

# The Bulletin

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 **Peck | Bulgin**  
Wealth Management  
of  
**RAYMOND JAMES®**

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## From the Desk

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**3 Benefits of Tax Loss Harvesting**

As another tax season draws to a close, it's the perfect time to consider strategies for the future.

Let's explore one such strategy that could potentially reshape your approach to taxes and investments: tax loss harvesting.

In simple terms, tax loss harvesting is a technique used by investors to leverage investment losses to offset taxable gains, ultimately reducing their tax bill.<sup>1</sup> Here are three major benefits:

1. **Save on Taxes:** Utilize tax loss harvesting when you file your income taxes to lessen what you might owe on capital gains.<sup>2</sup> If there are no gains in a given year, you can carry forward the losses to offset future gains, helping manage your tax liabilities over multiple years.
2. **Grow Your Portfolio:** By reinvesting the savings gained from tax loss harvesting, you allow these funds to compound over the life of your investments. This may significantly enhance the financial growth of your portfolio by leveraging small savings into substantial gains over time.
3. **Turn Volatility into Opportunity:** Although market fluctuations are beyond control, tax loss harvesting lets you take advantage of these ups and downs.<sup>3</sup> Selling assets during a downturn can reduce your taxable income and provide a strategic benefit, transforming market volatility into a tax planning opportunity.

If you have questions about how tax loss harvesting can benefit your specific financial situation, or if you need assistance implementing this strategy effectively, don't hesitate to reach out. Let's optimize your investments together.

Sources:

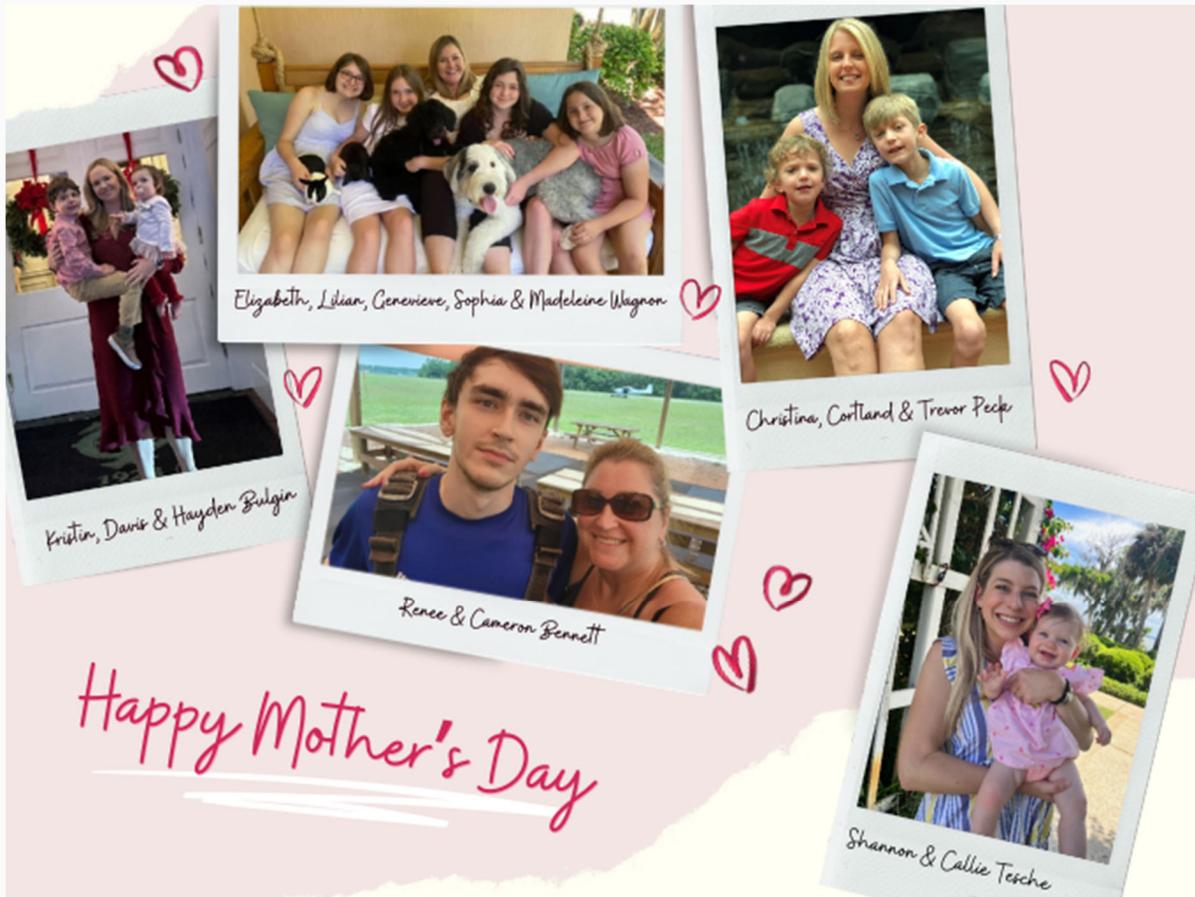
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<sup>2</sup> IRS (n.d.). Publication 550 (2023), Investment Income and Expenses. Retrieved April 19, 2024, from [https://www.irs.gov/publications/p550#en\\_US\\_2021\\_publink100010601](https://www.irs.gov/publications/p550#en_US_2021_publink100010601)

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Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

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## Happy Mother's Day

It's time to honor the extraordinary women who have shaped our lives with boundless love, unwavering support, and endless sacrifices.

On Mother's Day, we pay tribute to the nurturing figures who have held our hands through every triumph and trial, who have whispered words of encouragement in our darkest hours, and who have infused our homes with laughter, warmth, and unconditional affection.

To our mothers, we wish you a day filled with joy, appreciation, and cherished moments with those you hold dear.

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# In the Spotlight

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# WHAT ARE WE?

## Thinking About

Jesse Peck

Interest rates. The Federal Reserve. Interest rate cuts. Artificiality in the marketplace. All of it. Let me explain. In 2023 and in the beginning of 2024, the market priced in 6-7 interest rate cuts this year. Goldman Sachs decided to be “measured” and “conservative” and go against the grain in January to suggest that they were pricing in “only” 5 rate cuts in 2024, beginning in March and putting the Fed Funds rate at 4.6% at the end of 2024. There are some incredibly intelligent,

informed and experienced folks that have been stating this and similar. But for over a year, these prognostications have left us scratching our heads. The sticking point about interest rate cuts is that in order for the Fed to be able to cut rates, two things must be present 1) Need and 2) Ability.

For the Fed to cut, the need must be present. The economy must be slowing. It must be soft enough and on such unsure footing that rates need to be lower in order to foster spending, investment and growth. That is not the case. Are there areas of softness? Absolutely. But areas of softness always exist and most of the data in the last several months suggests a tight labor market and healthy spending. Thus, at the moment, the need for cuts does not exist. Could it by year end? If the data starts to show genuine slowing in the economy, then absolutely. That is not the case at the present time, however. The second component that must be present in order for the Fed to cut rates is ability. The Fed must have the ability to cut rates while controlling inflation. In an economy that is slowing, where either deflation or disinflation are present or are becoming present, the Fed can cut rates in order to inspire consumers and business to borrow, invest and purchase. This in turn grows the economy. However, when inflation is already running high, cutting rates is akin to pouring gasoline on a fire. When the fire is already going and you don't want it to spread, you control the size and keep it contained. What you don't do is dump the nearest highly flammable liquid you can find all over it. That said, will interest rates be cut in 2024? Yes. No. Maybe. The reality is that no one knows. I doubt the Fed at this point in time even knows. At the present time, the economic data largely suggests no. However, we are in an election year and even though the Chairman of the Federal Reserve is supposed to be above politics, he or she is appointed by the President. So, it stands to reason that, if possible, that person would like to help the President out, if possible, with a shot in the arm to both the economy and markets. My very arbitrary guess is that we see 1 cut towards the very end of 2024. Enough for the Fed to say they did something without making a huge directional bet. But ask 99 other people and you will have 100 different opinions. Regardless, 2024 will be an interesting year to watch what unfolds.

### **Loving Right Now**

**Elizabeth Wagon**

Spring and all the sights, sounds, smells, and tastes that come with this season of new beginnings is what I am loving right now. The beautiful Florida weather we are experiencing in Jacksonville is truly a joy to behold. To me, life is much lighter and happier when accompanied by great weather! During the 2020 quarantine, my husband built a daybed swing for our lanai (pictured in our Mother's Day feature) and I love to swing the evening away chatting with my daughters, reading a good book or watching the St. Louis Cardinals baseball game during this beautiful season. He also

planted a wall of jasmine directly across from the swing so the aroma is truly exquisite! Our magnolia trees are in full bloom, the orange trees have tiny fruit, the birds (more specifically, cardinals) are chirping, the grass is the perfect shade of green, and the soft spring breezes blow the water gracefully across the pond. To further stimulate the senses, I like to craft a delicious Lavender French 75 (our featured cocktail for May) to sip on while enjoying the evening outside. If spring had a flavor, this would be it! Definitely a must try! During this spring season of change, our daughter accepted an appointment to the United States Merchant Marine Academy in New York. Before she leaves for college later this coming summer, it is especially important to me to spend plenty of spring evenings with my family, enjoying the six of us all being together for one final spring! I hope you are able to take a few moments to enjoy all the best that spring bestows upon us. Happy Spring to each of you!

### **Eating**

**Will Tesche**

It's Grilling Season! With the arrival of Spring, we have been grilling out every Sunday as a family. It's a great way to spend time with your family, prepare a wonderful dinner, and meal prep for the week. It's also fun to experiment with new marinades, seasonings, and rubs. Our usual line-up involves chicken, steak, sausages, and veggies. Once we have fresh and healthy food grilled, it makes it easier to prep lunches to bring into work as well. Nothing like grilled chicken on top of a fresh salad for lunches. No matter what it is, firing up the grill brings everyone together, and it always tastes better when you grill it yourself!

### **Reading**

**Renee Bennett**

Please let me be clear, this is not a political diatribe. I love reading about history and the changing political landscape which has drastically changed over the past decade. Recently, I found a book at a thrift store that I thought would be an interesting read due to the current political turmoil in the US. The book was "Let Trump Be Trump", the inside story of his rise to the Presidency. This book was written by his campaign insiders, more of a memoir of what it is like to live in Trump World. I am fascinated about his success as a business owner and more importantly the way he has built relationships that have been a huge part of what has gotten him to where he is today within the political atmosphere. I enjoy reading non-fiction memoirs, as I find historical progression and biographies an enjoyable learning opportunity. This book covers many of his daily routines, conversations, demands of his staff and his personality traits that you do not get to see in the commercial media. If you like non-fiction and are interested in the day-to-day political landscape

and are somewhat curious about the Trump World, you may find this an interesting and sometimes comical read.

### **Watching**

**Casey Bulgin**

Among the movies that were absolutely iconic to my childhood was The Karate Kid. I had heard there was a TV series that came out five or six years ago that brought back some of the characters from the original movie as a continuation of the original plot line. I have to be honest that I didn't have very high hopes since these "fast forward" storylines always seem to disappoint, but I am very glad I gave it a shot. The series, Cobra Kai, is set thirty-four years after the famous All Valley Karate Tournament where Daniel Larusso (Ralph Macchio) defeats Johnny Lawrence (William Zabka) with the famous crane kick. Daniel is now a highly successful car salesman and Johnny is an unemployed borderline alcoholic dealing with depression. The show centers around a new karate studio that Johnny Lawrence opens up after helping a teenage neighbor who turns into his prized pupil. Seeing the success of this studio and his bitter rivalry, Daniel also opens his own competing karate studio. The rivalry continues between these two as their paths continue to cross. This is a fantastic show as it shows that Johnny Lawrence, who was depicted as the super villain in the original movie, as a guy who might not have been that bad after all. Daniel and Johnny continue their rivalry but even come together as the two of them work to connect with their children. I am in the third season, and they have brought back many cast members from the original movie in very unique ways. They are in their fifth season with the sixth in development this year. This is a show I am forced to slowly tackle on airplanes or after everyone in my house is asleep because my wife wants no part of watching a "karate show."

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## Memorial Day

“For love of country they accepted death, and thus resolved all doubts, and made immortal their patriotism and their virtue.” -James A. Garfield

Today, we remember and honor all who have made the ultimate sacrifice for our country and freedom. Our offices and the markets will be closed in observance of Memorial Day.

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# Articles

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## Take your business skills to the nonprofit sector

*What business leaders should know about the nonprofit sector.*

Successful business leaders and entrepreneurs often have opportunities to serve on the board of directors of nonprofits or may even want to form their own nonprofit to pursue a cause they are passionate about.

[Learn About Nonprofit Opportunities](#)



## Managing cash, the essential fuel of your business

*Learn more about how to strike the right balance with your business's cash management.*

It's important for your business to have cash on hand to meet everyday expenses, pay salaries and suppliers, invest in new equipment, real estate or technology, fuel growth and expansion – and manage unexpected expenses and economic downturns.

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## Strike the Right Balance



## Protecting your Social Security payout

*To handle payments for a disabled senior, it's not enough to put powers of attorney, medical directives or guardianship arrangements in place.*

One in three seniors will die with dementia.<sup>1</sup> It's a sobering statistic, and when you consider it alongside increasing longevity, it's easy to see why planning for the potential impact of diminished capacity on your or a loved one's future finances is critical.

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## Protecting You and Your Loved One

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## **Alternative investments: Thinking beyond the traditional asset classes**

*Discover the reasons investors diversify their portfolio with alternative investments.*

Alternative investments, with unique strategies and structures, can offer different risk return patterns than traditional stocks, bonds and cash.

**Investing in Alternatives**

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## 5 Ways to Incorporate Unexpected Cash in Your Financial Plan

Receiving an unexpected sum of money can be a welcome surprise, but deciding what to do with it can be a challenge. Should you save the money or pay down debt? Invest the funds or donate to charity?

While rushing to book a vacation with proceeds from a windfall may be tempting, it might be more rewarding to use the funds to shore up your finances for the long run. Here are five strategies to consider:

### 1. Grow your emergency fund

A robust emergency fund provides security for financial emergencies. Even if you feel confident about your emergency savings, padding your fund with some of your windfall money can further prepare you for financial curve balls, especially in an uncertain economy.

### 2. Save for retirement

Adding a windfall to a tax-advantaged retirement account can be a powerful way to potentially grow that extra money over time. If you have a 401(k) through an employer, you won't be able to contribute a lump sum to that account, but you can open a traditional or Roth IRA and fund it with your windfall. The 2024 contribution limit for either type of IRA is \$7,000 for people younger than 50 and \$7,500 for those older than 50.<sup>1</sup>

### 3. Invest for the future

If you've maxed out your tax-advantaged investment options, investing through a taxable brokerage account may be the next best way to turn a lump sum of cash into long-term wealth. A financial planner can help determine how to invest to complement your tax-deferred portfolio to help you achieve long-term financial goals.

#### **4. Prepay your mortgage.**

A windfall can make a big impact on your mortgage, depending on how much you owe. If you are considering this choice, be sure to ask your lender to put the windfall toward paying down your loan principal, which will reduce your interest payments long-term.

Before prepaying debt, consider opportunity cost, the idea that money used for one purpose can't be used for another. Paying down debt could make the most sense if interest payments on the debt are higher than expected returns from your investment portfolio, for example.

#### **5. Donate to charity**

Contributing to causes you care about is a simple way to put your values into action and do good in your community while also reducing your tax liability. In most cases, you can deduct up to 60% of cash contributions to public charities, including donor-advised funds.<sup>2</sup>

#### **Choosing the best option for you**

The best use of a windfall depends on your individual circumstances. If you've already maxed out your retirement accounts, paying down your mortgages or donating to charity to reduce taxable income may be a better fit. You can also split a windfall among several options to maximize your advantages.

Additionally, before you spend any of your windfall, you'll need to determine if you owe taxes on it. Cash gifts under \$18,000 from individuals are generally not taxed,<sup>3</sup> but other lump sums you may receive, like a bonus from work or lottery winnings do count as income and you'll be taxed accordingly.

Determining the best use of a windfall can be challenging, especially if you feel pulled in multiple directions. Work with your financial advisor to figure out the best course of action as part of a long-term wealth management plan.

Sources:

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<sup>1</sup> "401(k) limit increases to \$23,000 for 2024, IRA limit rises to \$7,000." Internal Revenue Service, 1 Nov. 2023, <https://www.irs.gov/newsroom/401k-limit-increases-to-23000-for-2024-ira-limit-rises-to-7000>

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# Market Recap

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	12/29/23 Close	04/30/24* Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	37,689.54	37,815.92	+126.38	+0.34%
NASDAQ	15,011.35	15,657.82	+646.47	+4.31%
S&P 500	4,769.83	5,035.69	+265.86	+5.57%
MSCI EAFE	2,241.21	2,285.03	+43.82	+1.96%
RUSSELL 2000	2,027.07	1,973.91	-53.16	-2.62%
BLOOMBERG AGGREGATE BOND	2,162.21	2,099.06	-63.15	-2.92%

Performance reflects index values as of market close on April 30, 2024. Bloomberg Aggregate Bond and MSCI EAFE figures reflect April 29, 2024, closing values.

*The S&P 500 experienced its first 5% pullback since October 2023, but the long-term outlook remains positive.*

In April, the S&P 500 experienced its first 5% pullback since October 2023. This wasn't surprising since the market had advanced over 25% from then and investors were brimming with optimism about future stock market gains. With bullish sentiment tempered, attention should focus on earnings results to re-assert the market's upward momentum.

See Full Market Update

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### Lavender French 75

This month we are toasting all mothers and mothers-at-heart with the Lavender French 75.

This refreshing spring cocktail is sure to please mom on her special day!



#### *Ingredients & Directions:*

1 ½ oz Empress Gin 1908  
¾ oz freshly squeezed lemon juice  
½ oz Monin lavender syrup  
Champagne, sparkling wine, or sparkling water  
Lemon wedges for garnish

Fill cocktail shaker with ice and add first three ingredients. Strain into chilled martini glass and top off with Champagne or sparkling water. Garnish with lemon wedge. Cheers!

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## Let's Connect!





## Caring Relationships Begin Here

**Let's Have a Conversation**

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Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results may vary.