

# PRISM PLANNING & SOLUTIONS GROUP, LLC

## *Financial Wellness Newsletter*



### FROM YOUR ADVISOR

January is a month that usually starts with resolutions - another word for goals. As we turn the page on a new year, we take the opportunity to reflect on what we accomplished last year, when we fell short in what we hoped to get done, and what we want to do differently in the coming year. It is also a time for predictions of what will happen in the economy and the stock market. Rarely does anyone go back and compare last year's predictions to what actually happened, and when they do, there are always "unexpected events" to explain why the forecasts were wrong. Don't get caught up in this annual exercise; stay focused on the big picture. Recent economic data suggests inflation has come down to levels consistent with historical norms and we are likely to avoid a deep recession in 2024. Market data suggests that while the tech stocks that dominated in 2023 are still going to grow, more companies are experiencing earnings growth and are likely to perform better than the big tech companies over the next decade. The market also believes interest rates could come down significantly in 2024, although I'm a little skeptical about the timing and number of interest rate cuts we are likely to see in the next 12 months. All of this bodes well for "staying the course" with diversified investment strategies focused on mitigating the risks of inflation and longevity.

### FINANCIAL WELLNESS

Most of us struggle to maintain our momentum and by February will have given up on the lofty goals set in the glow of New Year's celebrations. Sometimes the process of setting ambitious goals of eating better, saving more, being more disciplined in general can backfire, leaving us feeling dejected as if we have failed. How do we break that cycle? Start by reframing the entire conversation. Most of our goals involve delaying gratification in some way, for a benefit that rationally we know is worthwhile, but doesn't satisfy our immediate emotional needs. Start by acknowledging those emotional needs and honoring them by setting goals for the year that don't focus on self-deprivation. When we are making choices in the moment, we will choose to satisfy the more urgent need; we will choose based on what matters more to us in that moment.

Start by assessing your current state of financial wellness by calculating your Net Worth (what you own minus what you owe.) Next think about how you can increase your Net Worth through small, manageable steps that won't create feelings of deprivation. Avoid one-size-fits-all types of rules or advice that include words like

### UPCOMING EVENTS

All events hosted on Zoom unless indicated otherwise.

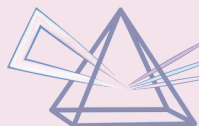
Feb. 1, 2024 - 1st Quarter Update

Mar. 7, 2024 - TBD

April 1, 2024 - TBD

Zoom information provided upon registration.

Please email [Sharon@PPSgrp.com](mailto:Sharon@PPSgrp.com) for more information.



Prism Planning and  
Solutions Group  
Financial Planning & Execution

## FINANCIAL WELLES

always” and “never.” When we try to apply those rules to our lives, we can feel frustrated and even shame when we are unable to execute the way we think we should. Instead, consider the “why” behind different types of advice. Different strategies for saving, investing and paying off debt will have different objectives - one may be to maximize asset growth while another may be to minimize interest expense. Which feels more important to you?

Every time we make a choice about consumption (spending money on something we want now) or saving (denying ourselves something we want now because there is something we want more in the future) we are weighing trade-offs, whether we do it consciously or not. Take control of your financial life and improve your financial wellness by making more of those choices consciously and positively, based on what is important to you, not what someone else tells you should be important. Have a clear vision of why you want to save - is it to take a specific vacation? Buy a home in a specific neighborhood or school district? Or to have financial independence by a certain age so you can pursue a philanthropic dream? The clearer your picture of why you want to delay gratification, the less deprived you'll feel when you choose to save instead of spend, and the more likely you'll feel successful as you improve your Net Worth and have the money to take that vacation, buy that house or pursue that philanthropic dream.

## “ALL THINGS IRA” CORNER

Over the last few years there have been many changes related to IRAs through the SECURE Act, the CARES Act and what we refer to as SECURE 2.0. This month I am focusing on a change in rules for people who inherit an IRA from their spouse on or after January 1, 2024.

Surviving spouses who inherited an IRA before January 1, 2024, could choose to be treated as a beneficiary or do a spousal rollover and be treated as the IRA owner.

There are now three options for surviving spouse beneficiaries.

1. Make a Section 327 Election
2. Stay a beneficiary without making a Section 327 Election
3. Do a Spousal Rollover

Surviving spouses who inherited an IRA before January 1, 2024, could choose to be treated as a beneficiary or do a spousal rollover and be treated as the IRA owner.

What we know about the “327 election” is that the surviving spouse is “being treated as the deceased IRA owner” ONLY for purposes of the IRS regulations governing which life expectancy method is being used for RMDs. We also know that with option 2 the surviving spouse shall be treated like any other non-spouse beneficiary and RMDs must start the year after the IRA owner's death.

There are more rules changes coming; work with a Certified Financial Planner® and a member of Ed Slott's Master Elite IRA Advisor Group to understand your options when you are the beneficiary of an IRA.

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](mailto:julia@PPSGrp.com) or schedule a call/zoom [here](#).

[www.ppsgrp.com/meet-the-team](http://www.ppsgrp.com/meet-the-team)

## KEY POINTS

- Financial Wellness starts by calculating your Net Worth.
- Avoiding feeling frustrated by unrealistic New Year's resolutions by having a clear vision of what your reward will be for delaying gratification.
- Be careful with “one-size-fits-all” types of advice that have rules with “always” and “never” in them.
- Set small, manageable goals that help you feel successful and motivated instead of deprived.
- 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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