



THE VALUE CONNECTION

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O'Keefe Stevens Advisory's Quarterly Client Newsletter

Wrapping up 2023

YEAR-END REFLECTION

2023 was a remarkable year from many perspectives. Our long-term clients enjoyed outsized growth in their portfolios thanks to Nvidia. The rising excitement about Artificial Intelligence has been on our radar for years. The rise in the price of these tech stocks led to positive gains in the US market. But the other companies in the S&P 500 haven't rebounded like the Magnificent 7 (Apple, Amazon, Alphabet, Nvidia, Meta, Microsoft and Tesla). There are still great bargains in the less explored areas of the market.

As a business, we also grew by adding more new client households in 2023 than any prior year. We increased our marketing efforts and received more referrals from existing clients. We've focused on our offering and built systems to accommodate new clients.

Our team is making big improvements in the research department. Dominick and Peter are busy with their efforts to speak with company managers. Dom has a full schedule of investor conferences in 2024 to uncover new opportunities.

Continuing education continues to be a priority for every team member. We each have our own learning plan in place for 2024. All this is to say, the wind is at our backs right now and we are grateful. In 2024, we aim to keep using our talents and taking care of our duties with excitement. Thanks again for the continued opportunity to be your trusted financial partner.

If you or someone you care about needs quick advice or a reliable person to talk to, please contact us immediately. Happy Holidays!



Did you catch the excitement at our Investor Forum on October 12, 2023? The recording is now available. Listen to our discussion, analysis, and key takeaways from our presentation. Click the link below to access the recording.

[Watch the Recording Now](#)



Looking into 2024

FINANCIAL UPDATES

Each year, the tax code changes. Experts in estate, tax, and financial planning work hard to find ways to benefit from the new rules. By no means is this a comprehensive list of all these changes! Instead, I've compiled a short list of the ones that I find most interesting and applicable to our clients. Happy to discuss any of these strategies if they pique your interest!

Converting 529 Plans into Roth IRAs

The hang-up with saving into 529's has always been, "What if my child doesn't need the money for college?" In recent years, we've seen helpful changes to the application of these dollars.

Beginning in 2024, beneficiaries will be able to transfer up to \$35,000 of 529 plan assets to a Roth IRA. The transfers have some restrictions. First, the plan must be in place for at least 15 years. And, you can only make transfers up to the IRS Roth Contribution limits (i.e. \$7,000/year in 2024). For both parents and grandparents, this new change offers some new planning opportunities. 529 Plans now offer BOTH education and retirement saving opportunities for long-term investors.

Inflation Lifts Tax Ceilings

The IRS has announced the inflation adjustments for over 60 tax provisions for 2024. Here are some of the more pertinent provisions that apply to our clients:

- The 401(k) limit increased to \$23,000. Catch-up stayed the same at \$7,500.
- The IRA (Roth or traditional) contribution limit increased to \$7,000. The catch-up stayed the same at \$1,000.
- HSA contribution limit increased to \$4,150 for individuals or \$8,300 for families.
- In 2024, the annual exclusion for gifts will be \$18,000, up from \$17,000 in 2023.
- In 2024, when someone dies, their estate can exclude \$13,610,000, up from \$12,920,000 in 2023.
- For tax year 2024, married couples filing jointly can claim a standard deduction of \$29,200. This is \$1,500 more than the deduction in tax year 2023. The standard deduction for single taxpayers and married individuals filing separately is \$14,600. This is \$750 more than in 2023.

[Click here to download a full list of Important Numbers in 2024.](#)

[Click here to download the guide: Can I Make a 529-to-Roth Transfer?](#)





The Next 50 Years

A FRESH PERSPECTIVE

Each month, we excitedly await the arrival of Nick Murray's newsletter. Most of you are familiar with Nick Murray's book *Simple Wealth, Inevitable Wealth*. We give this book to new clients so they can better understand our approach. Nick's newsletter reinforces what we learned in reading that book. And, it offers timely and actionable sentiments to reinforce the message. Last month, Nick provided such a compelling example that I had to relay it to you in this publication.

Earlier this year, in every US city, a lucky tweenage boy and girl boarded the school bus with a new iPhone 15. Now, reserve your judgment for a moment. This is the new normal. A recent study by Stanford found that by age 13, 75% of children in the US had a cell phone. By age 15, the study found the percentage to be over 99%. Most of these phones are smartphones.

The kids now have more computing power than the most powerful IBM mainframe computer of 1970. And, it's in their backpack! Furthermore, there is no limit to the amount of information those children can access. Ask them any question you can think of. They can find all articles, videos, podcasts, and references on that subject in seconds. If it's not in English, they can use AI to translate it for free. And, this is the only world they know.

Now, put yourself back in time. Imagine the year is 1970. Not only is this level of computing power impossible, it's inconceivable.

The idea of a global database that connects information on all computers around the world. That too, is both impossible and inconceivable. And, our children think nothing of it. As far as they know, it's always been so.

In 5 decades, the world as we all knew it became inconceivably different. These new technologies have brought both impressive achievements and frightening problems to society. But, the world is a better place because of it. And, our children will benefit in ways we never dreamed possible.

The future holds the same opportunity it did 50 years ago. Our predictions will continue to fall short of real-world outcomes. And, life as we know it will continue to advance and improve. To quote Nick Murray, "Optimism is the only realism." This perspective is foundational to the success of us long-term investors. Faith in the future of mankind to make continuous improvements. Capitalism creating fertile grounds for innovation beyond our imaginations. And, love overcoming hatred to find a way for greater numbers of people to advance and prosper. These things happened during the last 50 years. There's no sure thing, but I wouldn't place a bet against them over the next 50 years.

As we enter the New Year, I offer this perspective as a reprieve from what you hear from the mainstream media. One downside of having more information is that sensationalism sells more ads. Be conscious of the intentions of your informational sources. Be informed, and be independent in your analysis. The future looks brighter than ever when you study the past.

What We Read this Quarter

SO YOU DON'T HAVE TO

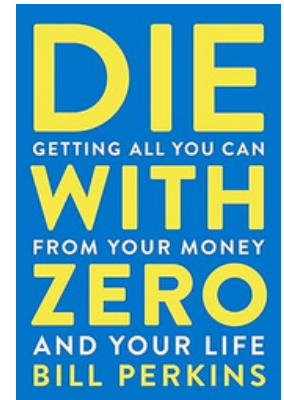
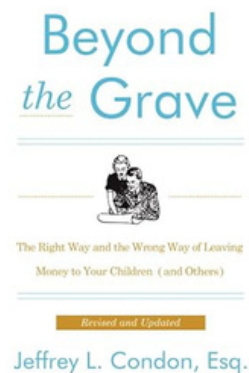
All joking aside, we read a lot of books that don't make the cut to our recommended reading list. This quarter was no exception. While both these books are incredibly informational, they are not great reads. I'd be happy to save you the time and effort by having a conversation if either topic interests you.

Beyond the Grave by Jeffrey Condon

By far, this was one of the most practical guides to estate planning I've ever read. Condon is a seasoned estate attorney based in California. He colorfully shares his experiences in helping families plan and execute wealth transfers. Condon doesn't sugarcoat the impact money has on relationships. His main piece of advice to families: **have the money talk sooner rather than later.**

Die with Zero by Bill Perkins

I'll start by saying that I was immediately turned off by the title of this book. I overcame my aversion and was able to find lots of common ground in Perkins' message. The focus of financial planning is often mistaken as a mission to hoard money. The real goal is to balance living in the present without jeopardizing the future. Die with Zero shifts readers' thinking to the "focus on today" part of this balance. I found the book to be a good reminder that living with purpose and accumulating wealth can go together.



Dear Clients,

Over the past 44 years and 15 years, we have made ourselves available to act as a sounding board for anyone who needs urgent financial advice - or just a second opinion. We are a team of caring and talented individuals who share a passion for this important work. As a result of these efforts, our business now comes to us almost exclusively through referrals. So, if you're approached by a friend, neighbor, or family member, or if you know someone who just needs a sympathetic ear, please let them know that we will always find the time to listen, and we'll do our best to help.

Peter S. O'Keefe & Justin Stevens

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