



EDUCATE

your guide through the workshop series



CONNECT

your guide to finding local professionals



TAX-WISE GIVING

your guide to tax-wise charitable giving

FINANCIAL & ESTATE LITERACY

Mission

To prevent financial abuse by educating seniors to take control of their financial, estate, and charitable giving decisions.

<https://itsyourmoneyandestate.org/>



WORKSHOPS

your guide through the
workshop series

IT'S YOUR MONEY

Why “It’s Your...”? Many people prematurely relinquish their financial and estate responsibility to others. This could be the spouse, children, neighbor, broker or the advisor. We believe the longer you stay in control of your money and estate, either through a fee only advisor (owes a fiduciary duty to you) or through your personal efforts, the longer and happier you will live!



TAX-WISE GIVING

your guide to tax-wise
charitable giving

TO GIVE OR NOT TO GIVE

To give or not to give? Our only bias is that we believe folks should consider charitable organizations in their financial plans because our tax system encourages us to do so and giving tells the world about our personal values and interests. We especially encourage giving through your estate plan. Consider a Charitable Remainder Trust or Charitable Gift Annuity when selling a highly appreciated asset and definitely make a charitable organization a beneficiary on your IRA, 401K or 457 plan – it is very tax wise!



CONNECT

your guide to finding local
professionals

ASK FIRST

Ask First! We would like to introduce you to the value of the “ASK FIRST” form that should be filled out by any professional you plan to engage. It takes the professional two minutes to complete and it will give you the consumer an indication of the person’s education, licenses (licensing is a minimum standard and not a credential), how the person charges, how they are compensated and if they are involved in product sales. In other words, it gives you more information than just he or she is a “nice” person.

Lighthouse Financial

Fee Only Wealth Management In Brea



LIGHTHOUSE
FINANCIAL



www.LighthouseLink.com



Contact@lighthouseLink.com



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ASK FIRST!



ROBERT MCDANIEL

PRESIDENT, COO, OWNER

- Bachelors Of Science Degree From University Of Phoenix
- Worked in the financial Services Industry since 1998
- Fee Only Wealth Manager & Owner of Lighthouse Financial Since 1998
- I Do Not hold any Commissions license's or certifications
- I Do Not sell any financial products
- I do not practice Law
- I serve as a fiduciary at all times
- Compensation – AUM, Fixed Fee & Hourly Rates

Who We Are



Serving clients for 33-years in investment management, retirement planning, and tax services.



Providing industry expertise to help clients avoid major pitfalls while preserving and growing wealth responsibly .



We are a firm of practitioners, standing on the foundation of a client-centric approach to wealth management.



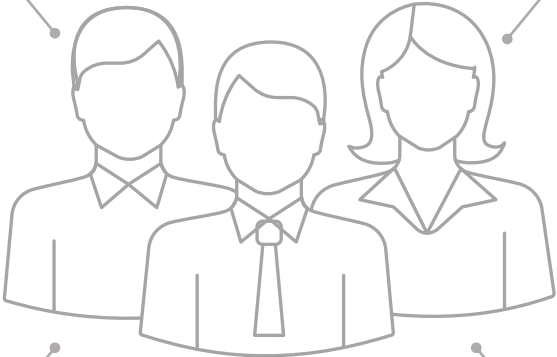
Highly educated staff holding esteemed designations of CFA, CFP[®]., and ChFP

Our Client-Centric Culture

We provide simple, transparent solutions to both every day and highly complex financial situations to serve you through every life change.



We do the heavy lifting around research and analysis so you can stay focused on the things that matter the most to you in life.



Our fiduciary standard means your best interests come first.












When you join our firm, we treat you like family and go the extra mile with you.



Our Client-Centric Culture

“Fee-only fiduciaries put your needs first!”

Fee Based		Fee Only 	
Conflicts of Interest		No Conflicts of Interest	
Bias		No Bias	
Commission		No Commission	
Hidden Fees		No Hidden Fees	

VS

OUR RECOMMENDATIONS
ARE TAILORED TO:

- ✓ Your Needs
- ✓ Your Growth
- ✓ Your Expectations

Our Retirement Planning Expertise

We incorporate every aspect of your retirement life to offer peace of mind leading up to and through retirement:



Retirement
Planning



Tax Sheltering
& Tax-Smart Planning



Gifting & Legacy
Planning



Investment Return
Analysis & Modification



Cash Flow Analysis
& Modification



Review & Modification
of Assets & Liabilities



Risk
Management

IT'S YOUR MONEY 6 WEEK WORKSHOP

1

OVERVIEW / TAXES



3

Equity & Fixed Income



4

Medical Care Planning

2

Investing World



5

Financial Planning 1



6

Financial Planning 2



It's Your Money Workshop Overview



- Week 1 - Overview & Tax Updates
- Week 2 - Investing World
- Week 3 - Equity & Fixed Income Investing
- Week 4 - Medical Care Planning
- Week 5 - Financial Planning Session 1
- Week 6 - Financial planning Session 2



2024 Tax Updates



2024 FEDERAL INCOME TAX BRACKETS & RATES

Tax Rate	Single Filers	Married Filing Joint
10%	\$0 TO \$11,600	\$0 TO \$23,200
12%	\$11,600 TO \$47,150	\$23,200 TO \$94,300
22%	\$47,150 TO \$100,525	\$94,300 TO \$201,050
24%	\$100,525 TO \$191,950	\$201,050 TO \$383,900
32%	\$191,950 TO \$243,725	\$383,900 TO \$487,450
35%	\$243,725 TO \$609,350	\$487,450 TO \$731,200
37%	\$609,350 OR MORE	\$731,200 OR MORE

The US tax system is based on a progressive tax schedule. For example a MFJ taxpayer with Taxable Income of \$200,00 effective tax rate is 17%

Additional 3.8% Net Investment Income Tax

Also known as the Medicare surtax

- Continues to apply to high earners — modified adjusted gross incomes (AGIs) exceeding:
 - **\$200,000** Single
 - **\$250,000** Married filing jointly
 - **\$125,000** Married filing separately
 - **\$200,000** Head of household



Long-Term Capital Gains and Qualified Dividends

- Short-term capital gain (held one year or less) taxed as **ordinary income**
- Long-term capital gains (held more than one year) taxed at **special rates**
- *Qualified dividends* taxed like **long-term capital gains**



Lighthouse
Financial



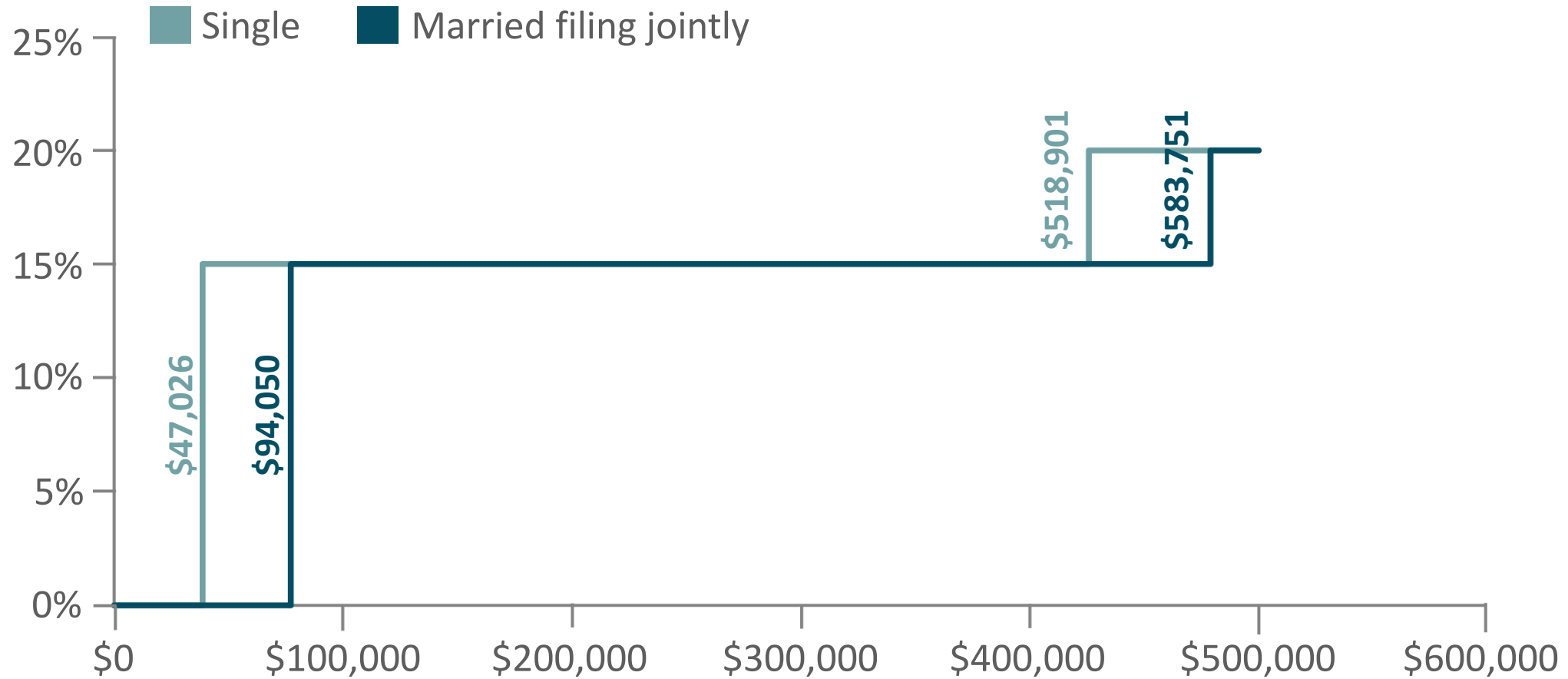
Long-Term Capital Gains — Tax Reform

- Special 0%, 15%, and 20% rates still apply
- Rate that applies now depends on taxable income, not tax bracket



Long-Term Capital Gains and Qualified Dividends

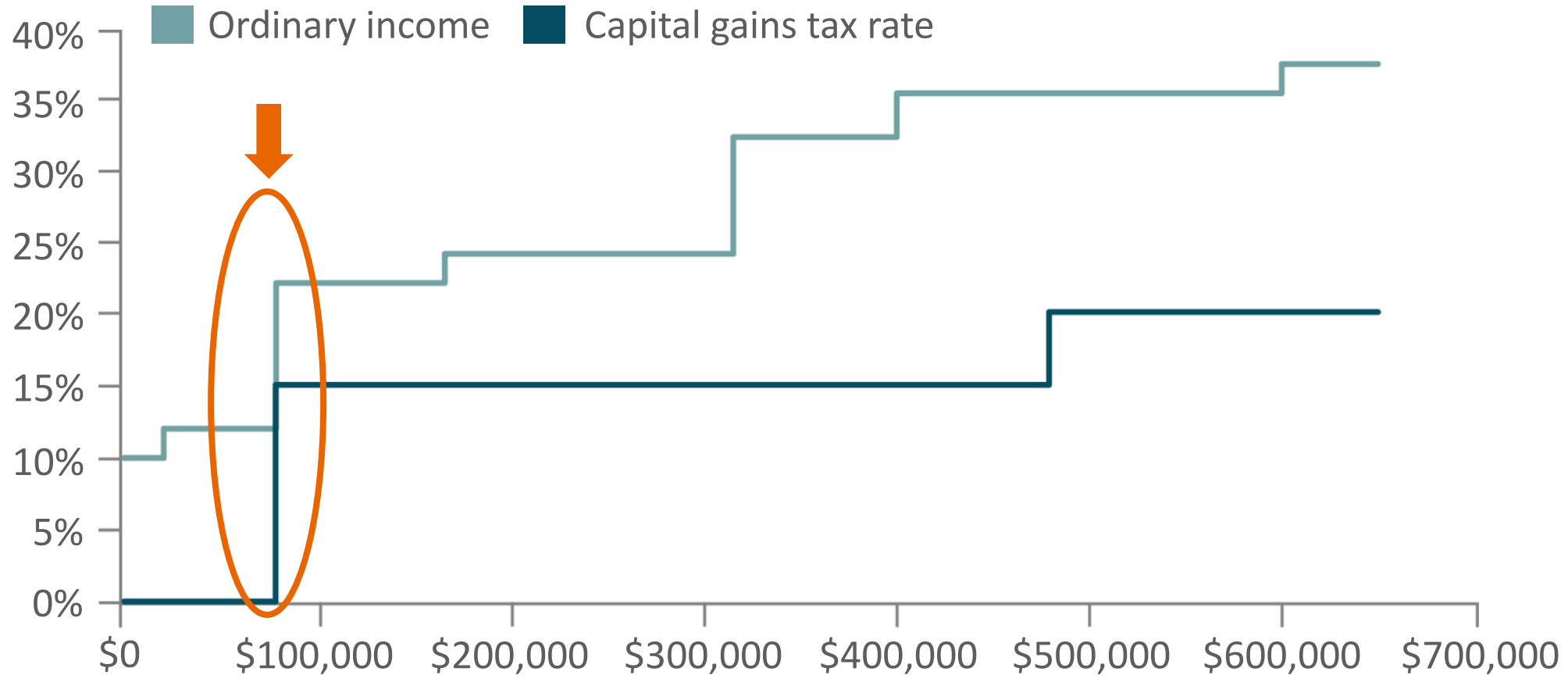
Tax Rates Based on Taxable Income



2024 Tax Year

Long-Term Capital Gains and Qualified Dividends

2024 Tax Rates — Married Filing Jointly



2024 CALIFORNIA INCOME TAX BRACKETS & RATES

Tax Rate	Single Filers	Married Filing Joint
1%	\$0 TO \$10,412	\$0 to \$20,824.
2%	\$10,412 TO \$24,684	\$20,825 to \$49,368.
4%	\$24,684 TO \$38,959	\$49,369 to \$77,918.
6%	\$38,959 TO \$54,081	\$77,919 to \$108,162.
8%	\$54,081 TO \$68,350	\$108,163 to \$136,700.
9.3%	\$63,350 TO \$349,137	\$136,701 to \$698,274.
10.3%	\$349,137 TO \$418,961	\$698,275 to \$837,922.
11.3%	\$418,961 TO \$698,271	\$837,923 to \$1,396,542.
12.3%	\$698,271 OR MORE	\$1,369,543 OR MORE

FYI – California Does not have a capital gains rate. All capital gains are taxed as ordinary income



2024 Deductions



Standard Deductions For 2024

Single Filer	\$14,600
Married Filing Jointly	\$29,200
Additional Amount For Married Seniors (65+)	\$1,550 (\$3,100)
Additional Amount for Unmarried Seniors (65+)	\$1,950

Standard v.s. Itemized Deductions

A senior taxpayer could end up using the standard deduction on their federal return and itemizing on their CA state return.

The most common forms of deductions that allow seniors to itemize on their Federal return are:

Health Care Expenses
Charitable Donations





What Can You Itemize? It's A Short List

Deduction	Federal	California
Medical Expenses	X	X
Cash & Non Cash Donations	X	X
Taxes (Up to S.A.L.T limit)	X	X
Mortgage Interest	X	X
Misc. Deductions Subject to 2%		X

CA Itemized Deductions

CA allows a few more deductions for those who itemize:

- Investment Advisor Fees
- Tax Prep Fees
- Union Dues
- Unreimbursed Employer Expenses





QCD's The Best Of Both Worlds

	Itemized	QCD's
AGI	\$191,396	\$163,39
Cash Donations	\$43,488	\$6,900
Taxable Income	\$147,908	\$131,096
Tax	\$21,379	\$17,681

By making charitable donations directly through QCD The tax payer saved \$3,698 in taxes on their Federal return. The tax saving on the CA return is \$36.

5 Tax-Smart Investing Solutions

The impact that taxes may have on your long-term wealth creation is significant. A 2005 Morningstar report sites that the tax impact on mutual funds is usually concentrated in the range of 0% - 5%. With equity funds averaging 1.2% and high yield bond funds averaging 3.29%. If we simply take the average of the range investors lose 2.5% of their return to taxes. Hypothetically, an investor who generates a 10% annualized return would only net 7.5% after taxes. Keep in mind that every investor's situation is unique and their tax cost may be higher or lower. However, it is clear that investors should not ignore taxes.

1. Tax-Deferred Strategies
2. Tax-Free Strategies
3. Tax-Efficient Security Selection
4. Asset Location
5. Managing Your Winners & Losers



Creating Your Personal Tax-Smart Investment Management Decision Process

Tax-Deferred Strategies

Contributions to retirement savings accounts such as a, 401(k), 403(b), 457, IRA, Health Savings Accounts (HSA) can allow you to reduce your taxes today while at the same time creating tax deferred Growth for the future.



Tax-Efficient Security Selection

Security selection can be an important part of keeping more dollars in your pocket. Investing in Exchange Traded Funds (ETF's) can be a tax smart solution to traditional mutual funds. Understanding some of the tax inefficiencies such as capital gains distributions and turnover ratios associated with mutual funds are important.



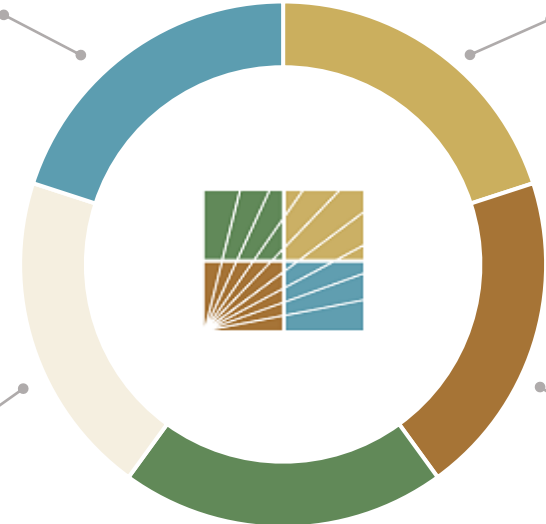
Tax-Free Strategies

Tax free options can include instate municipal bonds, Health Savings Accounts (HSA), College Saving Accounts and Roth IRA's. These strategies can help produce tax-free growth for the future



Asset Location Strategies

Where you hold your investments is as important as what types of investment you own. In order to manage your tax burden over time, place ordinary income investments in tax-deferred or tax-free accounts such as traditional or Roth IRA's and use tax favored investments that produce long-term capital gains into taxable brokerage accounts.



Managing Your Winners & Losers

Tax-loss harvesting is when an investor selectively offsets investment gains with investment losses to reduce or eliminate capital gains taxes, both long-term and short-term gains.



Tax Differed Investment Strategies

Contributions to retirement savings accounts such as a, 401(k), 403(b), 457, IRA, Health Savings Accounts (HSA) can allow you to reduce your taxes today while at the same time creating tax deferred Growth for the future

Non qualified annuities (Fixed or Variable) can help you grow your investment tax differed.



Tax Free Strategies

Tax free options can include instate municipal bonds, Health Savings Accounts (HSA), College Saving Accounts and Roth IRA's. These strategies can help produce tax-free growth for the future



Tax Efficient Security Selection

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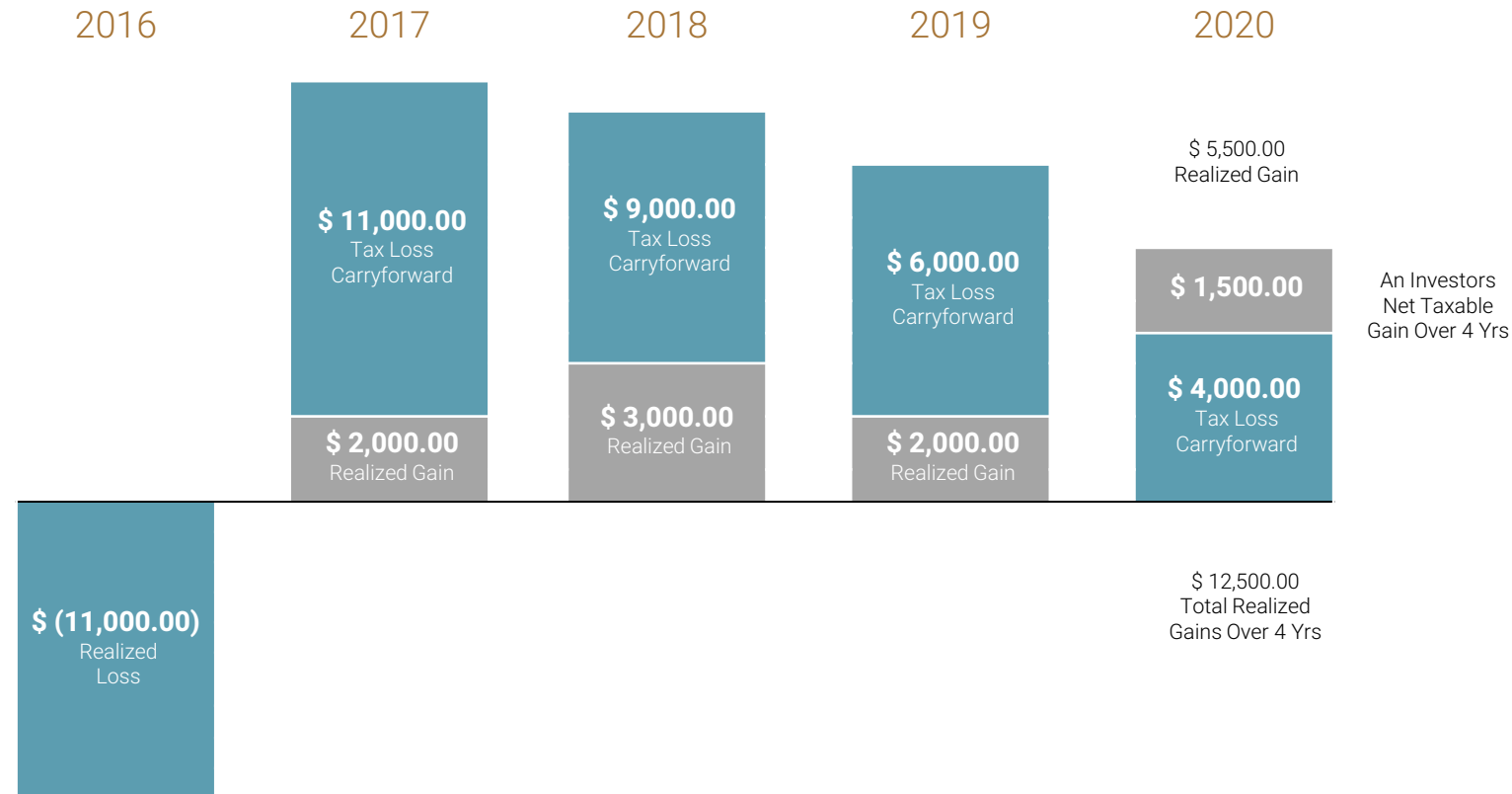


Managing Your Winners & Losers

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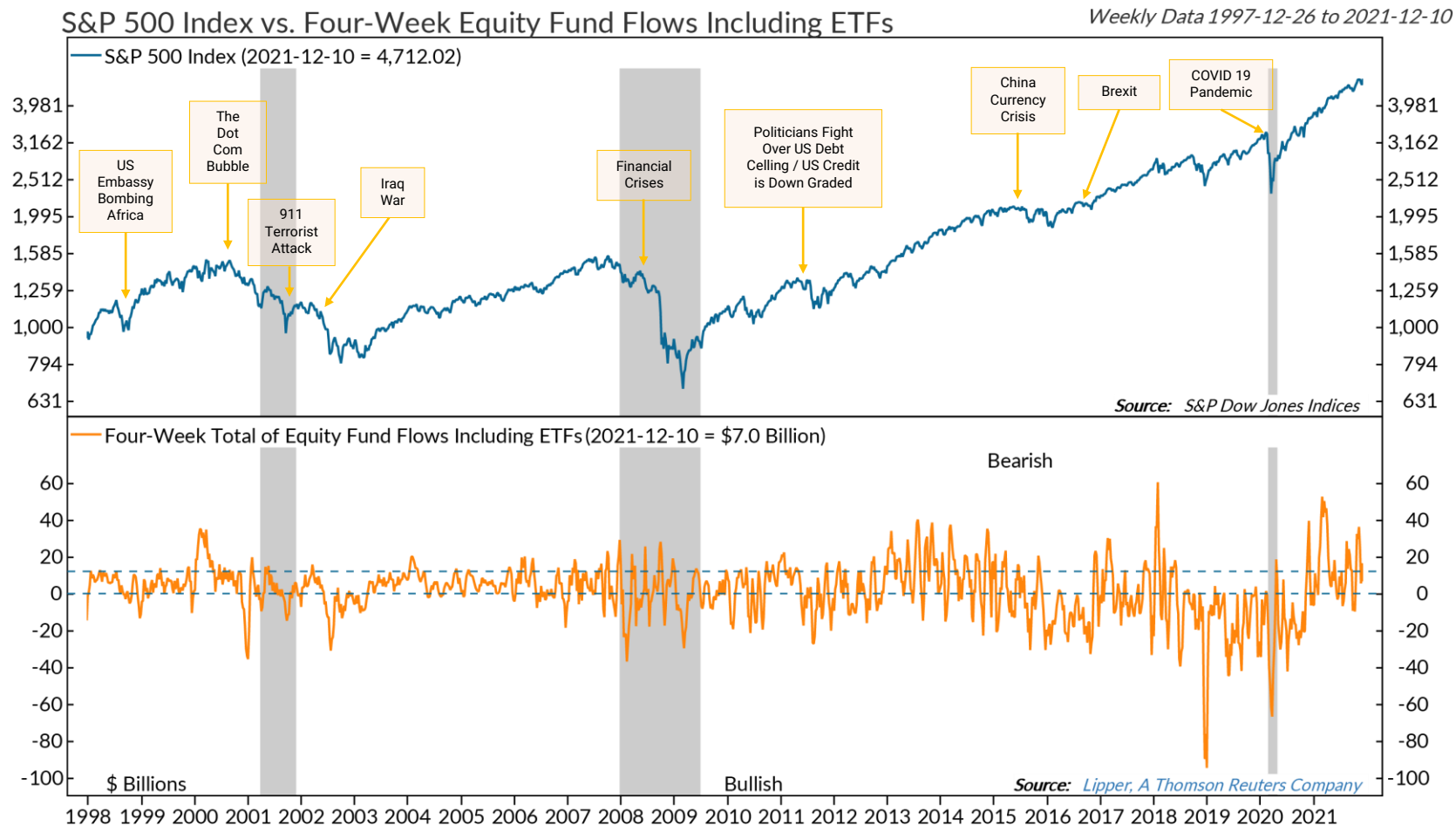
Managing Your Winners and Losers

- Selling off losers at the end of each year can help you keep more of what you earn.
- Tax-loss harvesting may seem counterintuitive to some investors. After all, isn't the goal of investing to make money? However, let's face it. Every investor at some point experiences a loss. Smart investors find a way to turn lemons into lemonade. Done correctly, tax-loss harvesting can potentially increase your overall after-tax returns. The trick is, you must be disciplined in reinvesting the proceeds generated from selling your losers. It also requires detailed investment tracking and tax accounting. Something that Lighthouse Financial does for its wealth management clients.
- Story – Let's take a hypothetical example of how this might work. You have an \$11,000 loss in one of your investment holdings. You sell that investment in 2016 and carry forward the entire \$11,000 loss to 2017. Over the next 4 years, you recognize \$12,500 in capital gains. Using the losses from 2016 to offset capital gains along the way your recognized gain in 2020 is only \$1,500.



Time in the Market – “Not Timing the Market”

Since 1998, there have been several market events that have led to temporary declines. Using Ned Davis Research, we have identified some of the more well-known events for our illustration; in addition, we have included the equity fund flows over the same time period. As you can see, from the chart of the S&P 500, few of those events resulted in recessions from 1998 to 2021. The fund flows chart shows us that investors who panicked and sold around those events experienced an average loss of -12.79%. Investors who stayed invested during those events experienced an average gain of 0.72%. This analysis drives home the importance of staying invested for the long haul.



S&P 500 Index Performance		
Full History: 1997-12-26 to 2021-12-10		
Four-Week Flows Are:	% Gain/Annum	% of Time
Above 12.4	-12.79	18.39
0.4 - 12.4	0.72	41.22
Below 0.4	24.84	40.39
Buy/Hold = 6.97% Gain/Annum		

Customized client version of [DAVIS202A](#)

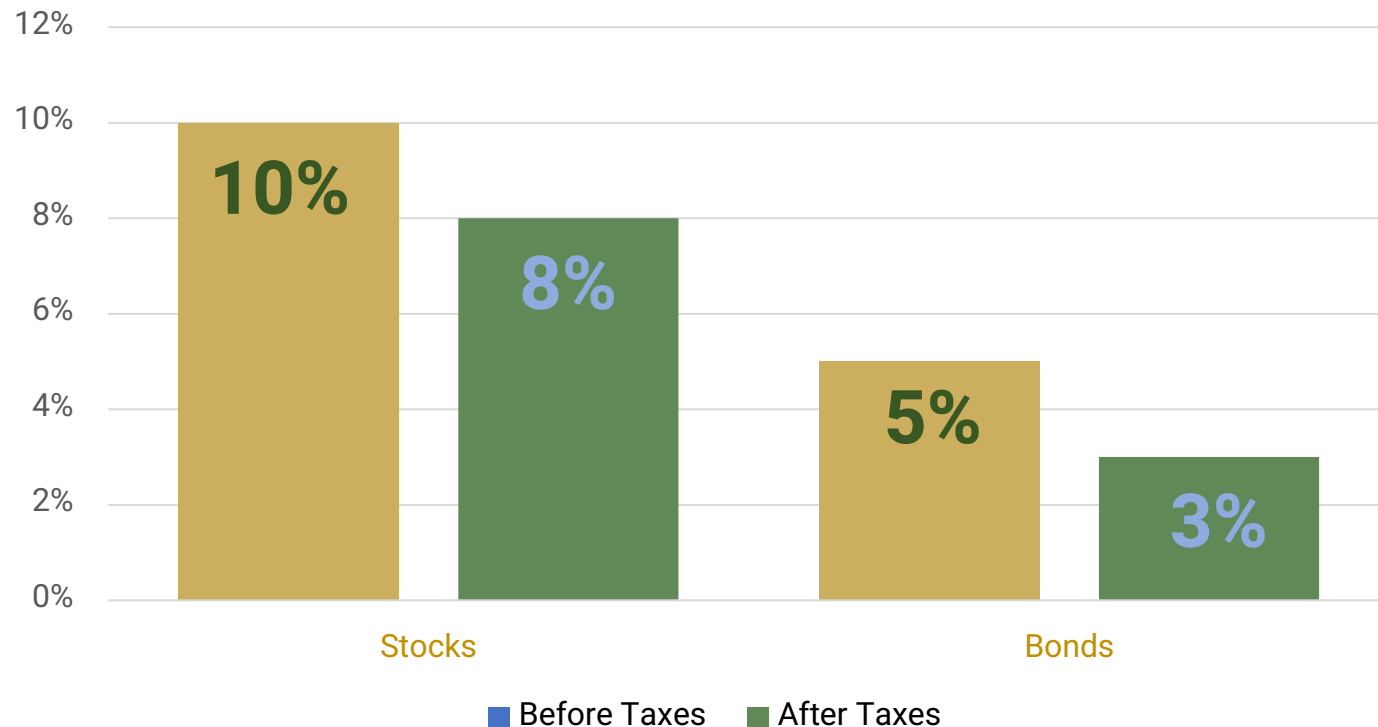
Shaded Areas Represent U.S. economic recession periods as defined by the National Bureau of Economic Research. The most recent recession may include NDR estimated end date.



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Tax-Smart Investing

How are you making the most of tax-smart investment management techniques?



*“Taxes can cost the average investor at least **2%** in annual returns, or more if they are not tax-conscious”*

This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. Returns include the reinvestment of dividends and other earnings. Stocks are represented by the Ibbotson Large Company Stock Index. Govt bonds are represented by the 20-yr US gov't bond, cash by the 30-day US Treasury bill, and inflation by the Consumer Price Index. The data assumes reinvestment of income and does not account for transaction costs. An investment can't be made directly in an index. Taxes Can Significantly Reduce Returns data, Morningstar, Inc. 10/1/17.

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