

AUGUST 2023

## Putting Breaking News IN PERSPECTIVE

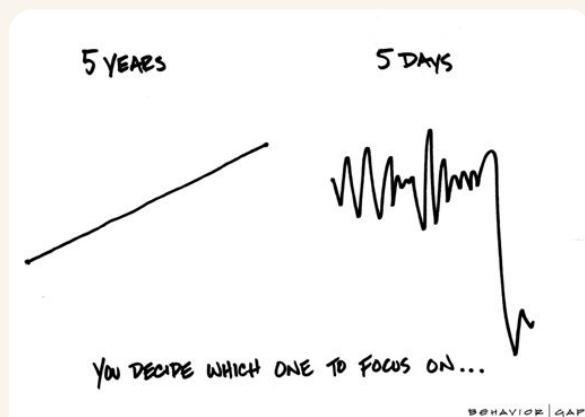
CODY WARREN, CFP®, CPA, SENIOR INTEGRATED WEALTH ADVISOR,  
DIRECTOR OF FINANCIAL PLANNING



**W**e are constantly bombarded with information—everything we see is BREAKING NEWS! Yet, what is actual news? How does one discern? Most importantly, where are you right now as it relates to the information you are receiving?

When it comes to our personal finances, it is difficult to separate our own stories and feelings from facts. What I find particularly useful in my own personal finance story is to separate what is impactful today, five days from now, and five years from now. I find that when I do so, the story changes and often can shift more quickly from feelings to facts.

Over the past year, I have personally gone through many changes in my life and family. Some of these changes have indeed been—breaking news—to my family and friends. It was difficult at times to not get bogged down in the stories and thoughts, trapped in narrow thinking about today, and today only. What was most useful to me was to reframe my focus on the next five hours, five days, and five years.



I think there is a parallel to our constant bombardment of data regarding the markets. What is the best investment today? What is the market doing today? The critical question is, are you on the path to achieve your goals and objectives—what is most important to you? If you are indeed well-planned, the day-to-day swing of your investment portfolio is only one data point. Five years from now, will it matter what the market did today? It is highly unlikely. There are only a few days in history that are truly historical. And, even in retrospect, those still may have minimal impact to a well-planned financial journey.

Life is full of the unexpected. Life is full of experiences we think we can control, but ultimately cannot. As I reflect on the past year, there were so many moments that seemed like the breaking news was Armageddon. Focusing on what matters in the next five hours, five days, and five years helped me. Perhaps focusing on a similar timetable in your own personal financial journey might prove helpful.

My crystal ball for the future is broken, and I suspect yours is, too. Together, we can sift through what truly is most impactful in helping you achieve what is important to you and help you feel secure on that journey. Sifting through the stories, feelings, thoughts, and facts may become easier with the right focus.



## So, You Want to Retire?

KATY VERMEER, CFP®  
SENIOR INTEGRATED WEALTH ADVISOR



“So, you want to retire?” I’ve had countless retirement conversations with clients that begin with this question, but as I shift into my own retirement, the question carries new significance. If I’m being completely honest, the question goes more like this, “So you *really think* you want to retire?”

I’ve had ambivalence about this change in my life. While I very much look forward to my next chapter, I also know I will miss the work I do at Carlson Capital Management. As a result of this ambivalence, I’ve spent a lot of time contemplating this change and here are a few of my thoughts.

**I will not underestimate the major mind shift of going from an accumulation mentality to a distribution one.**

My husband and I have been saving for retirement in our 401(k) accounts for over 40 years. Even when we were in the “lean years” of funding our children’s higher educations, we made it a priority to contribute to our 401(k) accounts knowing that one day the funds would allow us to retire. I am coming to terms with the end of my human capital years and our related retirement savings regiment, and am warming up to the idea that investment capital, as well as Social Security, will be the sources of our income for the remainder of our lives. Without question, it is a new way of thinking.

**I will soon need a virtual paycheck.**

Instead of the monthly payroll compensation from CCM that has been going into my checking account for years, I will establish a monthly distribution amount from my investment accounts. I’m still working on that “right” amount, knowing that I will have more time for travel and other things. We fully intend to embrace our “go-go years” for the foreseeable future as well as get more involved in our community, which could lead to more charitable giving.

**My CCM tax advisor has suddenly become even more important to me.**

Not only will we need help determining the best way to get that virtual paycheck, but we also want to take advantage of Roth conversions and other tax opportunities that make sense. We have a few years before required minimum distributions from IRAs begin, and we intend to delay receiving our Social Security benefits, so we are interested in knowing how we can maximize our tax situation both now and over the long term.

**I will remind myself when necessary that money and investing can be very emotional, and so it will be important to stay disciplined with our investment and cash flow strategy.**

I do not intend to check my account balances every day, maybe not even every week, because I know that when markets go down, it won’t be helpful to note how much our accounts have declined. Instead, I will make sure that I’m comfortable with our investment strategy and asset allocation.

While retirement is on the horizon for me and my role at the firm will change, I’m grateful to be transitioning into the seat of a CCM client and relying on my advisor (yes, even advisors have advisors!) to continue to educate and guide me during this transition and beyond. I know that CCM will be a valuable resource to me and my family in the years ahead, and I am thankful to have the opportunity to make my retirement a reality.

## HOME ENERGY CREDITS

# Under the Inflation Reduction Act of 2022

KEVIN KOSKI, CPA, PRINCIPAL TAX ADVISOR



Included in the Inflation Reduction Act of 2022 are tax credits for taking on home energy improvement projects through 2032. The detail below outlines the Energy Efficient Home Improvement Credit (EEHIC), which can be used to reduce your federal tax liability by up to \$3,200 annually, and the Residential Clean Energy Credit (RCEC), which can be utilized to reduce your federal tax liability by up to 30% of the total project cost.<sup>1</sup>

### ENERGY EFFICIENT HOME IMPROVEMENT CREDIT (EEHIC)

The EEHIC will equal 30% of qualified expenses, including energy-efficient improvements installed, residential energy property expenses, and home energy audits. The credit is subject to an annual maximum amount of \$1,200, with specific limits on doors (\$250 per door; \$500 total), windows (\$600 total), and home energy audits (\$150). Qualified heat pumps, biomass stoves, or biomass boilers will be subject to a separate \$2,000 maximum annual credit.

It is important to note that the EEHIC will not have a lifetime cap. The new \$1,200 and \$2,000 maximum credits can be taken each year in which you qualify. With some planning, you may be able to qualify for credits over multiple years as you complete and budget for energy-related home improvements. The energy credits available prior to 2023 were subject to a \$500 lifetime cap, so the new credit is significantly enhanced.

Here are categories of the types of expenses that will qualify for the EEHIC, subject to the maximum annual limits noted previously.

#### Building Envelope Components

- Exterior doors
- Exterior windows and skylights
- Insulation and air sealing systems

#### Residential Energy Property

- Central air conditioners
- Natural gas, propane, or oil water heaters
- Natural gas, propane, or oil furnaces and hot water boilers

### Heat Pumps, Biomass Stoves, and Biomass Boilers

- Electric or natural gas heat pumps
- Electric or natural gas heat pump water heaters
- Biomass stoves or boilers

### RESIDENTIAL CLEAN ENERGY CREDIT (RCEC)

The Residential Clean Energy Credit (RCEC) allows you to take a 30% credit for qualified expenses incurred through 2032 on larger clean energy projects. Notably, the RCEC is not subject to an annual or lifetime maximum. Qualified expenses include:

- Solar, wind, and geothermal power generation
- Solar water heaters
- Fuel cells
- Battery storage

We welcome questions you have about these tax credits and encourage you to contact your CCM team to discuss how implementing related projects may benefit your tax situation.

#### Attention Minnesota residents:

Visit our website or connect with your CCM team for more information about tax changes enacted during the most recent Minnesota legislative session, including e-bike rebates, a one-time increase in property tax refunds, and a net investment income tax that will be imposed on the income of individuals, estates, or trusts in excess of \$1 million.



#### DON'TCHA KNOW

No matter your state of residence, CCM's integrated team stands ready to advise you on tax and investment strategies that best support your financial goals.

<sup>1</sup> <https://www.congress.gov/bills/117th-congress/house-bill/5376>

PLEASE JOIN US!

Carlson Capital Management invites you and your friends to join us for a transformative event with Pat Miles, a legendary Minnesota broadcaster and author of the recently released book *Before All Is Said and Done*.

TUESDAY, SEPTEMBER 12, 2023 · 11:30 A.M.

MCNAMARA ALUMNI CENTER

University of Minnesota · 200 Oak Street S.E., Minneapolis

LUNCH WILL BE SERVED.



Featured guest **PAT MILES**



In her book, news maven turned author Pat Miles shares how she navigated grief, decisions, and the legal system after the unexpected death of her husband. Our conversation with Pat will elicit her advice for how to ready ourselves and our loved ones for the kinds of challenges she unexpectedly found herself facing.

*We are so pleased to welcome Pat as a guest and hope you'll join us for an informative and inspiring gathering.*

*For a culture that finds it difficult to talk about the end of life, Before All Is Said and Done is the roadmap we all need to navigate the practicalities of death while experiencing shock, loss, and grief.*

— LEE WOODRUFF

RSVP

Reserve guest passes by visiting [carlsoncap.com/miles](http://carlsoncap.com/miles), calling 507.321.4019, or emailing [rsvp@carlsoncap.com](mailto:rsvp@carlsoncap.com).

We'll be reserving seats in the order received through Friday, September 1, 2023.

WE LOOK FORWARD  
TO SEEING YOU THERE!

## CCM NAMED A TOP WORKPLACE Three Years in a Row



Carlson Capital Management has been named one of the 2023 Top 200 Workplaces in Minnesota by the Star Tribune. This is the third year in a row that CCM has been named a Top Workplace. The award, which is given annually, recognizes companies with more than 50 employees in Minnesota that, based on employee opinions, score most favorably in seven areas of organizational health. CCM is ranked #25 in the Star Tribune's Small Employer category, which features 85 honorees. A complete list of those selected is available on the Star Tribune's website.

Justin Stets, AIF®, President of Carlson Capital Management, says,

“We are honored to receive this award and stand alongside many fine organizations as a Top Workplace. Every day I witness our colleagues leading this award-winning work and fulfilling CCM's vision of bringing wisdom and purpose to wealth and enriching the lives of our clients and colleagues. There's no question in my mind that we can feel absolutely confident that we are building and sustaining a culture of care that resonates with the people around us and positively impacts their lives.”

If you know of anyone who is interested in a career in wealth management, opportunities to join the Carlson Capital Management team can be found on our website: [carlsoncap.com/careers](https://carlsoncap.com/careers).



**Follow Us on LinkedIn** Connect with Carlson Capital Management on LinkedIn for more information about firm happenings and news from our wealth management team.

Neither rankings and/or recognitions by unaffiliated rating services, publications, media, or other organizations, nor any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if CCM is engaged, or continues to be engaged, to provide investment advisory services. The criteria for the Star Tribune's Top Workplace award can be found here: <https://www.startribune.com/nominate-your-company-for-minnesotas-top-workplaces-list/600239992/>. The Star Tribune partnered with an independent organization, Energage, to conduct the research and administer employee surveys in order to determine awardees. CCM did not pay a fee to receive this award or receive any compensation for this award. CCM did pay to promote the award. The Star Tribune independently honored CCM.



## CCM WELCOMES NEW COLLEAGUES

Full biographies are featured on [carlsoncap.com/team](http://carlsoncap.com/team), where you can also connect directly with any colleague at the firm.



**AVERY DEGERSTROM**  
*Paraplanner*



**SAM EBNER**  
*Operations Specialist*

## COLLEAGUE ACCOLADES



### **Jake Edin Earns CPA Credentials**

Congratulations to CCM Tax Advisor **Jake Edin, CPA**, on recently completing the courses and exams necessary to earn his CPA credentials. Jake is one of nine CPAs on the Carlson Capital Management team.

### **Colleagues Promoted**

Several of our wonderful colleagues have been promoted: **Cathy Schlifer, SCA, CPPM, Henry Anderson, Mary Keller, Selene Serkland, CFP®, and Turner Storm.**

Through their actions, these colleagues demonstrate a deep commitment to CCM's mission and guiding principles and unyielding loyalty to clients, colleagues, and the firm.



**CATHY SCHLIFER**



**HENRY ANDERSON**



**MARY KELLER**



**SELENE SERKLAND**



**TURNER STORM**

CCM colleagues have packed a whole lotta living into the last few months.

**TAKE A PEEK.**



CCM's amazing Client Servicing Representatives and Operations team members packed meals for critically-ill neighbors at Open Arms.



Founder Jeff Carlson, CFP®, was invited to ring the bell at the NYSE.



CCM colleagues Amy Vanderhoff, Paraplanner, Heather Novotny, Executive Assistant, and Chris Kuhn, Client Servicing Representative, joined Founder Jeff Carlson's wife, Stacy, at the Power of 100 Women event in Hastings, a fundraiser for local charities which resulted in CCM's American Center for Philanthropy donating \$3,000 in matching funds.



Our talented Paraplanners spent a day volunteering with Twin Cities Habitat for Humanity, putting the finishing touches on a home.



## COMPANY NEWS & COMMUNICATIONS



An all-colleague event at Pinstripes in Edina had Tax Support Specialist Bonnie Anderson Rons, MBA, CCTS, and Retirement Plan Client Relationship and Education Manager Sue Desrosier, CFEI, BFA™, smiling.



Associate Integrated Wealth Advisor Ashley Johnson, CTFA®, and her husband, Dan, welcomed a baby boy, Marcus, into their family in early June.

On April 22, in the wee hours of the morning, Kim Wurl, CFP®, Integrated Wealth Advisor, and her husband, Joe, welcomed a baby girl into their family–Jocelyn.



**IMPORTANT DISCLOSURE INFORMATION:** Please remember that past performance is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Carlson Capital Management, LLC ("CCM")), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from CCM. CCM is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the CCM's current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at [carlsoncap.com](http://carlsoncap.com). If you are a CCM client, please contact CCM, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. Please advise us if you have not been receiving account statements (at least quarterly) from the account custodian.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your CCM account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your CCM accounts; and, (3) a description of each comparative benchmark/index is available upon request.

Neither rankings and/or recognitions by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any professional designation, certification, degree, or license, membership in any professional organization, or any amount of prior experience or success, should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if CCM is engaged, or continues to be engaged, to provide investment advisory services. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers (see link as to participation criteria/methodology, to the extent applicable). Unless expressly indicated to the contrary, CCM did not pay a fee to be included on any such ranking. No ranking or recognition should be construed as a current or past endorsement of CCM by any of its clients. CCM's Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including the criteria used for any reflected ranking.



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