MP McShane Partners

February 2023 Insights

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

After a disappointing and often distressing first nine months of calendar year 2022 ("CY2022"), the fourth quarter of 2022 ("4Q22") began on a relatively optimistic note as softer-than-expected economic data and a backup in interest rates off near-term cyclical highs buoyed investors' hopes in the ability of the U.S. Federal Reserve ("the Fed") to successfully engineer a soft landing for the U.S. economy, precipitating a broad-based rally in risk assets across global financial markets. This relief-driven rebound proved sufficient in propelling major equity market indexes out of bear market territory during the quarter, with the S&P 500® Index ("S&P 500®") returning **+14.14%** through the first two months of 4Q22; the momentum behind this upswing proved short-lived, however, as deteriorating sentiment and waning risk appetite sparked a sell-off in risk assets that weighed heavily on financial markets into year-end. For the month of December 2022, the S&P 500® returned **-5.76%**, giving up a significant portion of those gains enjoyed earlier in the quarter and bringing index-level returns for 4Q22 and CY2022 to **+7.56%** and **-18.11%**, respectively; while unpleasant, the disheartening end to 4Q22 seems appropriate given the demoralizing tenor of CY2022.

After having outperformed the S&P 500® by **±492 basis points** ("bps") through the first nine months of CY2022, the McShane Partners Core Contrarian Equity Portfolio Strategy ("the Strategy") added to its margin of relative outperformance vs. the broader benchmark during the quarter by generating net returns of **+9.83%** in 4Q22 and outperforming the S&P 500® by approximately **±227 bps** for the quarter. For CY2022,

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Wealth Advisory Overview

What Is the Wash Sale Rule?

The wash-sale rule is a Treasury regulation that prevents a taxpayer from taking a tax deduction for a loss on a security sold in a wash sale. The rule defines a wash sale as one that occurs when an individual sells or trades a security at a loss and, within 30 days before or after this sale, buys the same or a substantially identical stock or security, or acquires a contract or option to do so. The timeframe for the wash-sale rule is therefore 61 days. That is, 30 days prior to the day a transaction takes place and 30 days after. Once that period ends, the wash-sale rule won't apply to transactions involving the same or a similar security.

A wash sale also results if an individual sells a security, and the individual's spouse or a company controlled by the individual buys a substantially equivalent security during the 61-day wait period.

The intent of the rule is to prevent investors from creating an investment loss for the benefit of a tax deduction while essentially maintaining their position in the security. The IRS views this activity as artificially delaying taxes by recognizing losses in advance of an actual disposition of an asset. The term "wash" refers to the IRS position that the transactions at issue cancel each other out. So, there's no real sale, an investor has effectively kept their position in the market, and thus, the loss and tax-deduction are artificial. Wash sales do not apply to the sale of securities at a gain.

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Points of Interest

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The McShane Partners Core Contrarian Equity Portfolio Strategy

the Strategy provided meaningful downside protection and successfully produced marginal relative outperformance of **±714 bps** vs. the S&P 500®, generating net returns of **-10.97%** compared to the aforementioned **-18.11%** return in the S&P 500® for CY2022.

Although investors' heightened risk aversion and lingering uncertainties continue to undermine conviction in the broader stock market, the Investment Team believes the resilience exhibited by the Strategy over the past year warrants confidence in the Strategy's ability to achieve its stated objective of producing superior risk-adjusted returns relative to passive equity market indexes or benchmarks. Despite near-term headwinds, the Investment Team remains committed to executing on the Strategy's long-term fundamental portfolio and risk management processes in order to realize those core investment mandates of delivering steady, sustainable rates of return over the course of a full market cycle.

Performance Review

In addition to outperforming the broader S&P 500® in 4Q22 and for CY2022, the Strategy also significantly outperformed the S&P 500® Growth Index ("Growth") by **±838 bps** in 4Q22 and **±1,844 bps** for CY2022, as can be seen in the consolidated performance review included in Table I, below; in spite of the Strategy's sizable exposure to the Information Technology sector, which returned **-28.19%** in CY2022, the Strategy's fundamental quality bias and valuation discipline contributed to differentiated positioning relative to the composition of the sector-level index and

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Table I: MP Core Contrarian Strategy - Peer Group Comparison & Performance Analysis
USD Total Return - Data as of December 31st 2022

Name | Description	Symbol/ Ticker	2021	1Q22	2Q22	3Q22	4Q22	2022
MP Core Contrarian Equity Portfolio Strategy*		**25.83%**	**-3.79%**	**-11.54%**	**-4.76%**	**9.83%**	**-10.97%**
S&P 500® Index	SP50	28.71%	-4.60%	-16.10%	-4.88%	7.56%	-18.11%
S&P 500® Value Index	SVXK	24.90%	-0.16%	-11.27%	-5.82%	13.59%	-5.22%
S&P 500® Growth Index	SGX	32.01%	-8.59%	-20.81%	-3.86%	1.45%	-29.41%
S&P 500® Dividend Aristocrats Index	SP50DIV	25.99%	-3.01%	-9.51%	-5.86%	13.52%	-6.21%
Invesco S&P 500 High Dividend Low Volatility ETF	SPHD	24.65%	**5.21%**	-5.60%	-10.44%	**13.16%**	**0.56%**
Invesco S&P 500 Low Volatility ETF	SPLV	23.89%	-1.77%	-7.09%	-6.18%	11.09%	-4.93%
WisdomTree U.S. Quality Dividend Growth Fund	DGRW	24.23%	-2.97%	-9.43%	-5.32%	**12.63%**	-6.38%
ProShares S&P 500 Dividend Aristocrats ETF	NOBL	25.24%	-2.97%	-9.65%	-5.85%	**13.29%**	-6.57%
AMG Yacktman Fund	YACKX	19.52%	-1.35%	-11.50%	-5.52%	12.24%	-7.42%
iShares Core Dividend Growth ETF	DGRO	26.40%	-3.43%	-10.36%	-5.94%	**13.18%**	-7.94%
SPDR SSGA U.S. Large Cap Low Volatility ETF	LGLV	**27.68%**	-4.31%	-8.37%	-5.26%	10.55%	-8.22%
iShares MSCI USA Minimum Volatility Factor ETF	USMV	20.69%	-3.78%	-9.20%	-5.38%	9.60%	-9.43%
Vanguard Dividend Appreciation ETF	VIG	23.55%	-5.18%	-11.10%	-5.29%	**12.99%**	-9.86%
FlexShares U.S. Quality Low Volatility Index ETF	QLV	25.94%	-3.13%	-10.08%	-5.23%	9.07%	-9.99%
Fidelity U.S. Low Volatility Equity Fund	FULVX	17.52%	-4.59%	-8.70%	-6.39%	9.93%	-10.46%
MFS Low Volatility Equity Fund	MLVAX	25.00%	-4.07%	-10.16%	-5.67%	9.71%	-10.83%
FMI Large Cap Fund	FMIHX	18.00%	-6.16%	-13.18%	-6.43%	11.82%	-14.76%
Invesco S&P 500 Quality ETF	SPHQ	**27.86%**	-5.88%	-15.45%	-4.89%	11.31%	-15.78%
FlexShares U.S. Quality Large Cap Index ETF	QLC	**28.33%**	-3.95%	-15.85%	-5.10%	8.04%	-17.12%
iShares Core S&P 500 ETF	IVV	**28.59%**	-4.57%	-16.15%	-4.90%	7.61%	-18.11%
Parnassus Core Equity Fund	PRBLX	**27.38%**	-5.74%	-15.34%	-6.93%	9.73%	-18.51%
iShares MSCI USA Quality Factor ETF	QUAL	26.76%	-7.25%	-16.70%	-6.50%	10.10%	-20.46%

* *For Additional Information, Please Refer to Disclosures: The McShane Partners Core Contrarian Equity Portfolio Strategy*

Source: McShane Partners - Envestnet | Tamarac, Inc. & FactSet Research Systems, Inc.

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

helped to mitigate outsized drawdown risk throughout the year. The Strategy's continued lack of dedicated exposure to the Financials and Energy sectors did result in relative underperformance vs. the S&P 500® Value Index ("Value") and S&P 500® Dividend Aristocrats Index ("Dividend Aristocrats") of **±376 bps** and **±369 bps**, respectively, in 4Q22; for CY2022, the Strategy underperformed the Value and Dividend Aristocrats indexes by **±575 bps** and **±477 bps**, respectively, with the majority of the relative underperformance primarily attributable to the Strategy's long-term positioning in and exposure to high-quality secular growth names that traded down alongside the valuation-driven sell-off in Growth throughout CY2022.

Portfolio Overview

The largest contribution to absolute and relative performance in 4Q22 came from the Strategy's core positioning in differentiated, high-conviction holdings, including shares of Deere & Co. ("DE"), Procter & Gamble Co. ("PG"), and Pfizer, Inc. ("PFE"), which returned **+28.78%**, **+20.84%**, and **+18.02%**, respectively, in 4Q22. The relative outperformance of and positive contribution from the Strategy's positions in DE, PG, and PFE helped to more than offset the negative contribution and short-term underperformance of the Strategy's positions in Alphabet, Inc. Class A ("GOOGL"), Daktronics, Inc. ("DAKT"), and Public Storage ("PSA"), which returned **-7.73%**, **-12.48%**, and **-3.64%**, respectively, in 4Q22.*

For CY2022, the largest contribution to absolute and relative performance came from the Strategy's positions in DE, Nucor Corp. ("NUE"), and Activision Blizzard, Inc. ("ATVI"), which returned **+26.65%**, **+17.35%**, and **+15.75%**, respectively, in CY2022. Another outsized contributor to portfolio-level performance for the Strategy in CY2022 was Cal-Maine Foods, Inc. ("CALM"), which returned **+51.80%** for the Strategy in CY2022 prior underlying holdings being sold into relative strength as part of portfolio-level de-risking initiatives.

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Table II: S&P 500® Index Sector Heat Map
USD Total Return - Data as of December 31st 2022

Sector-Level Index	2020	2021	1Q22	2Q22	3Q22	4Q22	2022
Defensives							
Utilities	+0.48%	+17.67%	**+4.77%**	-5.09%	-5.99%	+8.64%	**+1.57%**
Communication Services	**+23.61%**	+21.57%	**-11.92%**	**-20.71%**	**-12.72%**	**-1.38%**	**-39.89%**
Health Care	+13.45%	+26.13%	-2.58%	-5.91%	-5.18%	+12.80%	-1.95%
Consumer Staples	+10.75%	+18.63%	-1.01%	-4.62%	-6.62%	+12.72%	-0.62%
Near Cyclicals							
Energy	**-33.68%**	**+54.64%**	**+39.03%**	-5.17%	**+2.35%**	**+22.81%**	**+65.72%**
Financials	**-1.69%**	**+35.04%**	-1.48%	-17.50%	-3.10%	+13.61%	-10.53%
Real Estate	**-2.17%**	**+46.19%**	-6.22%	-14.72%	**-11.03%**	+3.82%	-26.13%
Cyclicals							
Information Technology	**+43.89%**	+34.53%	**-8.36%**	**-20.24%**	-6.21%	+4.72%	**-28.19%**
Consumer Discretionary	**+33.30%**	+24.43%	**-9.03%**	**-26.16%**	**+4.36%**	**-10.18%**	**-37.03%**
Industrials	+11.06%	+21.12%	-2.36%	-14.78%	-4.72%	**+19.22%**	-5.48%
Materials	+20.73%	+27.28%	-2.37%	-15.90%	**-7.13%**	**+15.05%**	-12.27%
S&P 500® Index	**+18.40%**	**+28.71%**	**-4.60%**	**-16.10%**	**-4.88%**	+7.56%	**-18.11%**

Source: McShane Partners - FactSet Research Systems, Inc.

* *In accordance with Rule 206(4)-1(a)(2) of the Investment Adviser Act of 1940 (the "Advisers Act"), upon request by an individual or interested party, McShane Partners (the "Adviser") will make available a list of applicable discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the corresponding trailing 12-month period ended December 31st 2022.*

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

Resilience Reflected in Risk Metrics

At the beginning of the year, the Investment Team indicated that certain portfolio-level risk metrics for the Strategy had risen to slightly elevated levels over the course of calendar year 2021 ("CY2021"); in particular, the Investment Team explained how, after having increased relative market-related risk (i.e., beta) exposures during the second half of calendar year 2020 ("CY2020"), the Strategy ended CY2021 with a slightly elevated beta of **±1.04** for the trailing 12-month period ended December 31st 2021. Given persistent concerns about risk assets and the Strategy's explicit mandate on aligning portfolio-level positioning with relative risk metrics, the Investment Team targeted tactical reductions in beta early on in CY2022 to mitigate excessive and unnecessary risk exposures. As a result, for the trailing 12-month period ended December 31st 2022, the Strategy's beta stood at **±0.71**, which falls well within range for the Strategy's relative risk metric parameters.

The Investment Team believes that the strategic de-risking of portfolio-level positioning throughout CY2022 and concurrent relative outperformance of the Strategy are illustrative of the primary tenet upon which the Investment Team based the Strategy: excess risk-adjusted returns result from the identification of high-quality investments through in-depth, fundamental research and objective analysis, a strict adherence to defined valuation parameters, and an astute contrarian overlay.

"I don't look to jump over seven-foot bars; I look around for one-foot bars that I can step over."

- Warren Buffett

Portfolio-Level Positioning into 2023 & Beyond

This has been a normal market cycle, and financial market behavior has been measured and in-line with prior cycles; however, the order of magnitude has been much greater than anything experienced over the past ±20 years, and investment decision-making should remain dynamic in response to changing and evolving financial market conditions. The Strategy's performance throughout CY2022 has been extremely satisfying, and the Investment Team remains committed to building and managing a high-quality, high-conviction equity portfolio capable of performing through multiple unpredictable, but probable, market and economic scenarios. That said, the Investment Team is acutely focused on managing risk-return exposures by tactically adjusting the underlying composition of and positioning across its portfolio of high-conviction investments. In addition to taking advantage of attractive yields currently being offered on high-quality money market funds ("MMFs"), the Investment Team also recently initiated positions in an actively managed emerging market ("EM") equity mutual fund: the Rondure New World Fund ("RNWIX").

Both the MMF and RNWIX investments represent opportunities with relative risk-reward proposition that are positively skewed in favor of dedicated allocations, which is why the Investment Team has been implementing comparable investment decisions/actions across all client investment portfolios where suitable and prudent.

Monthly Index Review
USD Total Return

Data as of January 31st 2023	January 2023	2022	2021	2020
S&P 500® Index	+6.28%	-18.11%	**+28.71%**	+18.40%
Dow Jones Industrial Average	+2.93%	-6.86%	+20.95%	+9.72%
NASDAQ Composite	**+10.72%**	-32.54%	**+22.18%**	**+44.92%**
Russell 2000	**+9.75%**	-20.44%	+14.82%	**+19.96%**
MSCI Emerging Markets	+7.91%	-19.74%	**-2.22%**	+18.69%
MSCI EAFE	+8.11%	-14.01%	+11.78%	+8.28%
Bloomberg U.S. Aggregate Bond Index	+3.08%	-13.01%	**-1.54%**	+7.51%

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

Disclosures: The McShane Partners Core Contrarian Equity Portfolio Strategy

Performance data for the McShane Partners Core Contrarian Equity Portfolio Strategy reflect aggregated, asset-weighted returns of underlying account-level performance and is unaudited.

Strategy Limitations The Investment Strategy (the "Strategy") performance shown reflects the asset-weighted performance of actual performance data and time-weighted returns for representative Investment Portfolios (the "Portfolios") over the respective time frames in accordance with the objectives of the McShane Partners Core Contrarian Equity Portfolio Strategy (the "MP Core Contrarian Strategy") managed by McShane Partners (the "Adviser"). While the performance of the Strategy is believed to have been calculated reliably and accurately, the Strategy performance data and returns have not been audited, and, as such, the results are subject to limitations inherent in the use of historical performance reporting and returns.

Fees & Expenses Strategy performance results shown are presented net of applicable management fees of and assumes the reinvestment of dividends and all other income. Because some investors may have different fee arrangements, and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

Net Strategy performance is presented gross of custodial fees but net of investment management fees and transaction costs. Net performance is calculated by using the actual fees charged to each Investment Portfolio throughout the Strategy for the performance period. Returns include the reinvestment of dividends and other earnings. Prospective investors should expect their rates of return to be reduced by investment management fees, along with other expenses incurred in the management of the account, which are fully described in the McShane Partners' Brochure (Form ADV Part 2A). Because some investors may have different fee arrangements and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

Other Information Past performance is not necessarily indicative of future results. All investments are subject to risk, and investing in accordance with the strategy, like all investments, may lose money. The performance shown is representative of investment strategies and styles used by the Adviser and such style may not be suitable for each potential investor. The Strategy is representative of an investment strategy and style used by the Adviser and such style may not be suitable for each potential investor. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be considered as an offer to buy or sell any financial instruments. Additional information regarding policies for calculating and reporting returns is available upon request.

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Information Regarding Benchmarks & Indexes

Information about indexes is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indexes. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indexes may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indexes.

Benchmark & Index Definitions The following benchmark and index definitions used by the Adviser for the Strategy have been sourced directly from the respective index provider's website, and the data are considered to be widely-known, publicly-available information.

Return Methodology S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices: Gross Total Return ("TR") versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.

S&P 500® Index

The S&P 500® Index ("S&P 500®") is widely regarded as the best single gauge of large-cap U.S. equities. There is over $11.2 trillion indexed or benchmarked to the index, with indexed assets comprising approximately $4.6 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500® Value Index | S&P 500® Growth Index

The S&P U.S. Style Indices measure the performance of U.S. equities fully or partially categorized as either growth or value stocks, as determined by Style Scores for each security. The Style series is weighted by float-adjusted market capitalization ("FMC"). The Style index series divides the complete market capitalization of each parent index approximately equally into growth and value indices based on three factors each used to measure growth and value.

S&P 500® Dividend Aristocrats Index

The S&P 500® Dividend Aristocrats Index measures the performance of S&P 500® companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company.

Wealth Advisory Overview

What Is the Wash Sale Rule?

How the Wash-Sale Rule Works

Though a loss may be disallowed due to the wash-sale rule, the amount of that loss will be added to the cost of the purchase that triggered the rule. When that position is subsequently sold, any loss that occurs can be taken as a tax deduction. Therefore, the original loss is deferred, not lost.

The sale of options (which are quantified in the same ways as stocks) at a loss and reacquisition of identical options in the 30-day timeframe would also fall under the terms of the wash-sale rule.

IRA transactions can also trigger the wash-sale rule. When shares are sold in a non-retirement account and substantially identical shares are purchased in an IRA within 30 days, the investor cannot claim tax losses for the sale. Plus, the loss cannot be deferred in the way described above (by increasing the cost basis of the purchase). It's as if it never occurred.

Wash-Sale Rule Example

Say you buy 100 shares of XYZ tech stock on November 1 for $10,000. On December 15, the value of the 100 shares has declined to $7,000, so you sell the entire position to realize a capital loss of $3,000 for tax deduction purposes.

On December 27 of the same year, you purchase 100 shares of XYZ tech stock again for $6,000 to re-establish your position in the stock.

The initial loss will be disallowed as a tax loss since the security was repurchased within the wash-sale rule timeframe. Instead, it will be added to the cost of the recent purchase and the tax basis in your shares will be $9,000 ($6,000 purchase price and $3,000 disallowed loss). When you sell those recently bought shares, the adjusted cost basis will be used to figure your gain or loss.

Substantially Identical Securities

Stocks or securities of one company are generally not considered substantially identical by the IRS to those of another company. Generally, the bonds and preferred stock of a company are not considered substantially identical to the company's common stock. However, there are cases in which they could be.

For instance, this would be the case if the bonds or preferred stock are convertible into common stock that has no restriction, has the same voting rights as the common stock, and trades at a price close to the conversion ratio.

Unfortunately, the IRS does not specifically define what the term substantially identical means. It does provide guidance in Publication 550, however. For example, a company involved in a reorganization will likely be considered to have substantially identical securities to those of the new company. The IRS states that investors must rely on their own judgment and the advice of professionals to determine substantially identical securities.

Cryptocurrency Losses

Cryptocurrency transactions are not subject to the wash-sale rule. That's because cryptocurrencies are considered property at this time by the IRS. They haven't been designated as securities.

Therefore, losses you may incur in a cryptocurrency transaction may offset, for example, gains from stock transactions and reduce your taxable income. Bear in mind that stocks of companies that are involved in cryptocurrencies are covered by the wash-sale rule. Since the classification of cryptocurrency is in flux, be sure to check with an appropriate financial, accounting and/or tax advisor for updates and before engaging in transactions for tax harvesting purposes.

Ways to Avoid the Wash-Sale Rule

There are some simple techniques that you can use to take losses and yet maintain a position in the market until the wash-sale period has expired.

Using the example above, if you sold your 100 shares of XYZ tech stock on December 15, you could purchase a tech exchange-traded fund (ETF) or tech mutual fund to retain a similar position in the technology sector, although this

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Wealth Advisory Overview

What Is the Wash Sale Rule?

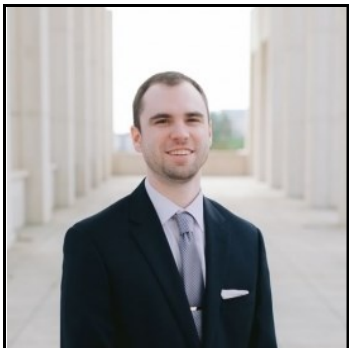
strategy does not entirely replicate the initial position. When the 30-day period has passed, sell the fund or ETF and then repurchase your XYZ stock if you so desire.

If you plan to sell an entire position at a loss in order to offset gains, but still want to own the stock, buy additional shares and wait out the rule period of 30 days. Then sell your original position.

Consider selling some, but not all, of the shares you own for a loss. You won't have bought any new shares within the rule's window. You'll have a tax-deductible loss and still maintain a position in a stock you believe may appreciate in value. For instance, if you bought 200 shares initially, sell only 100. As soon as the 30 days is up, buy 100 more shares to replenish your position.

If you're unaware of wash sales, the wash-sale rule, and its 61-day wait period, you could stymie your legitimate efforts to reduce your taxes. For instance, investors often use tax-loss harvesting to cut their taxable income. This simply involves selling securities at a loss to offset gains elsewhere. If you're unaware of the wash-sale rule and inadvertently re-establish a position in the same or similar securities within the rule's wait period, your tax deduction will be disallowed.

NextGen: 529 College Savings Plan



Daniel Hudspeth, CFP®
Wealth Advisor

529 plans, otherwise known as qualified tuition plans, are tax-advantaged investment accounts. 529 accounts offer tax-free withdrawals when utilized to pay for qualified education expenses. Qualifying education expenses include tuition (higher education as well as K-12), room & board, certain school supplies, and even student loans. There are currently around 30 states which offer 529 plans, including North & South Carolina.

Advantages

One of the main benefits of a 529 account is the tax-free nature of investment growth and withdrawals. Amounts contributed can remain in the account until they are needed for various qualified education expenses. 529 plans also create a lesser impact on financial aid when compared to other sources such as retirement accounts.

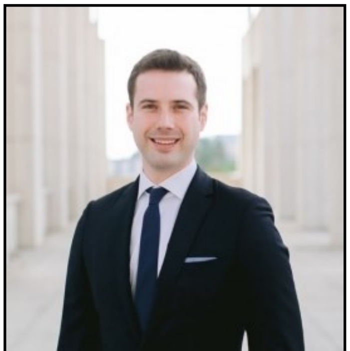
What Happens if the Account is No Longer Needed?

There are a few options for funds within a 529 plan. Say a beneficiary receives a scholarship and no longer needs them – balances are eligible to be rolled into another 529 account for the benefit of a different beneficiary. This allows funds to be transferred without triggering tax implications. If no other beneficiary exists, the account can be liquidated. However, this typically triggers a 10% penalty in addition to the federal income taxes owed on the amount withdrawn. Another brand-new option is rolling funds from a 529 account into a Roth IRA account for the beneficiary. This option will be available in 2024 and includes the following requirements:

- The 529 account must be open for 15 years or longer
- Converted funds must be in the 529 account for 5 years or longer
- Roth contribution limits apply ($6,500/year for 2023)
- Lifetime transfer limit of $35,000

A 529 Plan can be a useful vehicle for funding education and is just one piece of an overall investment plan. As always, please contact you McShane Partners advisor if you have any questions or would like more information regarding 529 Accounts.

NextGen: Cash Savings Options



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Over the past several years, the marketplace has not provided good opportunities to invest cash that is liquid while also paying a decent interest rate which keeps up with inflation. However, as interest rates rise, there are now competitive opportunities to invest cash for emergency funds and/or long-term savings. A few of the options which go above and beyond a traditional checking account are listed below:

High Yield Savings Account

High yield savings accounts are savings accounts that aim to pay interest rates that are 20 to 25 times more than the national average of typical savings accounts. Often times, these companies do not have a physical location and are only offered online. The lack of physical overhead allows the companies to offer increased rates between different companies. Most companies offer FDIC insurance and accounts which are easy to open and transfer funds to and from a linked checking account.

Money Market Account

A money market account is a fund or investment account that is located at a bank or credit union. The funds also aim to offer greater rates than standard accounts while providing investors additional incentives such as check-writing and debit cards. These accounts may include more restrictions when compared to checking accounts including minimum account balances, limited transactions, or potential fees.

Certificate of Deposit

Certificates of Deposit, also known as CD's, are investments that earn an interest rate on a lump sum for a specific amount of time. CD's differ from savings accounts because once invested, investors do not have access to the funds without incurring a penalty or fee. With the fee restriction, CD's often pay higher interest rates for longer term investments, but they are easy to acquire and can be purchased at almost any bank or investment firm.

Short-Term Fixed Income

This investment is commonly referred to as a short-term bond. These bonds allow an individual to purchase a company's debt obligation as an investment. The credit quality and duration of the bond determines how much the investor will receive in interest during the holding period – the shorter the investment period, the more conservative the investment. While this option can provide more investment upside, it does introduce the potential of actual loss on the principal investment value.

As the market climate develops, it is important to keep monitoring all aspects of a portfolio including cash. Depending on the cash goals and time horizon, we can recommend a combination of the above investments to help keep up with current inflation.

Last Chance to Donate! Dancing with the Stars of Charlotte - Dancing for a Cause

Last chance to donate to Elliott Van Ness' Dancing with the Stars of Charlotte campaign supporting Carolina Breast Friends and The Go Jen Go Foundation! Please support Elliott by going to his personal fundraising page or clicking on the QR code to the left

Senior Planning: How to Maximize the Tax Benefit of Your Charitable Donations

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Donating to charity is a great way to help others and the community and there are many options available. Getting a tax deduction is usually not the driving force behind most charitable giving but, if you are charitably inclined, you'll want to make sure you get the maximum tax benefit on your contributions. Here are some things to consider.

1. All donations are not tax-deductible. Only donations to qualified organizations are tax deductible. Most donations made to 501(c)(3) organizations and churches qualify. Money given to a friend to help cover a doctor bill does not qualify. Contributions to political campaigns, for-profit businesses and private interests are also not qualified. If you receive goods or services in return for a donation, then only the amount above the fair market value of those goods and services can be deducted.
2. There are limits on charitable contributions. While there is no limit to how much you can contribute to a charity, there are limits to how much you can deduct from your taxes. For 2023, cash contributions are deductible up to 60% of Adjusted Gross Income. Appreciated stock contributions are capped at 30% of AGI and other non-cash contributions are capped at lower rates depending on the type of donation and the type of charity. If you make contributions in excess of these limits, you can "carry forward" deductions for up to 5 years.
3. To receive a tax deduction for your contributions, you must itemize your deductions on your tax return. If you have enough mortgage interest, medical expenses, state and local taxes and charitable contributions combined that total more than the standard deduction (for 2023: $13,850 filing single, $27,700 MFJ, $13,850 MFS, $20,800 HOH) then itemizing your deductions will most likely be the best option. If you do not have enough deductions to itemize, then you should take the standard deduction, but you will not get the tax benefit of your charitable contributions.
4. If you do not have enough total deductions to itemize but you are over 70 ½, you can receive a tax benefit for your contributions if you make QCDs or Qualified Charitable Distributions directly from your IRA. Your taxable income will be reduced by the full amount of the distributions.
5. You can use a Donor Advised Fund (DAF) to "front load" charitable contributions in one year to help you itemize your deductions. If you typically make $5000 a year in charitable contributions but that amount doesn't quite get you over the standard deduction amount, you could make a larger donation to a DAF (enough to enable you to itemize deductions) and get the tax benefit. You are then able to make grants from the DAF to the actual charities over the next few years. With a DAF, you get the deduction for the donation to the DAF in the year it was made instead of getting the deduction when you give the funds from the DAF to the actual charities.

Like everything IRS related, charitable giving and taxes have rules! Please reach out to your McShane Partners advisor if you have any questions or need help deciding on the most tax advantaged way to make charitable contributions. We are happy to help!

Around McShane Partners

Opera Carolina

Daniele and Erik joined clients at Opera Carolina's impressive interpretation of *Porgy and Bess*. McShane Partners has been a consistent supporter of the Opera and has doubled the number of tickets available for clients. Please inquire if you have an interest in attending.

Bubbles, Bagels, and Bonds Event

McShane Partners hosted our first official in-person event last month. The event featured special guest speaker Purva Patel; Head of Municipal Bond Client Portfolio Managers at Nuveen. Click here to view the event in its entirety.

Dancing with the Stars of Charlotte - Dancing for a Cause

McShane Partners is thrilled to announce that Elliott Van Ness will be participating in the seventh year of *Dancing with the Stars of Charlotte - Dancing for a Cause*, a ballroom dance and fundraising competition featuring Charlotte-area "Stars" and award-winning professional dance partners, on **February 10th 2023**.

All profits from the event go towards supporting two amazing local non-profit organizations: Carolina Breast Friends and the Go Jen Go Foundation!

We are extremely proud to be sponsoring this event and would invite anyone interested in learning more about the event or contributing to Elliott's campaign to visit his personal fundraising page.

Thank you all in advance for your consideration, generosity, and support!

McShane Partners

Wealth management is our only business; therefore, our attention is undivided, and our intentions are transparent.

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