

# PRISM PLANNING & SOLUTIONS GROUP, LLC

## *Planning for Financial Independence Newsletter*



### FROM YOUR ADVISOR

It's not often I get to say The Fed surprised me, but the 0.50% rate cut in September was not what I expected. At first, I wondered the same thing the market did - was The Fed being more aggressive because the economy was weaker than we all thought? But as we have gotten more data since then, I've realized that we are closer to the Fed's inflation target than we all thought, so a bigger reduction makes sense.

As I've mentioned here before, The Fed prefers to watch the PCE (Personal Consumption Expenditure) more than the CPI (Consumer Price Index) because PCE is a better gauge of what Americans are actually spending. As prices go up and down, we all make adjustments and PCE captures that more effectively than CPI. August's PCE was released the day after The Fed announced its rate cut, and it came in lower than expected: 2.2% year-over-year vs. 2.3%, and down from 2.5% in July. That's down from June 2022's 6.8%. Multiple metrics continue to point towards slowing growth, but not contraction, which is the best possible news for equity markets. With September behind us it's time to turn to our attention to elections and 4th quarter earnings. Once we have clarity on the make-up of Congress next year, we can start to think about what fiscal policy may look like and the implications for both equity and fixed income markets.

### PLANNING FOR FINANCIAL INDEPENDENCE: YOUR PATH TO LONG-TERM SECURITY

Planning for financial independence is a topic close to my heart. I like to reframe "retirement" into "financial independence" because of the image each evokes. One implies moving from being productive to being inactive, while the other suggest freedom and liberation.

You can do three things with money - spend it, save it or give it away. Every time you make a choose to save it you are moving one step closer to your own financial independence. There are several factors that can affect our long term financial security. Some are completely out of our control, such as stock market returns and tax policy, while others are mostly our decisions to make - such as whether to spend or save our money, and what kinds of accounts we use as we seek to accumulate it.

### UPCOMING EVENTS

Tuesday, October 29th -  
Live Web Presentation

Financial Exploitation -  
Protecting Yourself and Loved  
ones

Prism Planning and Solutions  
Group is pleased to host Ben  
Rizzuto, CFP®, CRPS®, Wealth  
Strategist at Janus Henderson  
Investors to discuss the latest  
trends in Fraud and Financial  
Exploitation.

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Financial Planning & Execution

## PLANNING FOR FINANCIAL INDEPENDENCE: YOUR PATH TO LONG-TERM SECURITY

Focus on the things within your control, and “know your numbers.” For example, if you earn \$80,000 now and are age 35, have you accumulated at least \$100,000 in savings? If you haven’t saved anything yet, consider starting now, and saving 12% of your income if you want to achieve financial independence in the next 30 years. \* [READ MORE HERE](#) about assessing your own financial situation and steps you can take to improve it.

You need a plan tailored to your specific needs and goals. A CFP® professional can help you chart your path to financial independence.

### “ALL THINGS IRA CORNER”

Did you know that the IRS assesses penalties if you fail to take your Required Minimum Distribution (RMD) by December 31st? Prior to the SECURE 2.0 Act of 2022, the penalty for missed RMDs was 50% of the amount not taken! If there was a good reason for missing the RMD deadline, the IRS had been known to waive the penalty under many circumstances, if asked, but there were no guarantees.

SECURE Act 2.0 has reduced the penalty to 25%, and even down to 10% if the missed RMD is timely corrected, which involves taking the RMD and filing Form 5329.

Prior to SECURE 2.0, the IRS could go back indefinitely to assess the missed RMD penalty, but SECURE 2.0 created a statute of limitations (SOL) of 3 years, which is actually 6 years. Confused yet? As of 2022, taxpayers can limit the IRS to a 3-year lookback period only by filing Form 5329 each year with documentation showing why you believe there is no missed RMD for that year (and therefore no penalty.) Because there is no SOL for years prior to 2022, unless you file Form 5329, you will not be limited to a 3 year lookback until 2027!

For more information protecting yourself from missed RMD penalties, consider speaking with a member of Ed Slott’s Master Elite Advisor GroupSM. Click [HERE](#) to schedule a 15 minute conversation with Julia.

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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](#).

[Meet the Team](#)

## KEY POINTS

- “Financial independence” conjures up feelings of freedom and liberation.
- Try to avoid being distracted worrying about things you can’t control and make the most of the factors you can control.
- Know your numbers - how much should you be saving to be on track for your financial independence?
- It takes a village: a Certified Financial Planner® professional can help you weight the trade-offs of your choices and decisions and create a unique plan tailored to your needs and objectives



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