicine, and other necessities for an entire year.

Now, the Air Force works with various charities to raise money and donations for the drop. Each year, tens of thousands of dollars' worth of clothes, food, medicine, and yes, toys are delivered. One year, the Air Force dropped twenty-five boxes of IV fluids to help one island treat an outbreak of dengue fever.

It is both the oldest Department of Defense mission still in full operation and the longest-running humanitarian airlift in the world.¹

For the Air Force, it's valuable training for pilots who one day

will drop supplies in countries like Afghanistan. Many islanders who benefited from the annual drop have also gone to join the Air Force as well.

But Operation Christmas Drop is more than that. According to the Air Force, the mission is never short of volunteers. Many describe it as a "once-in-a-lifetime event" or even a highlight of their careers.² It's an opportunity to do a tremendous amount of good. An opportunity for each and every one to be Santa Claus in their own right – delivering cheer and goodwill to their fellow man every Christmas.

The older I get, the more stories like this remind me why I love Christmastime. While it's often lost in the hubbub of the season, this really is the time of year when people come together to help those around them. While not all of us have the reach and resources of the Air Force, we all have a chance to play Santa to someone else – and the results can be life-changing. Or lifesaving.

Our efforts may not be sung about. They may go unnoticed to those on the outside. But they *matter*.

They may not involve reindeer, or a jolly elf in a sleigh. But, like Operation Christmas Drop, they're magical all the same.

On behalf of my entire team, I wish you a very Merry Christmas!

1 "Operation Christmas Drop: Behind the Scenes", Defense Logistics Agency, <https://www.dla.mil/AboutDLA/News/News-ArticleView/Article/1028004/operation-christmas-drop-behind-the-scenes/>

2 "Yokota resident recalls memories of Operation Christmas Drop," Stars and Stripes, <https://www.stripes.com/news/yokotaresident-recalls-memories-of-operation-christmas-drop-1.163013>



CHARITABLE CONTRIBUTIONS AND RETIREMENT BUDGETS

The holiday season has arrived! I love this time of year. The sights, the sounds, the smells, the traditions and songs — I love it all. But I especially love the holidays because they remind me of how much I have to be thankful for. Not just as a person, but as a financial advisor. For instance, I'm thankful for:

My team. There has never been a group of people more dedicated and professional. They not only make my life easier; they push me to do better.

My job. I'm thankful to have a job that enables me to support my family and pursue my passions. I'm thankful my job is my passion!

My clients. I have the privilege of serving the kindest, smartest, most *decent* human beings in the world. My clients are why I do what I do. Why I never hit the snooze button and am happy to burn the midnight oil. I'm thankful for them and their trust every single day.

On behalf of my team, I wish you a happy holiday season!

WHAT'S AROUND THE BEND: CHARITABLE CONTRIBUTIONS

One of the things people most look forward to in retirement is volunteering their time, utilizing their talents, and donating their money to help their community or further a worthy cause. But you don't have to wait until *after* retirement to do that. These days, more and more people are starting to think of investing not just as a way to help themselves, but to help others, too. That's especially true around the holiday season.

But charity isn't *just* about giving back. It can bring tax benefits, too! In fact, there are several charitable gifting strategies that investors can take advantage of. But it's important to start thinking about this sooner rather than later if you want to be savvy about it. A few things for you to consider:

- Have you maxed out your charitable donations for the year?
- Are you planning on contributing cash, stock, or other assets?
- Can you take advantage of a Qualified Charitable Distribution (QCD)?

If you have any questions about this or need help game-planning your own charitable contributions, please let me know. I would be happy to help.

QUOTES WE'VE BEEN THINKING ABOUT:

"What you *can* do is often simply a matter of what you *will* do."
— Norton Juster, *The Phantom Tollbooth*

WHAT'S OVER THE NEXT HILL: PROTECTING YOURSELF FROM PHISHING

Cybersecurity crimes tend to go on the rise around the holidays... and one of the most common types is *phishing*.

Phishing is when hackers and cyber-thieves try to trick people into submitting their personal information by creating fake versions of existing websites and/or sending emails and text messages that look like they are coming from a legitimate bank,



business, or government agency. Sometimes, phishing can even take place over the phone!

A play on the word "fishing" (with regular people as the prey and the fake message/website as the bait), the crooks behind phishing try to dupe people into giving out sensitive information, like their Social Security numbers, account passwords, credit card numbers, or even bank PIN numbers.

To protect yourself from phishing, always remember the following:

- Legitimate banks, retailers, and institutions should never ask for your personal information via email.
- As a general rule, never reply to any message, electronic or otherwise, you didn't solicit that requests your personal information.
- Never click on a link in an email or on social media unless you know the source is real and trustworthy and you were expecting to receive it.
- Always double-check the URL of any site you intend to visit. Some fake URLs can look very similar to real ones, like "amzon.com"

instead of "amazon.com".

- Be on the lookout for messages – via email, social media, or even the phone – that come with errors and mistakes, like misspelled words, crude threats, or that try to compel a sense of urgency in order to get you to take action.

WHAT'S ON THE HORIZON: DETERMINING EXPENSES

If you've read any of our previous newsletters, you know that "What's On the Horizon" refers to retirement-related tasks that don't necessarily need to be tackled soon...but you *will* need to start thinking about them at some point.

One of those sooner-or-later tasks is figuring out your income and expenses in retirement.

Common sense dictates you can't retire successfully unless your income is *more* than your expenses. Sometimes, it may need to be much, much more, depending on what kind of retirement lifestyle you want to live. But it's not always easy to have a clear picture of how you'll replace your regular paycheck,

or what your expenses will be. So, at some point, this is what you need to do:

First, sit down and calculate what your expenses are *now*. What is your monthly income after taxes? How much do you pay in monthly utilities? How much debt do you have, and what are your monthly payments like? How much do you spend on automobile insurance, home insurance, gas, and groceries? What about annual vacations? Weekly date nights?

Next, determine how those expenses might *change* after retirement. What expenses will you have to pay out-of-pocket that are currently paid by your employer? (Health care is the big one.) What expenses might *decrease* during retirement? (For instance, if you no longer commute to work, your transportation expenses will go down.) Will you move into a higher or lower tax bracket?

These are the numbers you will need to keep track of and have a plan for covering – or replacing – in retirement. By having a clear picture of what your income and expenses will be – and that the former will greatly outpace the latter – you will build greater confidence in your own financial future. And remember, if you need help figuring out *any* of this, you can always reach out to us for help!

WATCHING THE WEATHER: MARKET CONDITIONS ON THE ROAD TO RETIREMENT (OCT-NOV)

Market volatility continued in October. Toward the end of the month, a combination of interest rate anxiety, higher bond yields, and things that go bump in the night actually drove the S&P 500 into a brief market correction.

A correction is when the markets decline 10% or more from a recent peak. In the S&P's case, the "recent peak" was on July

31, when the index topped out at 4,588.¹ On Friday, October 27, the index closed at 4,117¹ – a drop of 10.2%.

The reason for this correction? While inflation is much lower than last year, prices have actually ticked *up* slightly in recent months. (The inflation rate was 3.7% in September; it was 3.0% in June.²) As a result, investors are now expecting the Federal Reserve to keep interest rates higher for longer.

Seeking to take advantage of this, many investors have moved over to U.S. Treasury bonds, driving the yield on 10-year bonds to its highest level in 16 years. Since bonds are often seen as less volatile than stocks, when investors feel they can get a decent return with less volatility, they tend to move money out of the stock market and into the bond market.

HERE'S WHAT WE'RE KEEPING AN EYE ON IN NOVEMBER & BEYOND

As of this writing, the market's dip into correction-territory was brief. The S&P 500 actually regained a bit of ground in the following days. But the factors behind the recent volatility have not gone away, so investors should put on their coats and prepare to weather more uncertainty in the weeks ahead.

In the meantime, have a great month and Merry Christmas!

1 <https://fred.stlouisfed.org/series/SP500>

2 <https://tradingeconomics.com/united-states/inflation-cpi>

NELSONCORP MEDIA APPEARANCES

Be sure to catch our weekly educational content featured locally on television, radio, and the newspaper. You can get this and more at www.nelsoncorp.com/blog.

On 4 Your Money, David Nelson made a number of appearances to discuss the volatility seen in the past few months as well as the momentum shown from various earnings reports. He also looked at specific sectors and what types of stocks are struggling right now. James Nelson came on another episode to analyze mortgage rates and housing prices.

This month on Financial Focus, David talked about why November and December are historically good months for the market and also what unique situations may impact the markets this year. He also discussed how we try to allocate our client portfolios looking at all factors. Nate Kreinbrink and James were also on to dig into tax planning, especially those items that must be completed before the December 31st deadline. They also looked at things that should be reviewed before a tax return is filed to make sure listeners are minimizing their tax bills in the spring.

Nate and Mike Steigerwald explained the contribution increases announced by the IRS and things listeners should do as a result of those changes. They also discussed the inflation adjustments for Social Security and Medicare. Nate and Andy Ferguson were together to talk about breaking news from the IRS regarding payment platforms such as Venmo and PayPal. Andy also shared some tips to be better prepared when it comes to saving the documents needed for your tax return.



4 Your Money airs Tuesday mornings on FOX 18 News at 8am and on WHBF CBS Local 4 News at around 6:10pm.



Financial Focus airs every Wednesday at 9:00 am on KROS FM 105.9 and AM 1340.



David Nelson is a guest columnist every 1st and 3rd Saturday in the Clinton Herald.

IMMINENT FINANCIAL AID TASKS & THE 2023-2024 FA LANDSCAPE: Q&A WITH JAY BENANAV



Q: Jay, what is new and reportable in the 2023-2024 financial aid landscape? What have we learned in the last application cycle?

The later you complete and submit your forms, the longer you wait to get your financial aid award. Schools are expecting them much earlier than they used to. If a school requires the CSS Profile, we recommend that our clients submit their CSS to coincide with the first Early Action deadlines for their child, usually Nov 1.

In addition, they must check the financial aid page of every school on their child's list, as colleges are increasingly requesting additional specific supporting financial documents, such as bank account statements. Previously, the FAFSA was available on Oct.1, but because of the overhaul of the form, the FAFSA will not be available until sometime in December 2023. DON'T complete the FAFSA before that, or it will not be accepted.

Even though many schools are test-optional not all of them

are test-optional for merit aid. Families have to be aware of which schools are truly test optional for both admissions, and merit money.

Q: Clients are increasingly applying Early Decision. Speak for a moment about financial aid and ED.

Ask your financial aid office to do an "early read" of what you will receive in the way of financial aid, if your student wants to apply ED. Some colleges last year, like Case Western and Tulane, wrote to our students saying: you have the best chance of admission if you switch your application to ED, but we will not predict merit aid for you. This is an enormously egregious consumer practice, like saying to somebody: If you want to buy this house, then buy it, but we will not tell you how much it costs until after you own it. Many of our parents were fairly offended by these letters.

College cost calculators are notoriously inaccurate. The government says colleges have to have one, but that doesn't mean it has to be a good one. If they are only asking you three

or four questions, forget it. The more questions they ask, the more accurate the prediction of aid. I would call the school and say: this is the number I got from your net price calculator, is this an accurate number? Press them.

Q: How should clients be working with their financial advisors right now? What are the essential preparatory tasks? I know that some families are worried about their 529s.

Grandparent contributions will no longer negatively affect financial aid, according to the new FAFSA rules. In the past, a grandparent's contribution counted as income for the student; the student's assets were considered higher. That's no longer the case. In short, grandparent contributions do not have to be reported on the FAFSA. 529s in other children's names were also counted as an asset in past years but the new FAFSA does not require you to list these 529s.

Talk to your advisor about the market specific impacts on the 529, and discuss whether it makes sense to shift plans in terms of college financing arrangements.

Make sure that your 2022 taxes are filed because that is what the FAFSA will look at. Have that ready to go by the beginning of October. For the CSS Profile, have all of your financial documents in hand, including: income tax form, 529 information, any other assets in savings or brokerage accounts – any assets with any cash, stocks, bonds.

Q: Why do so many families have a problem figuring out how to use 529s? What is your single best piece of advice for these families?

The rules are complicated, and there is a 10% penalty for making a certain kind of mistake. Not all college expenses can be paid for with the 529. For example, if a student moves off campus and lives in an apartment – the 529 cannot be used to pay for the rent – you can only reimburse for what it would have cost to live on campus. And, some parents want to pay off a student loan with the 529 – but there is a 10k lifetime limit on that.

Q: Let's talk about the upcoming change in FAFSA for families with more than one child in college.

Previously, you got a break for having more than one in college. That will change in 2024. The update eliminated what was effectively a discount for families with multiple children in college. Part of the problem is we don't know how this is going to shake out³.

The FAFSA is a document colleges use as a starting point; it is not completely dispositive regarding what your financial aid package will look like. When you get your financial aid offer, it may be worth it to you to speak to financial aid at your college of choice, because every college may treat it differently. Each will take the new Student Aid Formula and work the numbers.

Q: Under the old rules, financial aid was calculated based on with

whom the child spends the most time. The new law states that financial aid will be calculated based on who provides the most financial support. Should divorced parents prepare to provide proof of financial support?

The rules for this new law haven't yet been written, so it's unclear what "providing the most financial support" means. It may include the value the student received by living in a parent's house, meals and other typical expenses of raising a child. My advice is to keep records whenever possible and compare the cost to the amount of financial support the other parent provides. BUT, stay tuned for the rules as they are released.

Q: What are some of the other big changes in the new FAFSA?

The form will be much shorter, going from 106 questions to 36-46 questions, depending on your situation. The "expected family contribution" (EFC) will now be called "student aid index" (SAI). The value of a family-owned business or family farm will no longer be excluded & must be reported. Child support will no longer be considered income but rather an asset, which essentially means it is assessed at a much lower rate. The amount a student can earn from work before it impacts financial aid is increasing from \$7,040 to \$9,410.

Q: Moving on to financial aid applications: let's begin with the most mundane of questions: Who should file the FAFSA and the CSS Profile?

These forms belong to the student, not the parent, though adults often fill out the forms on the student's behalf. Not all schools require the CSS Profile, so the first job is determining that.

The question is not all that mundane. Some people are

resistant to the forms, the completion of which they may experience as invasive at worst or unnecessary at best. There may be so much emotion around financial aid in some families that these forms can become a real roadblock to securing aid.

In terms of the FAFSA, I tell families that many schools don't require either form for merit aid, but unless you know that for sure, do it. Do the forms, so you don't miss out on merit aid. For families who do not qualify for need-based aid but want to take advantage of the federal student loan program, the FAFSA must be filed.

Q: Some families just don't want to do the forms.

We always have some families who decline to fill out the forms for one reason or another, and that decision has no impact on the admissions decisions; but they have to accept the idea that it might very well impact their child's merit awards, and perhaps dramatically impact them. At least one school declined to give at least one of our families a penny last year because the family would not fill out the FAFSA. That was fine with the family. If that is fine with yours: ignore the financial aid forms.

Q: Some families with considerable financial means wonder if their child has a better chance at a highly selective school if – in addition to qualifying for no need-based aid- the family makes clear that they will not require merit aid.

Does not asking for money of any kind increase the chances of admission?

At most schools, the answer is yes. Not many colleges are need-blind. Are you a full pay student? That fact will likely increase your chances. Colleges are businesses.

Q: What is the relationship between need-based aid and the FAFSA?

In order to receive any need-based aid from the college or the government – which includes the federal loan – the FAFSA has to be filed. In addition – and we found this last year – some schools, if you don't file the FAFSA the first year, in subsequent years if you lose your job and you haven't filed the FAFSA you are not eligible for need-based aid.

Q: I don't think my family will qualify for any sort of aid, including loans; do I still need to do the forms?

Federal Student Loans (loans in the child's name for the child's education) are not dependent on financial need. Any student who files the FAFSA will qualify for the loans. What is determined by need is how much is in the form of a subsidized loan (where the government "subsidizes" the loan by paying the interest while the student is in school). The college decides that and will put that information in the official financial aid award letter. To get these loans, the student has to file the FAFSA and show up to school in the fall. Financial need is not part of that equation.

Q: How do these factors affect how you advise your student clients when you are reviewing individual applications with them? How should they respond to questions regarding financial aid on the Common App, for example?

The Common Application may well ask the student: are you applying for need-based aid. Some schools also ask if the student will apply for merit aid. So, it is important to understand the difference.

To receive the best merit aid, the student generally has to be in the top quarter of the applicant class. Parents have to be aware that it isn't only getting into the school that counts; for strong merit aid, the top quarter is the sweet spot.

Q: Any tips for making completion of the forms easier?

Sure. The Direct Data Exchange (DDX) which used to be called "Data Retrieval Tool (DRT)", is now required. This tool automatically populates the FAFSA's questions directly from the federal tax return, making completion much simpler. These populated fields are shielded from the filer, though college financial aid offices will be able to see the numbers.

Q: What else should parents know about the IRS tool?

The only time you can enter financial information manually is if the DDX will not auto populate (e.g., tax return not yet filed, you have been a victim of tax fraud).

Q: Some of our families with very substantial financial resources hesitate to apply for need-based aid. Many clients come to us with well-funded 529s and ask: Should we still fill out FAFSA and check the YES box to both need-based and merit aid? What do you say to those families?

I tell them if they are absolutely certain that they don't want to

An official website of the United States government. Help Center Submit a Complaint English | Español

FederalStudentAid
U.S. Department of Education

FAFSA® Form ▾ Loans and Grants ▾ Loan Repayment ▾ Loan Forgiveness ▾

2023–24 FAFSA® Form

Use the 2023–24 FAFSA® form to apply for college financial aid for 7/1/23–6/30/24.

2024–25 FAFSA® Form Coming in December
Apply for aid for 7/1/24–6/30/25 on the 2024–25 form in December.

Learn About 2024–25

Looking for the 2023–24 FAFSA® form?
Apply for aid | Correct info | Add a school

View your Student Aid Report (SAR)

Go to 2023–24 Form

take advantage of the federal loan, or that they will not require need-based aid in the future – don't apply for need-based aid. But if you need or want to protect your child's future in case of an unknown whack to your family's financial situation: apply for it, even though we know you won't get it right now.

Somebody is furloughed, death in the family, change in fortunes – say a pandemic occurs and your money situation changes in ways you might never have anticipated when you were at the top of your game. Dramatic changes happen in this life, unreimbursed and unexpected catastrophic health care costs happen. Sometimes, they happen in our families. So I say: Think about these issues carefully, then make your decision.

Q: And don't feel embarrassed about applying, irrespective of your current financial picture.

Exactly. Understand the potential consequences.

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with the appropriate professional regarding your individual circumstance.

1 <https://profile.collegeboard.org/profile/ppi/participatingInstitutions.aspx>

2 <https://collegeinsidetrack.com/2-valuable-college-planning-changes-in-the-secure-act/>

3 <https://collegeinsidetrack.com/5-things-most-families-dont-know-about-before-taking-out-student-loans-but-should/>

4 <https://profile.collegeboard.org/profile/ppi/participatingInstitutions.aspx>

5 <https://www.cappex.com/articles/match-fit/need-blind-admission-colleges>

TAX UPDATE: INFLATION ADJUSTMENTS FOR 2024

The IRS recently announced the inflation adjustments for 2024. Some of the adjustments include the Standard Deduction, Marginal Tax Brackets, Retirement Plan Contribution Limits, Gifting Exclusions, and Estate Tax Exclusions for the 2024 tax year.

The standard deduction for 2024 will increase by \$1,500 for married couples filing a joint return, \$750 for single filers and \$1,100 for head of household. The tax brackets will shift 5.4% higher.

Contribution limits for individual retirement accounts and employer sponsored plans will increase by \$500 in 2024. Contributions to IRAs will move up to \$7,000 for those under 50 or \$8,000 for those over 50. The maximum allowed into employer plans will go to \$23,000 for those under 50 and \$30,500 for those over 50 in 2024.

The annual gift tax exclusion is also increasing by \$1,000 to \$18,000 per person for 2024.

The basic estate tax exclusion amount will be \$13.61M in 2024 up from \$12.92M in 2023.

All of these adjustments are set forth by Revenue Procedure 2023-34. The net impact on individual taxpayers will vary depending on individual circumstances.

These changes will be reflected in your 2024 tax return that is filed in the spring of 2025.



FIVE CHARITABLE GIVING TIPS

If you plan on any charitable giving this holiday season, remember that while the *spirit* of giving comes from the heart, that doesn't mean the head can't have its say. Here are a few tips on how to donate safely and effectively.



1) Charitable contributions can be tax deductible!

Taxes aren't the reason for giving, but it doesn't hurt to help your tax bill as well as your fellow man! To qualify for a deduction, ensure your gift is to a qualified organization. Contributions to individuals, political organizations, or political candidates don't count.



2) Donating money doesn't require donating cash!

You can also donate stocks or property. These donations are tax deductible too – just remember that the deduction you claim should equal the item's "fair market value", meaning the price you would get if you sold the property on the open market.



3) Get it in writing!

No matter what you give, keep records, especially for cash deductions, which must be documented to claim a deduction. This could be a receipt, a letter from the organization you donated to, or a bank statement. The record should include the charity's name, the date, and amount donated.



4) Remember this number: 1040

To deduct any contribution, you will need to file a Schedule A, Form 1040 with the IRS and itemize any deductions.



5) Do your research!

Before donating to any charity or organization, make sure you research it fully. Ask for information about the charity, including contact info. Search for the organization online, especially in conjunction with the word "complaint" or "scam." Contact the *National Association of State Charity Officials* to find out if the charity is registered. Finally, avoid organizations that refuse to provide information or proof your contribution is tax deductible, as well as those using high-pressure tactics like urging you to donate immediately.

Have a wonderful holiday season!

Whoever you decide to help this holiday season, make sure to use your head as well as your heart. That way, you can ensure that those most in need of charity are the ones who actually receive it. Please let me know if you have any questions. And from me to you, happy giving!

All information taken from "IRS Charitable Contribution Deductions,"
<https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contribution-deductions>

THIS MONTH'S FEATURED CHARITY IS SLEEP IN HEAVENLY PEACE



NO KID SLEEPS ON THE FLOOR IN OUR TOWN!

All children deserve a safe, comfortable place to lay their heads. In Clinton County, too many children are without a bed, or even a pillow to sleep on. These children are sleeping on couches, blankets, co-sleeping, or even on floors. This can affect their happiness and health. That's where Sleep in Heavenly Peace comes in. We're a group of volunteers dedicated to building, assembling, and delivering beds to children in need.

We currently partner with the Camanche Middle School woods class where their year long project is to learn how to build and assemble beds. We also Partner with the Camanche High School Key Club who sand all the wood for our beds. We have recently connected with Clinton High School Synergy and National Honor Societies who want to be involved. Lastly, we partner with our community members who help build, assemble, and deliver beds.

Since delivering our first bed on October 27, 2021, we have delivered 156 beds and currently have a waitlist of 53.

For more information visit the website:
<https://shpbeds.org/chapter/ia-camanche/>

JEANS FOR CHARITY

Every Friday, the team at NelsonCorp Wealth Management wears "Jeans for Charity". In exchange for getting to wear jeans to work, we each pay a \$5 weekly fine. At the end of the month, the fines are donated to a charity. NelsonCorp will match the fines that are collected, up to \$250.



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