



WINTER 2023

IMPORTANT DATES

DEC. 25 OFFICE & MARKETS CLOSED
Monday, December 25
Observing Christmas Day

DEC. 29 LAST DAY OF 2023 BUSINESS
Friday, December 29
2023 Transactions by 4:00pm

JAN. 1 OFFICE & MARKETS CLOSED
Monday, January 1, 2024
Observing New Year's Day

JAN. 15 OFFICE & MARKETS CLOSED
Monday, January 15, 2024
Observing MLK Day

JAN. 31 TAX FORM MAILING BEGINS
Wednesday,
January 31, 2024

FEB. 19 OFFICE & MARKETS CLOSED
Monday, February 19, 2024
Observing Presidents' Day

Seasons Greetings!

On behalf of our amazing team at First Citizens Wealth Management, I would like to wish you and your family a safe and happy holiday season. It has been our privilege to serve you this past year, and we hope your experience with our team has been exceptional.

As we look ahead to the New Year, we are focused on onboarding some amazing new team members and evaluating our services to you to ensure we continue to deliver an exceptional experience to you and your family. We believe strongly in helping you plan, grow and protect your legacy across generations. We say those words a lot, but they truly are meaningful! We are honored to be a part of the legacy you leave behind. If we are doing our job correctly, we can provide peace and harmony to you and your family as you develop and implement a plan for prosperity. Please never hesitate to tell us how we are doing and what we can do to serve you better.

As always, a heartfelt thank you for the trust you place in our team.

Today be *thankful* and think how rich you are.

Your family is *priceless*,

Your time is *gold*, and

Your health is *wealth*.

- Zig Ziglar

Happy Holidays FROM OUR WEALTH WORKSHOP!



NEW TEAM MEMBERS



Noah Murray
Associate Wealth Advisor

Fun Fact About Noah: His parents co-own and operate Birdsall's Ice Cream in Mason City.



Tyler Barker
Wealth Assistant

Fun Fact About Tyler: He can tie his shoes in less than one second.



Rylee Nash
Trust Assistant

Fun Fact About Rylee: She enjoys drawing portraits and flowers.



Nicole Smith
Wealth Management Administrator

Fun Fact About Nicole: She enjoys dog-sitting for people through the Rover app.

TEAM CELEBRATIONS



We are pleased to announce Nicole Olson, JD, CFP®, Chief Wealth Management Officer joined the Iowa Trust Association Board and the Probate Section Council of the Iowa State Bar Association.

..... Congratulations!

WEALTH ADVISORY UPDATE

Year-End Qualified Charitable Distributions: A Smart Tax Strategy



Mike Castle, CFP®
VP, Senior
Wealth Advisor

As the year draws to a close, many individuals seek ways to reduce their tax liability while supporting causes they care about. Year-end qualified charitable distributions (QCDs) have become a popular and tax-efficient method for achieving both of these objectives. This article explores the concept of year-end QCDs, their benefits, and how to make the most of this charitable giving strategy.

What are Year-End Qualified Charitable Distributions (QCDs)?

A Year-End Qualified Charitable Distribution, often referred to as a year-end QCD, is a specific method of donating funds to eligible charities directly from your Individual Retirement Account (IRA) during the last months of the year. QCDs were introduced by the Internal Revenue Service (IRS) in 2006 and have gained popularity for their tax advantages.

The Benefits of Year-End QCDs

1. **Tax Efficiency:** One of the primary reasons for using QCDs is the tax benefits they offer. By donating directly from your IRA, you can fulfill your annual Required Minimum Distribution (RMD) while excluding the distributed amount from your taxable income. This can help lower your overall tax liability.
2. **Reduced Adjusted Gross Income (AGI) :** Your AGI plays a pivotal role in determining your eligibility for various tax deductions and credits. Making a QCD reduces your AGI, which can lead to greater tax savings and eligibility for other benefits.
3. **Supporting Charitable Causes:** QCDs allow you to support your favorite charitable organizations and causes. You can make a meaningful impact by directing funds to causes you are passionate about while enjoying the tax benefits.

Requirements for Year-End QCDs

To ensure that your charitable distribution qualifies for these tax benefits, there are some important requirements to consider:

1. **Age Requirements:** To make a QCD, you must be at least 70½ years old. It is essential to note that the age requirement is based on the calendar year you obtain this age.
2. **Distribution limits:** The maximum annual QCD amount is \$100,000 per individual. If you file taxes jointly, each spouse can make their QCD of up to \$100,000 from their respective IRAs.
3. **Eligible Charities:** Donations must be made to eligible 501(c)(3) public charities. Ensure that the organization you intend to support qualifies.

How to Make a Year-End QCD

If your account is at First Citizens Wealth Management, you can work with the Advisor on your account to guide you through the process, ensuring that the donation is processed correctly.

As always, consult your CPA for specific tax advice.

INVESTMENT UPDATE

As we come into the end of the year we take time to reflect not only on how markets have performed year to date, but more importantly how they will look in the future. The overall resiliency of the US economy continues to surprise, driving equity markets higher. Earnings broadly continue to beat lowered estimates as corporations have been able to pass along inflation through increased prices, maintaining historically high margins. Consumers continue to spend at an unexpected pace, although rising credit card debt and delinquency may slow this trend in the future.

Looking at future return expectations and how they shape our allocation strategies highlights a few changing themes. The economy is moving away from an environment in which disinflation and accommodative monetary policy were present into a more uncertain inflation future and a return to conventional monetary policy.

US large cap equity returns over the next 10 years are anticipated to be 7%, down slightly from 7.9% forecasted last year largely due to the rally seen in 2023. Expectations of continued strong margins and strength of free cash flow lend

support to this asset class in the coming years. Non-US markets continue to be attractive given their lower starting valuations and potential currency tailwinds. Forecasted returns in Europe are 9.7% while emerging markets are anticipated to return 8.8%, although uncertainty in China muddies the outlook.

With higher starting yields, fixed income is well positioned to generate meaningful returns in the coming years. Looking at the overall bond market, returns are expected to be 5.10%. High yield and emerging market bonds offer yields exceeding 8%, but after accounting for likely defaults expected returns are between 6.50% and 6.70%.

Putting it all together a 60/40 stock bond portfolio is expected to return 7%. While this is down slightly from the 7.2% projected last year, it is well above the 25 year average of 6%. Overall, while things may not look the same in the years to come, they certainly appear promising.

Projected returns based on JPMorgan 2024 Long-Term Capital Market Assumptions



Brad Dummett, CFA®
VP, Senior Investment
Officer

FIDUCIARY UPDATE

The end of the year is a good time to dust off your estate plan and determine if any changes are needed. Our Trust Officers are always willing to walk through your planning needs with you and ensure the legal documents are in line with your wishes. If you have established a Trust (either during your lifetime or to be established at your death), First Citizens Wealth Management can serve as sole Trustee, Co-Trustee or Successor Trustee. Our professional and knowledgeable team takes its fiduciary duty seriously when thoughtfully carrying out your legacy.

The benefits of naming us to serve include:

- Objective administration and management of your trust assets according to what you have outlined in your estate plan.
- Peace of mind in working with a transparent, responsive, and professional trust department.

- Detailed accountings and reporting to trust beneficiaries and/or the Court as applicable.
- Coordination of tax and legal matters related to trust administration.

While we do not draft legal documents, we do request the opportunity to coordinate with your attorney to ensure documents include certain language. This review process ensures that First Citizens Wealth Management can administer your Trust and manage its assets consistent with both your wishes and our internal policies. If you are interested in learning more about our Trust services, please contact us to schedule a meeting with one of our Trust Officers.



Chelsea Frederick, CTFA
Trust Officer

OPERATIONS UPDATE

Many of our clients travel for the winter or send checks to loved ones over the holidays. We want to remind you that check washing is, sadly, still a very real concern. Check washing happens when crooks target and steal checks sent and received in the mail. Cheap chemicals are used to erase the payee name and amount. After drying, checks are rewritten filling in new payee or amounts. To stay safe this holiday season, please remember to update us with any

address changes. Another simple thing you can do is direct us to send money directly to someone via an ACH instead of a check. We can send you an ACH confirmation that can easily go in the card instead of the actual check. Please contact us immediately if you suspect fraud on any of your accounts.



Amanda Berding, ATOP
AVP, Trust
Operations Officer

EVENT HIGHLIGHTS



Benefits & Brews Event

Thank you to those who attended our Benefits & Brews event in October. Our Wealth Advisory team enjoyed sharing retirement planning insight. Thank you again to Fat Hill Brewing and CharcuteMe for providing the food and beverages. **If you or someone you know is interested in attending a future Benefits & Brews or Women & Wealth event, email us at wealth@myfcb.bank and we will keep you informed of upcoming dates as we plan for 2024.**

Bar Association Lunch

We were honored to host local attorneys from the Cerro Gordo County Bar Association in November to learn about ethics in the area of trust law. We look forward to future opportunities to provide ongoing education for our local attorneys in 2024.



WEALTH MANAGEMENT

CONTACT US

641-422-1600 | myfcb.bank/wealth

wealth@myfcb.bank



2023 YEAR IN REVIEW: FUN FACTS

Match the correct answer from the word bank to each question below.

- ___ 1. How do you write 2023 in Roman Numerals?
- ___ 2. OceanGate's Titan submersible imploded during an expedition to the wreck of what ship?
- ___ 3. What is the name of the Petit Basset Griffon that won Best in Show at the 147th Annual Westminster Kennel Club Dog Show?
- ___ 4. What nation became fourth to successfully land a spacecraft on the moon.?
- ___ 5. What is the name of Prince Harry's tell-all memoir on his upbringing with the Royal Family?
- ___ 6. 2023 is a number that can easily be divided by the sum of its digits (2+0+2+3)=7 and 2023/7=289. What number is this known as?
- ___ 7. What Super Bowl was held in Arizona with the chiefs defeating the Eagles?
- ___ 8. What iconic performer ended his touring career?
- ___ 9. What is the name of the 3-year-old Chestnut colt that won the 149th Kentucky Derby.?
- ___ 10. What individual won the 107th Indianapolis 500?
- ___ 11. What country became the 31st member of NATO?
- ___ 12. What American golfer won the 123rd US Open?

WORD BANK

- A. Harshad
- B. Finland
- C. MMXXIII
- D. Titanic
- E. India
- F. Buddy Holly
- G. Mage
- H. Wyndham Clark
- I. Spare
- J. Elton John
- K. Josef Newgarden
- L. LVII



Products provided by First Citizens Wealth Management are not FDIC insured, are not deposits of the bank and are not guaranteed by this institution; and, are subject to investment risks, including possible loss of principal invested. CFP Board is a nonprofit certification organization with a mission to benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for personal financial planning. CFP Board owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP (with plaque design) and CFP (with flame design) in the U.S., which it awards to individuals who successfully complete initial and ongoing certification requirements. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.

We want your feedback - Email us at wealth@myfcb.bank with comments/questions/suggestions about this newsletter.

641-422-1600 | myfcb.bank | wealth@myfcb.bank

