Insights: Volume 1, Issue 3

From the Desk of John E. Thorsen III: A Year in Review

While it has been just over a year since we opened Thorsen ~ Hixenbaugh ~ Kovaleski Wealth Advisors, a lot has happened. We are so thankful for all of you that have joined us and appreciate your efforts (and sometimes aggravations) in learning new systems, creating online access, reading different statements, etc.

Our team works with people's life savings and we are only successful by earning the trust and confidence of the clients we serve. I am happy to let you know our team today works with a level of clients' assets equal to 90% of the assets our current group worked with before we moved. Our industry is absorbed with statistics, and it has been my experience over the last 33 years, when an advisor or team changes brokerage firms they are expected to be working with about 70% to 75% of the level of former assets after a year. In addition to you transferring and adding to your investments, many of you have also referred us new clients. We appreciate your introductions, as well as our new clients. Thank you for your continued business!

We are so glad that five (Debbie, Mike, Jack, J. R. and myself) of the six advisors from our old team joined together to start our new team. We are so appreciative that the four associate team members, Karen, Patty, Donna and Sarah, each with over seventeen years of experience working with our team, agreed to join us at our new firm. We are also happy to welcome Beth, our former JPMorgan internal representative, to our team.

Please know we are all, as a team, here to assist you. You have our whole group assisting you and for years we have helped each other better serve you. (*Continued on page 2*)

Focus on Year-End Tax Planning

Our company is committed to helping you succeed across all areas of your financial life. Here are five considerations to think about when it comes to tax planning.

Five areas to consider at year-end:

1. Analyze your investment portfolio.

- Review your portfolio to help ensure your allocation still aligns with your goals.
- Assess tax consequences if you have sold assets earlier in the year.
- Review tax-loss selling strategies if you have capital gains but wish to keep exposure to a depreciated sector or security.

2. Manage your taxes.

Evaluate the pros and cons of deferring taxable income, if you expect to be in the same or a lower tax bracket next year. *(Continued on Page 3)*

***From the Desk of John E. Thorsen III:* A Year in Review**

(From Page 1) Our clients are often not aware of what our team does behind the scenes. Like your favorite sports team, theater show, musical band, or TV show you may focus on one star, but realize that there is often a large cast of team members that work to make the star better. When Debbie and I started as solo Financial Advisors in 1983, we simply could not deliver all the services and ideas that our team is able to provide our clients today. It makes sense to think five advisors can better guide than one or two.

We are also thankful for our corporate affiliate, Wells Fargo Advisors Financial Network. The news about the bank caused us some longer conversations after we joined, and no one is happy with what the bank did in years past. Wells Fargo Advisors Financial Network has been a strong partner providing what we feel is better research, and a focus on allowing us to reduce fees and costs for our clients. The truth is almost every person or corporation, including Banks and Brokerage firms, make mistakes from time to time and the real test of value is what they do to try and make it right going forward. Thank you for understanding that Wells Fargo Advisors Financial Network is a separate entity from Wells Fargo Bank, N.A. We very much appreciate all of our clients that took the time to listen to the full story and decided to stay with us. We will do everything we can to continue to earn your loyalty and trust.

The future looks bright! We are pleased with the tools and connections we have now to assist you. We like the changes we have recommended to the portfolios and our ability to meet and adjust things going forward. Where possible, cutting your costs and fees will help keep clients happy. While there are always things to worry about, and today is no exception, our team is here to help guide you through the noise of what is happening in Washington, the variability in the markets, and all the screaming and shouting on 24 hour news stations. We will sometimes see corrections in the markets and bad things will happen from time to time, but be comforted that your team will be here to help you plan and guide you through both the good and challenging times.

We are honored you selected our team to help you. We remain committed to serving you and your well-being.

Continuing Relationships

We thank our investment company representatives for their continued relationship which continue to provide us the most up-to-date thought pieces, investment analysis, and market overview. Since this summer we have had excellent discussions with these companies: Columbia Threadneedle Investments, First Trust, Invesco, Janus Henderson, Neuberger Berman, PIMCO, Prudential, Putnam Investments, The James Alpha Funds, Thornburg Investments, TransAmerica, and Wells Fargo Advisors.

Consider Consolidating Your Financial Accounts

If you've changed jobs a few times over the years or possibly relocated, chances are you've left behind a string of retirement and other accounts along the way. This can make your financial life complicated and difficult to manage. More importantly, maintaining a number of accounts at a variety of different financial institutions is not the same thing as diversification. All good reasons why consolidating your assets with one financial service provider can provide some key benefits.

First let's consider two obvious benefits of consolidation: convenience and simplicity. Fewer accounts equal fewer statements, less paperwork at tax time, etc. Additionally, if you're investing with several providers you may be paying more fees than necessary. Generally, financial providers set fees based on account size—accounts with larger balances may qualify for break points and lower fees. Merging smaller accounts with one financial institution may provide opportunities to reduce account and transaction fees.

Consolidation also allows you to take control of your portfolio and manage it more effectively. If you have investments in a number of accounts, it's difficult to see your overall asset allocation, ensure that your holdings are properly diversified, and effectively manage risk. By maintaining multiple accounts, you may be overexposed to certain holdings while leaving others underrepresented.

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Bringing your investments under one umbrella can provide a better view of your financial picture and allow you to see where investment opportunities and potential risks exist.

Another investment-related benefit of consolidation focuses on tax efficiency. Bringing retirement accounts and investment accounts together with one service provider may make it easier to implement a tax-efficient investing strategy. With all your assets in one place, you can be sure the least tax-efficient assets are in accounts that offer tax-deferral or exemption.

If you're age 70 1/2 or older, you must take required minimum distributions (RMDs) from Traditional, SEP, and SIMPLE IRAs, as well as from any 401(k) or other retirement plan accounts left with former employers.

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- Talk to your CPA about increasing your tax deductions.

3. Maximize your tax-saving opportunities.

- Consider increasing your retirement savings for the year.
- Find the right type of IRA for you.
- If suitable for your circumstances, consider consolidating your assets.
- Take advantage of an FSA or HSA for health care expenses.

4. Protect what matters.

- Review your insurance coverage to help make sure it is adequate for your needs.
- Review your beneficiary designations and make any necessary adjustments due to life changes (i.e., marriage, divorce, birth of child/grandchild, death, etc.).

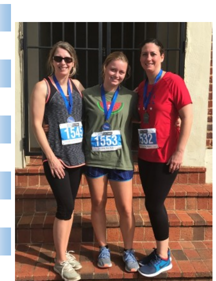
5. Leave a legacy.

- Review your estate plan to help ensure it is aligned with your wishes.
- Think about creating or adding to a tax-advantaged college savings plan.
- Consider developing a plan to complete charitable and family member gifts by year-end.

Taking the time to create, review, or update your investment plan can help you reach your short-term and long-term financial goals. Contact us to schedule a review of your financial situation.*

Our firm is not a legal or tax advisor. However, we will be glad to work with you, your accountant, tax advisor, and/or attorney to help you meet your financial goals.

Team Updates



"This picture was taken after the recent completion of my first 5k race in Dahlonega, GA! I was joined and coached by my daughter, Madison, and my sister, Sandy, who are both avid runners." ~Sarah

"Dan and I were able to take a trip up north and across the border. Here we are in front of the Canadian Falls during our trip to Niagara Falls." ~Debbie

"I was able to take my first trip to Europe thanks to my wife, Monica, earning a travel package from her work. We visited Barcelona and Paris. Here we are at the top of the Arc de Triomphe, overlooking the Avenue des Champs-Élysées." ~Jack

"Our daughter Lila celebrated this Halloween by Trick-or-Treating as her favorite Disney character, Minnie Mouse. It was the first time Lila was able to collect her own candy." ~Mike

My husband and I took our honeymoon this year to Greece and France. We had a great time visiting the sights including our trip to the Louvre in Paris." ~Beth

On a trip to visit my best friend in Texas I went on a few adventures including meeting my new friend Jake the bull while visiting the Fort Worth Stockyards." ~Patty

(From Page 3) Failure to take RMDs on time or in the right amount can subject you to a 50% IRS penalty tax. Having all retirement assets in one place can help simplify RMD calculations and payments.

Consolidation also can help you keep beneficiary paperwork current. It's important to always make sure all of your investment and savings accounts have up-to-date beneficiary information. This is especially important for retirement accounts, because beneficiary designations on retirement accounts supersede any instructions in your will or trust. Having fewer accounts to keep up with can help make it easier to manage this information.

If you decide to consolidate your accounts, make sure you consider all of the implications. Consolidating accounts might force you to liquidate certain investments that could result in unintended tax consequences. For instance, if you own appreciated employer stock in a 401(k) or other workplace retirement plan, you may no longer be able to take advantage of favorable tax treatment because of net unrealized appreciation (NUA) if you move those assets into an IRA. Other investments may carry surrender charges or other fees if you liquidate prematurely.

Consult with your tax professional and/or Financial Advisor before taking any action. Consolidating assets can offer a number of benefits but should only be done after careful consideration. The potential benefits of greater control, tax efficiency, lowers fees, and convenience may make sense for you.

If you are considering rolling over retirement plan assets from a previous employer, please keep in mind that rolling over assets to an IRA is just one of multiple options for your retirement plan. Each of the following options is different and may have distinct advantages and disadvantages:

- Roll assets into an IRA.
- Leave assets in your former employer's plan, if plan allows.
- Move assets into a new employer's plan, if plan allows.
- Cash-out or take a lump-sum distribution

When considering rolling over assets from an employer plan to an IRA, factors that should be considered and compared between the employer plan to an IRA, include fees and expenses, services offered, investment options, when penalty free withdrawals are available, treatment of employer stock, when required minimum distributions begin, and protection of assets from creditors and bankruptcy. Investing and maintaining assets in an IRA will generally involve higher costs than those associated with employer-sponsored retirement plans. You should consult with the plan administrator and a professional tax advisor before making any decisions regarding your retirement assets.*

Our firm does not render legal or tax advice.

*These articles were written by Wells Fargo Advisors Financial Network and provided courtesy of Thorsen~Hixenbaugh~Kovaleski Wealth Advisors in Orlando at 407.845.1080.

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