



AN INDEPENDENT REGISTERED INVESTMENT ADVISOR

Winter 2024

Volume 45  
Issue 1

A Review of '23 and a Look  
Towards '24

12 Wishes for the New Year

Transportation's Evolution

A wealth management practice providing tailored solutions through a collaborative client experience for over 40 years

[www.SullivanInternet.com](http://www.SullivanInternet.com)

The Financial Advisor Newsletter

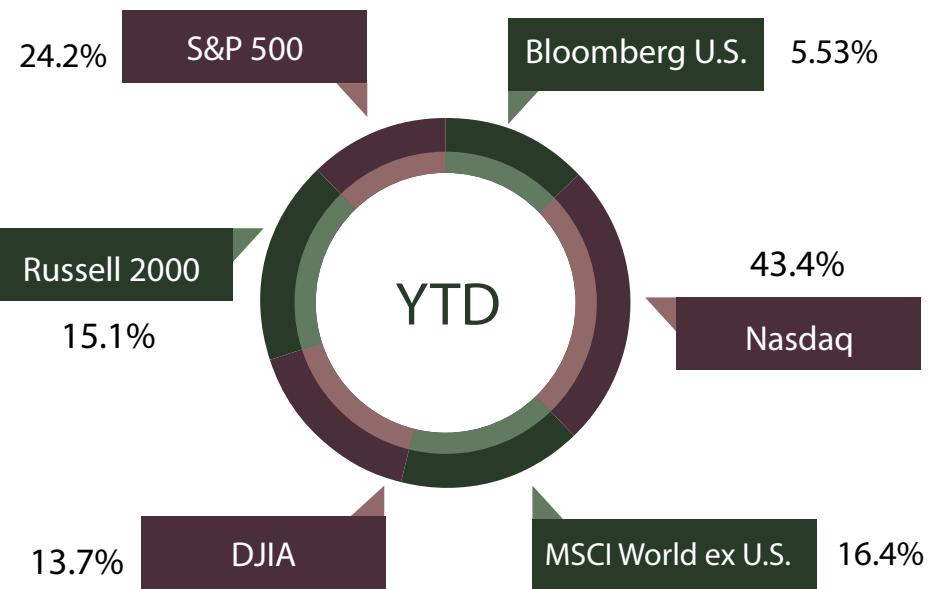
Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Investment advisory services offered Raymond James Financial Services Advisors, Inc. and Sullivan & Associates. Sullivan & Associates is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc.

# CONTENT

- 2 A Review of '23 and a Look Towards '24
- 4 Did You Know
- 4 Sullivan & Associates News
- 5 The Infographic
- 7 Transportation's Evolution

Front cover photo taken by Patrick L. Sullivan

## ECONOMIC SNAPSHOT



Source: WSJ, 01/02/2024 & FactSet, 01/03/2024. Inclusion of these unmanaged indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will effect actual investment performance. Individual investor results will vary. Past performance does not guarantee future results. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing the stocks of 30 companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Nasdaq composite is an unmanaged index of securities traded on the Nasdaq system. (The Dow Jones Global ex US is a stock market index measuring equity securities traded globally in 64 countries, excluding the U.S.). The Bloomberg US Aggregate Bond Index is a benchmark index composed of US securities in Treasury, Government-related, Corporate, and Securitized sectors. The Russell 2000 index measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

## KEVIN'S VIEW

### A REVIEW OF '23 AND A LOOK TOWARDS '24

2023 was an interesting year, because while overall the economy and the financial markets did, by almost all accounts, very well during the year, if you talk to most people, they felt the year was a struggle. I think a couple of things contributed to this. The first was a kind of hangover from Inflation. Inflation, by most measures, has slowed, but that still leaves prices at elevated levels from their historical averages. In some cases pay has increased, but typically not enough to cover the inflation we have had for the last two to three years. Consumers are still feeling stretched, although that seems to not have slowed their spending.

The second thing that has people feeling out of sorts is the increase in Geopolitical Risk we have seen. In February of 2024, we will see the second anniversary of the Russian invasion of Ukraine and there does not appear to be any likely end to the fighting. In 2023 we saw the Palestinian attack on Israel and Israel responding by attacking the Gaza Strip. Even in the Western Hemisphere we have seen Venezuela vote to annex a large portion of Guyana. The level of uncertainty in the world seems to be on quite the upward trend.

As we look to 2024, we see a number of factors come into play regarding the financial markets and the economy. First of all, it is a presidential election year. Since World War II, the equity markets have only been down twice during a presidential election year. Of course, there is no guarantee regarding that this year, but it is typically in all elected officials' interest for the economy to be good if they want to be re-elected.

The next question for 2024 is what will the U.S. Federal Reserve (the Fed) do with interest rates? Inflation seems to have been contained. Additionally, job openings have started to trend downward which is typically a sure sign that the economy has slowed. There is a lot of discussion on when the Fed may start lowering rates to stimulate the economy. It may be some time though before they actually start that process in our opinion. The dangers of reigniting inflation are still very strong.

Beyond our borders in the United States, we continue to see some opportunities internationally, with the additional risk international investments bring along with them. We still have some serious concerns regarding China and their ability to thrive given demographic trends and their place in



a post-globalization world economy. Europe is also in the process of redefining itself due to the same issues, along with the conflicts surrounding its outer borders.

Finally, we believe we will continue to see rapid growth in technology, specifically in the Artificial Intelligence (AI) space. AI seems to be following a normal adoption path with last year everybody getting very excited and

trying things like ChatGPT, then the “newness” wears off, and those who are actually going to use the technology start building things. It is very reminiscent of the “dot.com” era of the internet, where everyone jumped in only to find it wasn’t what they expected and jumped right back out in the early 2000s. Fast forward to now and see how much the internet has spread into almost every part of our lives, for good or bad.

It is hard to believe we are almost a quarter of the way through a new century in 2024. For our clients and investors, we continue to focus on the long-term with your goals in mind. If your goals or your level of comfort with risk and volatility have changed, please reach out to us so we can make the appropriate changes in your plans.

We sincerely, thank you for your continued trust and we look forward to working with you in the new year! □

The highest compliment we can receive is when you let  
your families and friends know about us.

**Referrals Welcome!**

## DID YOU KNOW?

Retirement Plan Contributions Limits	2023	2024
401(k)/403(b)/457 Elective Deferrals	\$20,500	\$23,000
Catch-Up Contribution Limit	\$7,500	\$7,500
SIMPLE Employee Deferrals	\$15,500	\$16,000
SIMPLE Catch-Up Deferrals	\$3,500	\$3,500
Traditional/Roth IRA Contribution Limit	\$6,500	\$7,500
Catch-up Deferrals Contribution Limit	\$1,000	\$1,000

## WINTER/ SPRING 2024 MARKET CLOSURES

Monday, January 1st- New Year's Day

Monday, January 15th- MLK Jr Day

Monday, January 19th- Washington's Birthday

Friday, March 29th- Good Friday

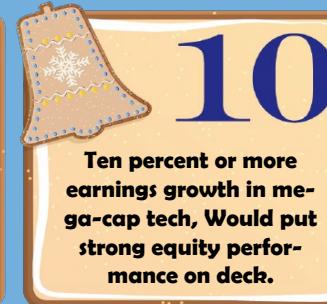
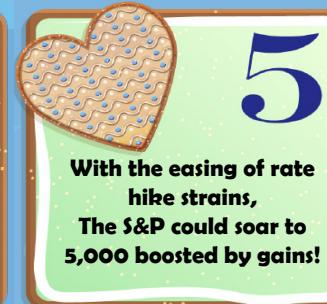
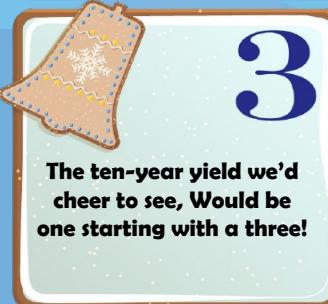
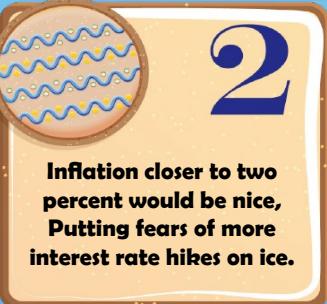
## SULLIVAN & ASSOCIATES NEWS

We are pleased to announce the hiring of Allison Valin to the position of Administrative Assistant/ Receptionist. While originally from Allen, Texas, Allison has been a resident of Colorado since 2004. Allison has spent much of her professional career as a licensed Aesthetician. For the last five years, she has worked in the finance industry, primarily with student loans. Allison is currently considering returning to school to pursue a degree in either finance or accounting. Allison has been a fixture at the front desk and behind the phone since October. She has enjoyed every client that has come into the office thus far and looks forward to meeting and assisting all clients.

While Katelyn is no longer at the front desk, she is still in the office and with the company. She has taken over as a Client Service Manager for Mikayla. At the end of November, Mikayla relocated to Georgia with her husband and children. Mikayla was not only a longtime employee of Sullivan & Associates, but a returning employee. Although we will all miss her, we wish her all the happiness and luck that Georgia can offer.

Please join us in welcoming Allison, congratulating Katelyn, and wishing Mikayla well. We would also like to give a special thank you to the rest of the staff here at Sullivan & Associates who have helped throughout these transitions. □

# 12 WISHES FOR THE NEW YEAR



There is no assurance the "wishes" mentioned will occur. Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the chief investment officer and are subject to change. Past performance is not an indication of future results and there is no assurance that any of the forecasts mentioned will occur. The S&P 500 is an unmanaged index of 500 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. An investment cannot be made directly in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns. International investing involves additional risks, such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Dividends are not guaranteed and will fluctuate. Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, Certified Financial Planner™, CFP® (with plaque design), and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements. Investments & Wealth Institute™ (The Institute) is the owner of the certification marks "CIMA" and "Certified Investment Management Analyst." Use of CIMA and/or Certified Investment Management Analyst signifies that the user has successfully completed The Institute's initial and ongoing credentialing requirements for investment management professionals. CFA® and Chartered Financial Analyst® have registered trademarks owned by CFA Institute.

# TRANSPORTATION'S EVOLUTION, FROM ELECTRIC BUSES TO HYPERLOOP

## PLANES, TRAINS, CARGO SHIPS AND AUTOS ARE GETTING HIGH-TECH HELP IN EASING OFF THE FUEL PEDAL

**B**ack in 2008, a Popular Science magazine cover asked the question we had all been thinking: "Where's my flying car?" Tesla CEO Elon Musk's advice? Do not hold your breath.

While we cannot yet hover in style like the Jetsons, transportation has become cleaner and more efficient in the past decade. Worldwide, electric vehicles (EVs) are expected to make up more than half of passenger car sales by 2040, with even better prospects for electric buses, according to BloombergNEF. Amazon is one company making big strides, with its recent order of 100,000 electric delivery vans from startup Rivian. Aiding this trend is the rollout of wireless charging of EVs via induction coils embedded in the road, now used for buses in European cities. Mainstream adoption of EVs is just a matter of time, as innovation continues, and more charging stations are built.

Want to get somewhere fast? Virgin Hyperloop One is working on building high-speed passenger and cargo transit that can zip through tubes at up to 700 mph. So far it has a test track in California, and it hopes to build a 22-mile route in Saudi Arabia.

Transit that is cleaner, greener and provides a better user experience is in various stages of development around the globe. We look at how this vital driver of economic activity is changing along with the times.

### The Future of Flight

First, the good news for aviation: better engines, wing modifications and lighter materials have helped airlines increase their fuel efficiency **130% in the past 40 years**. "Airlines have been extremely focused on this," says Savanthi Syth, managing director and airline analyst at Raymond James. In addition to updating their fleets, "they're using data and technology to figure out how to fly in a way that uses the least amount of energy." You can even spot improvements before wheels-up: "You may have heard of APUs, auxiliary power units," notes Syth – these small engines have eliminated the use of jet fuel while taxiing.

The airline industry is also one of the few that have pledged to uphold an international emissions reduction goal. Through CORSIA, established by the U.N. body for air travel, companies have agreed to make all growth in international flights carbon neutral.

As progress in efficiency has begun to plateau and people are flying more, some people hope for a technological breakthrough that could swoop in and save the day. “Airlines would love electric aircraft, but right now it’s just not realistic,” says Syth. Experimental aircraft, like NASA’s all-electric X-57 Maxwell plane that took its first test flight in 2020, offer hope for the long term. In the meantime, airlines have been investing in renewable fuel technology, Syth says, and buying high-quality carbon offsets. “You want to feel like you’re flying an airline that does good, so this is all extremely important to airlines.”

Delta and JetBlue have pledged to make major investments in carbon offsets with the goal of becoming carbon neutral, though as the coronavirus pandemic continues to impact the global economy, those ambitious company targets might be adjusted.

### Cleaner Ships on the Horizon

Container ships are essential to trade, and to date there is not a more economical way to transport metric tons of goods across oceans. However, these vessels burn sludge-like heavy fuel oil because it is cheap, emitting significant carbon emissions.

They are going to have to find a cleaner form of power. New international regulations require ship owners to buy scrubbers to clean their exhaust or purchase cleaner fuel at a premium – though the scrubbers may have side effects. “They are looking at [open loop] scrubbers and saying, ‘Well, you’re

taking care of air pollution, but you might actually be polluting the water,’” Syth says. It is a tradeoff to weigh carefully, much like the consequences of eliminating single-use plastics on planes: “You’ve seen airlines really look at reducing plastic use, but you can’t have too many heavy things because you’ll end up burning more fuel.”

Even tougher shipping standards are planned for 2050 through the United Nations International Maritime Organization (IMO): **emissions must be half of what they were in 2008**. Now the race is on to create container ships with the technology to meet those emission standards. Liquified natural gas and hydrogen could be options, though there are barriers to adopting now that must be overcome. But the IMO has set the course for greener cargo transport.

### Treading Lightly

A world with a wider variety of green transportation is not that far off. With engineers hard at work on autonomous vehicles and extremely efficient aircraft, cities switching existing transportation systems to electricity and more stringent fuel efficiency standards coming online, the future of mobility looks bright. □

# TAILOR YOUR TAXES FOR RETIREMENT

## FROM WITHDRAWALS TO CONVERSIONS, TAXES IN RETIREMENT CAN BE A BALANCING ACT

After a fruitful career and plenty of practice paying taxes, you may feel prepared for the tax man in retirement. But a review of your post-retirement taxable income may yield some surprising insights. Examining your position can help you design ways to optimize your current investment strategy. Taking a fresh look at both fixed and flexible expenses provides the opportunity to ask questions and have discussions with your financial advisor about the tax implications of your total portfolio. When it comes to taxation, the more thorough the examination, the better.

### Solopreneur? Take Deductions

If you are still working as a solopreneur, you can deduct Medicare Part B and D premiums – even if you do not itemize. Supplemental Medicare and Medicare Advantage costs are also deductible. But not everyone can deduct – this only applies if you do not have access to a health plan for your business or through your spouse's employer or business.

### Taxes on Social Security Income

Despite any widespread myths to the contrary, Social Security is taxable income. You could pay tax on up to 85% of your Social Security income

under certain circumstances, so beware of your filing status and annual income. For example, if you file a return as an individual and your adjusted gross income plus nontaxable interest, in addition to half of your Social Security income, is more than \$34,000, you will pay tax on up to 85% of that benefit. Adjusted gross income covers everything, from wages (if you are still working) to rental income and, most importantly, any withdrawals from 401(k)s and IRAs. However, Roth IRAs are exempt.

### Offsetting Required Minimum Distributions

Depending on your portfolio, required minimum distributions (RMDs) can bump you into a higher tax bracket than you were expecting. It is important to take RMDs into consideration every year and factor in what you will be required to take out of your retirement accounts starting at 72 (or earlier if your plan allows). One way to balance an increased tax burden is with a qualified charitable distribution (QCD). After 70 1/2, you can donate up to \$100,000 a year to an eligible charity directly from your traditional IRA – and you will not have to pay any taxes on it. QCDs can also be a way to meet your RMD, with the caveat that you cannot then itemize the donation as a charitable deduction on your return.



## To Convert or Not to Convert

If you have retirement funds in traditional IRAs or 401(k)s, you have the option to convert these to a Roth at any time. This strategy could potentially lower future taxes – but you will have to pay taxes in the year you convert. Look at current tax rates and potential future income from your assets and talk to your advisor and tax professional to forecast whether Roth conversions would make sense for you.

## The Right Amount of Withdrawals

Conventional wisdom says to follow the “4% rule” – withdrawing no more than that amount of your retirement portfolio every year. But this is only a general guidance – and deserves to be revisited, especially when there are market waves, inflation, or other headwinds. Be sure to set up a time to renew and adjust your withdrawals as needed to manage your income bracket most effectively.

Tax implications can be overlooked too often when the focus has been on saving and investing for many years. Whether you are pre-retirement or post-retirement, there is always an opportunity to review – and adjust. □

#### **Privacy Notice:**

Sullivan & Associates is committed to protecting confidentiality of the information furnished to us by our clients. We are providing you this information as required by Regulation S-P adopted by the Securities and Exchange Commission. Information about you that we collect: We collect nonpublic personal information about you from the following sources: information we receive from you on applications or other forms or through our web site; information about your transactions with us, our affiliate or others; and information we may receive from a consumer reporting agency. Our use of information about you: We may share information about you with other companies in the Raymond James family - that is, companies that are owned by Raymond James Financial. In certain rare cases, we may share information with professional designation oversight bodies if an investigation is being conducted. Otherwise, we do not disclose any nonpublic personal information about you to anyone except as permitted by law. We follow the same policy with respect to nonpublic information received from all clients and former clients. How we protect your confidential information: Sullivan & Associates has policies that restrict access to nonpublic personal information about you to those employees who have need for that information to provide investment alternatives or services to you, or to employees who assist those who provide investment alternatives or services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information. Opt-Out Procedure: If you prefer that Sullivan & Associates does not take your nonpublic personal information and use it at a nonaffiliated firm, you may direct us not to make or permit such disclosures by contacting us at the following toll-free number: 1-866-423-7237.

#### **Disclosures:**

The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary of statement of all available data necessary for making an investment decision and does not constitute a recommendation. Some material created by Raymond James for use by is advisors. Any opinions are those of Kevin Sullivan and not necessarily those of RJFS or Raymond James. Investments mentioned may not be suitable for all investors. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of RJFS, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional. There is no guarantee that the statements, opinions or forecasts provided herein will prove to be correct. Please note that international investing involves risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in emerging markets can be riskier than investing in well-established foreign markets. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. Investing involves risk and investors may incur a profit or loss regardless of strategy selected. Diversification and asset allocation do not ensure a profit or protect against a loss. Dividends are not guaranteed and must be authorized by the company's board of directors. Re-balancing a non-retirement account could be a taxable event that may increase your tax liability.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP®, and CFP® in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Sullivan & Associates is registered with the State of Colorado as an Investment Adviser. Registration does not imply a certain level of skill or training. Pursuant to the Colorado Securities Act and Rules under the Act, we are required to offer you a copy of our current Disclosure Statement (Part 2 of the Registration Form ADV) upon your request. If you would like to receive a copy of the disclosure statement, please write to: Sullivan & Associates, 1229 Lake Plaza Dr, STE B, Colorado Springs, CO 80906.



1229 Lake Plaza Drive  
Colorado Springs, CO 80906

Your Dreams. Your Goals. Our Priority.

## STAY IN TOUCH

**Kevin P. Sullivan, CFA, CFP®, AIF**  
Wealth Manager, Branch Manager  
[Kevin.Sullivan@RaymondJames.com](mailto:Kevin.Sullivan@RaymondJames.com)

**Kristin Maksimowicz**  
Office Manager  
[Kristin.Maksimowicz@RaymondJames.com](mailto:Kristin.Maksimowicz@RaymondJames.com)

**Maryann Fulop, CRPS®**  
Investment Executive  
[Maryann.Fulop@RaymondJames.com](mailto:Maryann.Fulop@RaymondJames.com)

719-576-4500 or 877-423-7237

**Katee M. Driscoll**  
Financial Advisor  
[Katee.Driscoll@RaymondJames.com](mailto:Katee.Driscoll@RaymondJames.com)

**Allison Valin**  
Administrative Assistant/Receptionist  
[Allison.Valin@RaymondJames.com](mailto:Allison.Valin@RaymondJames.com)

**Katelyn Olson**  
Client Service Manager  
[Katelyn.Olson@RaymondJames.com](mailto:Katelyn.Olson@RaymondJames.com)