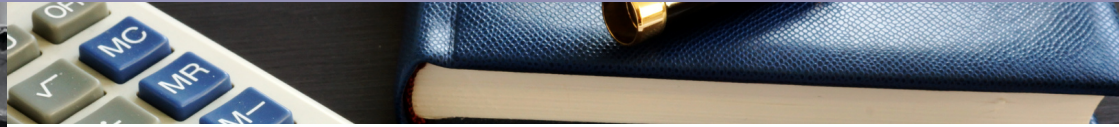


PRISM PLANNING & SOLUTIONS GROUP, LLC

Financial Aid Awareness Newsletter



FROM YOUR ADVISOR

As we turn the page into February the hottest topic of discussion in the economy is when the Federal Reserve will start cutting interest rates. At this writing I think the June meeting is the earliest and I don't consider that likely. Without getting too wonky here, the Federal Reserve has multiple tools available to manage monetary policy and I suspect they would choose to dial up or dial down what we call quantitative tightening before they decide to cut interest rates. The December PCE, the preferred metric the Fed tracks, came in below 3% but the labor market is still strong. It is unclear if and when unemployment will reflect a looser labor market and I believe it would be premature for the Fed to begin cutting interest rates until we have more clarity. As for the stock market, 2023 saw too much dispersion between the Magnificent 7 and everyone else. That's not sustainable. If history is any indication, we should start to see earnings growth from companies other than the Magnificent 7 accelerate into the second half of 2024. This should lead to broader strength in equity markets. That's important for long term stability; think about a tree that grows very tall but with a thin trunk. It is much more susceptible to blowing over in a heavy storm than a tree that has been pruned and the trunk has been allowed to grow thicker before getting too tall. The thicker trunk enables the tree to withstand a heavy storm more often. So, it is with stock markets. When the difference between a handful of top performing companies and everyone else gets too wide we need a little pruning, which sometimes looks like the fast growers of the last few years simply slowing down a bit and allowing the others to catch up.

FINANCIAL AID AWARENESS

Navigating financial aid when planning to pay for college is more than just filling out the FAFSA form. I'll come back to that but first I want to talk about a positive change related to 529 accounts.

In the past, withdrawals from 529 accounts owned by someone other than the parent of the student have created income for the student for the financial aid form. Some people learned about it when their student was offered less financial aid than expected while others planned strategically to wait to take withdrawals but scrambled to fund the student's first two years of college. Thankfully a new legislative change solves this problem and in the future no withdrawals for qualified distributions from a 529 plan will be considered income for financial aid purposes regardless of who owns the plan.

UPCOMING EVENTS

All events hosted on Zoom unless indicated otherwise.

Feb. 8, 2024 – 1st Quarter Update

Mar. 7, 2024 – TBD

April 11, 2024 – TBD

Zoom information provided upon registration.

Please email Sharon@PPSgrp.com for more information.



FINANCIAL AID AWARENESS

Students and parents must complete the [FAFSA](#) and [CSS profile](#). The FAFSA form is seeing some significant changes, including a simpler form, but the math is changing. Families with more than one student in college will likely see an increase in the family contribution. Some of this may be offset by an increase in both income and assets that will be protected from consideration but anyone with at least two students in college at the same time should expect to contribute more under the new formula.

Other often overlooked sources are scholarships and grants beyond those offered in formal financial aid packages. High school students should start looking now; many are based on high school interests and activities. I do not endorse or have any financial interest in any of these sites; could consider starting with are [Student Scholarships](#), [Global Scholarships](#), and [Scholly](#). See this month's blog post [here](#) for more information on each.

It has become very clear in this country that future financial security for today's high school student will require either a college degree or a professional trade, such as plumber or electrician. Be realistic about potential costs and think about ways to minimize debt. Consider attending community college for a year or two before switching to a four-year school. Seek as much financial aid as possible. Use the FAFSA and CSS processes, but don't ignore the opportunities for targeted scholarships and grants that are available and often go unclaimed. With a little time and effort, you and/or your student may be able to qualify for multiple relatively small scholarships that can add up to graduating with little or no student debt, the best way to achieve financial security in the future.

As always, consider meeting with a Certified Financial Planner® professional to help plan for a secure financial future for you and your family.

“ALL THINGS IRA” CORNER

In the last few years, we've seen significant changes in IRA rules, and SECURE 2.0 in December 2022 ushered in more than 80 changes taking effect between 2023 and 2033. Here's a reminder of what is coming into effect in 2024.

- IRA catch-up contributions indexed for inflation.
- QCD \$100,000 limit increased for inflation.
- Matching plan contributions can be made on student loan payments.
- 10% penalty exception: Emergency expenses. For plans and IRAs: \$1000/year.
- 10% penalty exception: Employers can offer in-plan emergency savings accounts. \$2500 maximum deferral plans only.

Note - there were more than a dozen changes that came into effect in 2023. Ask your tax planner or a member of Ed Slott's Master Elite Advisor Group for more information.

Julia Peloso-Barnes, CFP® is a member of Ed Slott's Master Elite IRA Advisor Group™. For more information on anything mentioned in the “All Things IRA” Corner please email Julia at julia@PPSgrp.com or schedule a call/zoom [here](#).

www.ppsgrp.com/meet-the-team

KEY POINTS

- All students and parents should complete both FAFSA and CSS profile.
- Families with multiple college students will likely have to pay more out of pocket in coming years.
- A change in the rules regarding 529 distributions from plans owned by non-parents will help families.
- Don't overlook other sources of scholarships and grants.
- The sooner students begin researching scholarships and grants the greater the chances of graduating with less or even no student loan debt.
- A CERTIFIED FINANCIAL PLANNER™ can help you review your financial situation in detail and help you develop a plan to improve your net worth and achieve your long-term financial goals.

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