



ADVISORY Notes

JUNE 2024

Second Quarter in Review

As we head into the second half of 2024, we see inflation moderating towards the 3% mark from the highs of 10% eighteen months ago. Short-term rates for most fixed income investments hover above 5% and present a stable risk-reward relationship. The equity markets have continued to rise as inflation recedes and the possibility exists for a rate cut sometime into the fall and post-election.



AI “artificial intelligence” investments have been the leaders in 2024 and continue to concentrate the top of the market-weighted indexes, which leads the top sector of Technology. Communication Services follows that up with a close second, but is one-third the size of the Tech

sector. (See Sector Chart on Page 3.) Real Estate lags the year to date performance as the only sector in the negative this year. Large capital growth stocks continue to lead the way over mid- and small-cap growth and value stocks. (See Market Table below.)

Corporate earnings continue to perform well as the nation continues to thrive. The economy continues to press forward as the Federal Reserve has navigated the economy and employment levels well. Headwinds in the near future, though, could be unexpected rising unemployment, political unrest, both domestically and abroad, and heightened military escalations in Europe, the Middle and Far East.

We continue to monitor and consider the economic data points, earnings and Federal Reserve movements while managing your goals and objectives.

Joseph M. Valicenti
President/CEO

Happy Retirement

It is an honor to announce the retirement of Ralph H. Roberts, Jr.



I am tremendously proud and feel privileged to have worked with Ralph during most of my professional career. He has given myself, my partner Jeff and the entire Valicenti team years of guidance, friendship, loyalty and humor.

Ralph joined the firm in June 1994. He is a graduate of Hamilton College and a 31-year veteran of the Hilliard Corporation from which he retired as a Vice President in 1994. Ralph is also a Navy veteran, where his disciplined knowledge of “Robert’s Rules of Order” helped guide us in our corporate meetings.

Ralph came to VASI over 30 years ago in search of a short-term second career. As the

See Retirement on Page 4

MARKET TABLE	VALICENTI ADVISORY SERVICES, INC.								
	Comparative Index Period Returns From 03-31-24 THROUGH 06-30-24								
	Dow Jones Industrial Average	S&P 500 Equal Weight Index	S&P 500 Index	NASDAQ	Russell 2000	BBG Barclays AGGR Bond Index	BBG Barclays Muni Bond Index	FTSE USBIG Corporate Bond Index	US Treasury Bill Index (90 day)
03-31-24 to 04-30-24	-4.92	-4.87	-4.08	-4.38	-7.04	-2.53	-1.34	-2.34	-0.02
04-30-24 to 05-31-24	2.58	2.82	4.96	6.98	5.02	1.70	-0.32	1.85	-0.03
05-31-24 to 06-30-24	1.23	-0.45	3.59	6.03	-0.93	0.95	1.66	0.59	0.01
Cumulative Returns 03-31-24 to 06-30-24	-1.27	-2.63	4.28	8.47	-3.28	0.07	-0.02	0.04	-0.04



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~ Our Clients Come First ~

Director's Chair

“...is running a huge budget deficit, and its leaders are deeply concerned about the economy's growing financial imbalance.” “Moreover, if the budget plan approved...were implemented, we estimate the deficit would surge.” “Soaring spending and stagnant revenues are behind the rise in the deficit.”



Speaking of spending cuts: “...officials not only met with resistance when they tried to institute modest cuts but, in the face of potential consumer unrest, launched new spending programs and postponed elimination of the massive consumer subsidies, which account for about 20 percent of the budget.”

On inflation: “Prices are rising ever more rapidly where they are uncontrolled – especially for food. Inflation will redistribute income from pensioners and others on fixed incomes to those whose incomes rise with inflation...” “...have subsequently acknowledged the existence of a large budget deficit and linked it to increasing inflationary tendencies in the economy...”

Reading the above three paragraphs one can reasonably assume that we are talking about recent deficit and inflation dynamics in the United States. The situation is actually more ominous in the long-term for the United States because the above paragraphs are from a 1989 Central Intelligence Agency (CIA) report entitled “Implications of a Surging Soviet Budget Deficit,” which has been declassified and is freely available online.

The United States in the past few years has begun a period of regularly running deficits that are at least 5% of gross domestic product (GDP). The non-partisan Congressional Budget Office (CBO) projects running deficits at least this size in the future, rising to 8.5% of GDP in thirty years. The deficit increases will accelerate post-2032 when Social Security will swing from a surplus to a deficit for the budget. The Soviet budget began to unravel in 1986

when their annual deficit reached 7% of GDP. Although Federal Reserve (Fed) Chairman Jerome Powell is doing a fine job of lowering inflation of almost 10% a few years ago to an approximate 3% today, a decade from now whomever is the Fed Chairman will have to deal with a rising deficit pressuring inflation higher. The parallels between what happened in the late 1980s and today are concerning. Gorbachev's attempt to implement spending cuts where met with similar pressures we feel today. The Soviet leader attempted to implement cuts to agriculture investment (what we call farm subsidies), subsidies for meat and milk (food stamps), housing subsidies (Section 8 program), and subsidies for senior citizens (Social Security and Medicare). Ultimately the 1989 budget increased spending on these measures due to growing social unrest and actually added new “investment” programs to grow the economy. Sounds suspiciously similar to the Chips Act, Inflation Reduction Act, and Infrastructure Act.

A decade from now, to bring the U.S. annual deficit to a more manageable 3.5% of GDP would require reductions to those similar programs that Gorbachev attempted to cut. Does anyone see our electorate tolerating that? What about defense spending? During the Reagan years, the U.S. spent 6% of the federal budget on defense; today it is approximately 3.5%. Future budget constraints from higher interest expense would likely force cuts to approximately 2-2.5% of the federal budget. Back in 1989, Gorbachev planned a 14% cut to defense spending to take effect in 1991 to keep the Soviet Union solvent. Ultimately, the U.S.S.R. went bankrupt and dissolved in 1991 while those cuts were being implemented.

For those of us who are old enough, remember October 3, 1990? The day East and West Germany reunified. German Chancellor Helmut Kohl had gotten Gorbachev's blessing after West Germany extended a massive aid and loan package to the Soviet Union. That is how weak the Soviet economy had devolved.

We do point out there are massive differences between the Communist Soviet state and

the free American economy. One depended on massive top down command and control management of the economy, while the other is free market based. However, an argument can be made that since the advent of “bailout nation” where the U.S. Treasury and Fed do everything in their power to prevent recessions coupled with ballooning social spending and government regulation, 2024 America is nowhere near as capitalistic as it was in 1989. Will the economy be capitalistic enough in 2034 to overcome the profligate spending of our times? We could trust our “esteemed” politicians from both sides of the isle who gave us Gramm-Rudman (1985), Simpson-Bowles (2010), and Sequestration (2013). One was a proposal with tax increases and spending cuts and the other two are actually law, which have never contained the deficit because Congress votes to override the deficit control acts each year. If Simpson-Bowles had been enacted starting in 2011, independent projections show the annual deficit would have been below 2% this year versus the actual 6.5% and America's national debt would have totaled 60% of debt-to-GDP compared to the current 120% today. Congress never even voted on Simpson-Bowles nor was it sent to Congress even though it was a Presidential Commission.

How this affects our investments and portfolios? In the near-term, not much ramification. The S&P 500 are near all-time highs while the federal government is running \$1.92 trillion dollars of deficit spending propping up the economy, all while the Fed's previous interest rate hikes contain inflation. Longer-term investors should consider the headwinds that will begin to occur a decade from now when the U.S. cannot afford its spending and what implication possible higher inflation will cause to the value of our currency and investments. We continually monitor domestic and international economic data in an effort to stay ahead of changing investment markets.

Louis F. Ruize

Director of Research/Portfolio Manager

Investment Strategy

During the first half of 2024, the U.S. economy and equity markets remained in an upward trajectory. Recently, some headwinds have emerged with a few data points possibly starting to show that continued positive economic momentum is beginning to slow. The U.S. employment picture remains strong even with a more recent moderate uptick in unemployment. Consumer spending has been positive this year with some recent indications that spending is gradually slowing. There have been some initial signs that consumer credit delinquencies are starting to rise as economic conditions moderate. Inflation is showing signs of easing but still not exactly at the Federal Reserve's target. With inflation still higher than the target, the Federal Reserve has held interest rates at the current levels and will likely continue this path until the 4th quarter of 2024.

The U.S. equity markets continued to move forward led by large-cap companies in the first half of 2024, leaving areas such as small- and mid-cap companies struggling to keep pace with the large-cap quality names. Corporate earnings have been positive for larger companies and a bit weaker for smaller companies. Looking forward, this trend is likely to continue in the second half of the year.

Our asset mix favors equities over fixed income with a focus on large-cap quality companies. Our asset mix will be nimble as we move forward. As such, our current asset mix will vary based on client specific objectives, needs, risks and income requirements. Our current target asset mix range is 5-10% money markets and short-term government securities, 45-65% in equities and 30-40% in fixed income.

Jeffrey S. Naylor
Executive Vice President/CFO



Saving for College

There is nothing like a newborn baby to bring about the primal urge to save for a college education. Call it the “nesting instinct” – it not only hits parents, but also grandparents and other family members. With the cost of higher education, it now “takes a village” to pay the tuition!

Here at Valicenti Advisory Services, we field many questions on the “best way” to save for a child’s education. It really is a subjective area, as there is no single “best way.” We will break down the pros and cons of the most popular plans.

529 Plans

This is the most popular way to save, as it offers tax benefits on both the federal and some state levels when used for qualified education expenses.

1. Earnings and withdrawals are completely tax-free when the funds are used to pay for higher education expenses, along with up to \$10,000 tuition expenses per beneficiary per year for kindergarten to grade 12.
2. Qualified education expenses include tuition and fees, books, room and board and computers.
3. Distributions can also be used for apprenticeship programs.
4. Deposits of up to \$18,000 per individual will qualify for the annual gift tax exclusion for 2024.
5. Unused funds in a 529 plan may be rolled over to a Roth IRA for the beneficiary, beginning in 2024, as long as the account has existed for 15 years. However, if the beneficiary has changed the 15-year countdown will restart. There are both income and lifetime limitations on this, so it would be best to consult with a tax planner or financial advisor.
6. Any withdrawals not spent on qualified education expenses are subject to income tax and a 10% federal tax penalty.
7. Investment strategies are very limited.



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Second Quarter Review (Continued from Page 1)

Sectors in the Market as of Close 06/28/2024

Sector	Market Cap	YTD	Performance			
			1 Mo	3 Mo	6 Mo	12 Mo
S&P 500Market	\$46.0T	14.50%	2.90%	3.90%	14.20%	24.80%
Information Technology	\$15.3T	27.30%	6.00%	13.30%	26.90%	42.50%
Communication Services	\$4.4T	25.40%	3.50%	8.90%	24.70%	42.80%
Energy	\$1.9T	8.90%	-0.90%	-3.40%	8.50%	14.40%
Financials	\$6.3T	8.30%	0.10%	-2.50%	7.90%	24.40%
Utilities	\$1.1T	8.00%	-3.90%	3.80%	7.80%	5.40%
Consumer Staples	\$2.8T	7.50%	0.30%	0.50%	7.60%	6.60%
Industrials	\$4.5T	6.70%	-1.00%	-3.60%	6.40%	15.90%
Health Care	\$5.7T	6.60%	2.30%	-1.50%	6.60%	10.90%
Consumer Discretionary	\$5.2T	4.80%	4.00%	-0.50%	4.10%	13.90%
Materials	\$1.2T	1.70%	-3.50%	-5.50%	1.20%	8.60%
Real Estate	\$1.3T	-4.30%	3.80%	-2.60%	-5.50%	2.80%

Analyst Corner

After pausing in April, equity and bond returns rallied through May and June to finish the quarter strong. The S&P 500 returned 4.3% in the second quarter and a very strong 15.3% through the first half of the year, while the FTSE US Big Corporate Bond Index and the broader Bloomberg US Aggregate Investment Grade Total Return Index returned modest gains throughout Q2.



Within the main equity benchmark: In a bit of a narrow result, four equity sectors returned positively while seven sectors saw negative returns. Information Technology, Communication Services, Utilities, and Consumer Staples shares led the Index returning 13.8%, 9.4%, 4.7%, and 1.4% respectively. Materials, Real Estate, Industrials, Energy, Financials, Health Care, and Consumer Discretionary sectors all saw declines in their respective spaces. The fewer large, quality, and profitable growers continued their positive momentum and have been favored more recently over the more cyclical sectors struggling perhaps in the face of fading economic momentum. Long rates continued to move higher in the early part of the quarter, but have since started an orderly downward move more recently, which seems to have been positive for stocks. This may provide further evidence that rates

Positive Market Influences

- Market Wealth Effect
- Subdued Rate Markets
- Pricing in Cuts

Negative Market Influences

- Claims & Unemployment
- Higher for Longer Narratives
- Consumers Fading

have been in restrictive territory and economic momentum is coincidentally fading.

The larger issues in the back half of the year that the market will be wading through are the election season, understanding if the rate cutting cycle will begin this year or not, and determining what risks, if any, of a systemic nature are longer-term threats to the markets, the credit and banking areas of the economy. Market participants for now, as they tend to do, seem to be more focused on the soft landing potential outcome with the caveat that some of the current monetary policy restraint on the economy is removed through the rate channel.

Positive Market Influences

- **Market Wealth Effect** – Bond markets are not experiencing volatility and the S&P 500 is within 1% of all-time and 52-week highs. While consumption and employment conditions may be slowing, some confidence may return in the near term should markets remain buoyant.
- **Subdued Rate Markets** – Rate volatility, as measured by the MOVE index, has been moving lower and the 10YR US Government benchmark yield has been stable near 4.30% in recent months.
- **Pricing in Cuts** – There are indications that many market participants likely believe that the Federal Reserve’s policy overnight rate is

set to be cut at some point in the back half of the year.

Negative Market Influences

- **Claims & Unemployment** – Continued claims for unemployment insurance are rising though not at alarming levels. This could indicate that if one loses a job, it may be slightly harder to get a replacement job as the labor market cools in certain areas. Further, the unemployment rate, while also at absolutely low levels, has risen from a low of 3.4% in April to today’s rate of 4.0%.
- **Higher for Longer Narratives** – The zeal for rate cuts may be overly optimistic should inflation rates remain significantly above the Fed’s target of 2.0% or if there is an intermediate uptick in inflation, which challenges the disinflation trend. This type of outcome would likely challenge risk assets more than they currently are, as rates held higher for longer could bite harder as time goes by.
- **Consumers Fading** – Retail sales have been a bit weaker than expected in recent prints and companies have cited that they are observing trade down in price points. This coincides with revolving credit outstanding taking a breather and savings rates moving lower.

Daniel P. Burchill
Security Analyst

Retirement

(Continued from Page 1)

firm was fairly new when Ralph began, he was an important asset in helping to build the client base locally. As Vice President of Client Services, Ralph directed the marketing efforts, including advertising and public relations as well as client services and the business development program.

Ralph was instrumental in planning many of our corporate outings, holiday celebrations and summer gatherings over the years. He always had a way of keeping the staff engaged, relaxed, entertained and feeling like part of the VASI family.

Throughout his life, Ralph has been an active member in the community. He is an honorary member of the Arnot Ogden Medical Center Board of Managers, an organization that he served for over 30 years. He is also a past president of the Elmira City Club.

Ralph plans to spend time with his wife, Mary Booth, in Elmira and his children and grandchildren in New Jersey and Maryland.

Cheers to 30 great years at Valicenti Advisory Services, Inc., Ralph, and thank you!

Joe, Jeff and the Valicenti Team



Rental Car Coverage – Do I Need It?

Many of you, like me, have been at the rental car counter, listening to the representative ask if you want to purchase the rental company's insurance and the thoughts start racing through your head. "Is this valid coverage? Doesn't my regular auto policy cover me? What about my credit card? Why didn't I look into this before I left on my trip?"



We are here to help you answer those questions. While all situations are not the same, we have some general tips that may help you make an informed decision the next time you're standing at the counter.

1. Know your personal auto policy.

Because insurance policies vary, it's a good idea to give us a call — before you rent a car — to make sure you have the coverage you need. In many instances, your personal auto policy will provide coverage for a rental car — but that coverage may be limited to the value of the car you own rather than the one you're renting. Of course, if you don't have a personal auto policy, you'll need to purchase coverage from the rental company.

Keep in mind that in the event of an accident, many rental companies will charge fees beyond repair costs. They may assess "a loss-of-use" fee for each day the car is unusable, as well as charge you since the value of the car now has decreased. Not all insurance policies cover these fees.

2. Know your homeowners or renters policy.

If you're traveling with expensive electronics or other valuable items, you probably want to consider what coverage you'll have in the event that they are stolen. Your personal auto policy and/or credit card coverage likely won't provide protection for this scenario.

3. Check your credit card protection.

Most credit cards will also provide some coverage, but often payment is limited to reimbursement of your personal auto policy deductible (after that policy pays for repairs). Generally, "loss-of-use" and other fees are not covered, but it's important to check with your credit card provider to determine their policies. While some cards may offer additional protection for a fee, usually coverage is limited to damage to the car, not liability for any injuries to others. Remember, to receive any sort of benefit from your card, you must use that card to pay for your entire car rental.

4. Consider any unique circumstances.

Are you renting a car in a foreign country or for more than a week? You'll definitely want to get confirmation of coverage from both your insurance carrier and credit card company because different rules might apply. Also, no matter where you are, vehicles such as trucks, RVs or exotic sports cars often aren't covered under standard agreements. If you're using a car for business purposes, your personal coverage might not apply. Finally, if multiple people will be driving the car during your trip, make sure your coverages will apply to them.

5. Learn about the insurance offered by the rental car company.

According to the Insurance Information Institute, rental companies offer four main types of coverage.

A Loss Damage Waiver relieves you of responsibility if your rental car is damaged or stolen. This may also provide coverage for "loss-of-use." Liability Protection provides protection from lawsuits if you are sued after an accident. Personal Accident Insurance covers you and passengers for medical bills after an accident. You may not need this if you have adequate health and auto coverage. Personal Effects Coverage protects you if items are stolen from your car. You generally are covered for this under your homeowners or renters policy, but keep in mind that the loss must exceed your deductible for you to receive payment. If you have a high deductible, it may make sense to purchase this coverage from the rental company.

When you go on vacation, you don't want to stress about insurance, so give us a call before you leave. Then, when you head over to the rental car counter, you may stop worrying about your coverage — and start enjoying your trip!

Please note that we represent multi lines of insurance and our current licensed agents have combined experience of over 75 years. We would welcome the opportunity to meet with you, at no charge, to discuss our services and how we may help you with your insurance needs. An email to info@valicentiins.com or a phone call to (607) 215-0242 will start the process.

Suzanne M. Valicenti, *President/CEO*
Valicenti Insurance Services



**For ALL Your
Insurance Needs**

Personal Insurance

- Auto
- Homeowners
- Umbrella
- Recreational Vehicles
- Motorcycle
- Watercraft

Group Benefits Plan

- Health Insurance
- Dental Insurance
- Life Insurance
- Disability Insurance
- Customized Benefit Insurance

Business Insurance

- Property
- Liability
- Automobile
- Professional Coverages
- Workers Compensation
- NYS Disability

Life & Health Insurance

- Life
- Long Term Care
- Disability

The mission of Valicenti Insurance Services, Inc. is to provide personalized insurance products and services with unparalleled customer service to protect the assets of individuals, families and businesses that we serve.

Tax Changes Happening in 2024

In response to inflation, the IRS has adjusted marginal tax brackets and the standard deduction for 2024. As a result of the changes, many Americans will be able to keep more of their 2024 income.

Other big changes include increases to the allowed contribution amounts for tax-advantaged retirement savings accounts.

You might see a slight increase in your paychecks, depending on your withholding. This is because of adjusted tax brackets and a larger standard deduction, among other tax changes.

Here's a detailed look at these adjustments:

Standard Deduction Changes for 2024

While you can use itemization to take deductions on your tax returns, the standard deductions provided by the IRS are popular for their simplicity. Standard deductions are set amounts by which taxpayers can lower their taxable income based on their filing status.

For tax year 2024, the standard deduction for married couples filing jointly rises to \$29,200, an increase of \$1,500 from 2023.

For single taxpayers, the standard deduction rose to \$14,600, a \$750 increase from the previous year.

Heads of households, or unmarried taxpayers who have dependents and pay for more than half of the expenses of a household, can take a standard deduction of \$21,900 in 2024, an increase of \$1,100 from 2023.

Here's a table that breaks down standard deduction changes between 2023 and 2024:

Filing Status	2023 Standard Deductions	2024 Standard Deductions
Single	\$13,850	\$14,600
Married, filing separately	\$13,850	\$14,600
Married, filing jointly	\$27,700	\$29,200
Head of household	\$20,800	\$21,900

For example, in 2024, an individual taxpayer with an income of \$50,000 can take the standard deduction and reduce their taxable income to \$35,400.

Tax Bracket Changes in 2024

With new tax brackets in 2024, some taxpayers may find that their tax bill is lower than expected.

For example, if you earned \$46,000 in 2023, you were in the 22% federal income tax bracket. But with the same \$46,000 income in 2024, you'd be in a 12% tax bracket.

Here's a look at the tax brackets for 2024:

Tax Rate	Single Taxpayers	Married, Filing Jointly
37%	Incomes greater than \$609,350	Incomes greater than \$731,200
35%	Incomes greater than \$243,725	Incomes greater than \$487,450
32%	Incomes greater than \$191,950	Incomes greater than \$383,900
24%	Incomes greater than \$100,525	Incomes greater than \$201,050
22%	Incomes greater than \$47,150	Incomes greater than \$94,300
12%	Incomes greater than \$11,600	Incomes greater than \$23,200
10%	Incomes of \$11,600 or less	Incomes of \$23,200 or less

Retirement Plan Contribution Changes

In 2024, taxpayers can increase their contributions to tax-advantaged retirement savings plans. The contribution limit for employees who contribute to 401(k) and 403(b) plans increases to \$23,000 annually, up from \$22,500. Employees aged 50 and over can contribute an additional \$7,500, for a total of \$30,500.

The IRA contribution limit for 2024 is \$7,000 for workers below the age of 50 and \$8,000 for those over 50. This is an increase from 2023, when the limit was \$6,500 and \$7,500 for people over 50.

Consider Tax Credit Options for Large Purchases

Taxpayers who purchase an electric vehicle (EV) in 2024 may qualify for a tax credit up to \$7,500. Rather than waiting until you file taxes next spring, you can actually take the credit as a rebate when you buy the vehicle—or as a discount on the price of your EV.

To get the clean vehicle tax credit, you must meet income limits and attest that you're purchasing the vehicle for your own use, to be used in the United States. Not every EV qualifies, so check [FuelEconomy.gov](https://www.fueleconomy.gov) to find out whether the vehicle you're considering will allow you to take the credit.

Additional 2024 Tax Changes to Know About

The IRS has made a variety of other changes that may affect your tax liability for tax year 2024.

New tax threshold on capital gains. Capital gains taxes are levied on the sale of capital assets, such as stocks, bonds, valuable items like jewelry and real estate. For the 2024 tax year, individual tax filers will not have to pay any capital gains tax if their total taxable income is \$47,025 or less. That's an increase from the income threshold of \$44,625 in 2023. The capital gains tax rate jumps to 15% if your income is \$47,026 to \$518,900. If your income is higher than that, you'll pay 20% in capital gains if you sell your investments.

Changes to the kiddie tax. For a child wage earner under age 19, the first \$1,300 of any unearned income is tax free in 2024. According to the IRS, «unearned income» includes investment-type income such as taxable interest, ordinary dividends, and capital gain distributions. The next \$1,300 is taxed at the child's rate. Any unearned income above \$2,600 is taxed at the parents' tax rate.

Flexible spending account increases. The dollar limit for flexible spending accounts (FSA) increases to \$3,200 in 2024. If you don't use all the money in your FSA and your plan allows you to carry over unused amounts, you can carryover up to \$640 in this tax year.

Health savings account deductible increases. To qualify for a health savings account (HSA) in 2024, participants' insurance plans must have an annual deductible between \$2,800 and \$4,150 for individuals, with a maximum out-of-pocket expense amount of \$5,550. For family coverage, the annual deductible must be between \$5,550 and \$8,350, with an out-of-pocket expense limit of \$10,200. If you participate in an HSA plan, you can contribute more to your plan this year: up to \$4,150 for individuals and up to \$8,300 for families.

Estate exemption increase. If a family member dies during 2024, their estate has a basic estate tax exclusion amount of \$13.6 million, an increase from \$12.92 million for estates owned by people who died in 2023.

Gift tax exclusion increase. If you want to give money to friends or family members, you can give up to \$18,000 to each individual in 2024 before incurring gift tax. That is an increase over the \$17,000 exclusion in 2023 (www.irs.gov).

Four Signs That It Is a Scam

Not a week goes by that we don't hear of a new scam going around or of someone who has been taken advantage of. We want to make sure we are keeping you informed and that you feel confident in case you are approached. In short, question everything and do not give any personal information out, ever. Please see the article below from the Federal Trade Commission.

1. Scammers pretend to be from an organization you know.

Scammers often pretend to be contacting you on behalf of the government. They might use a real name, like the FTC, Social Security Administration, IRS, Medicare or make up a name that sounds official. Some pretend to be from a business you know, like a utility company, a tech company, or even a charity asking for donations.

They use technology to change the phone number that appears on your caller ID. Therefore, the name and number you see might not be real.

2. Scammers say there is a PROBLEM or a PRIZE.

They might say you are in trouble with the government, you owe money, someone in your family had an emergency or that there is a virus on your computer.

Some scammers say there is a problem with one of your accounts and that you need to verify some information.

Others will lie and say you won money in a lottery or sweepstakes but have to pay a fee to get it.

3. Scammers PRESSURE you to act immediately.

Scammers want you to act before you have time to think. If you are on the phone, they might tell you not to hang up so you cannot check out their story.

They might threaten to arrest you, sue you, take away your driver's or business license or deport you. They might say your computer is about to be corrupted.

4. Scammers tell you to PAY in a specific way.

They often insist that you can only pay by using cryptocurrency, wiring money through a company like MoneyGram or Western Union, using a payment app or putting money on a gift card and then giving them the numbers on the back of the card.

Some will send you a check (that will later turn out to be fake), then tell you to deposit it and send them money.

How to avoid a scam:

Block unwanted calls and text messages. Take steps to block unwanted calls and to filter unwanted text messages.

Do not give your personal or financial information in response to a request that you did not expect. Honest organizations will not call, email or text to ask for your personal information, like your Social Security, bank account or credit card numbers.

If you get an email or text message from a company you do business with and you think it's real, it's still best not to click on any links. Instead, contact them using a website you know is trustworthy or look up their phone number. Do not call a number they gave you or the number from your caller ID.

Resist the pressure to act immediately. Honest businesses will give you time to make a decision. Anyone who pressures you to pay or give them your personal information is a scammer.

Know how scammers tell you to pay. Never pay someone who insists that you can only pay with cryptocurrency, a wire transfer service like Western Union or MoneyGram, a payment app, or a gift card and never deposit a check and send money back to someone.

Stop and talk to someone you trust. Before you do anything else, tell someone — a friend, a family member, a neighbor — what happened. Talking about it could help you realize it is a scam.

Report scams to the Federal Trade Commission at [ReportFraud.ftc.gov](https://www.ftc.gov).

Saving

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Taxable Investment Accounts

Investment Savings accounts are another popular option, as they give the parent or grandparent more control over the funds.

1. The funds in the account may be spent on anything – food, travel, a car, apartment rent, etc.
2. There is no limit to the amount you may invest and you control the investments.
3. If the child decides to go in a different direction (for example, they decide to join the military) or even if they receive a “full ride” scholarship, the funds can be used for any other expenses they may incur.
4. The funds are subject to capital gains taxes and taxes on interest and income annually.
5. If the parents own the account, it will impact financial aid.

Custodial Accounts

Many people set up custodial accounts for their children to save for college. The funds are in the parents' names until the child is 18, 21 or 25, depending upon the state.

1. Again, the funds may be spent on anything as long as they are used for the benefit of the minor child.
2. There is no limit on the amount you can invest.
3. There is more diversification in investment options.
4. Earnings and gains are taxed to the minor child and may be subject to the “kiddie tax.”
5. The minor child will have full control of the account once they reach the age of majority and will have full discretion over the funds (depending upon the state, could be 18).
6. Custodial accounts are considered as student assets for financial aid.

These are three of the more popular ways to save for higher education. While this process can be different for everyone, it is never too early to begin saving. As always, if you have any questions or concerns about saving for college costs, please give us a call.

Ann S. Nolan, FPQP[®]
Administrative Assistant



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