

## From The Desk of Jon Marzano, AIF®, *Founding Partner, Managing Principal*



Welcome to the 4<sup>th</sup> Quarter Newsletter from our team here at Marzano Capital Group. Needless to say, it has been a difficult year for investors and with inflation still nagging as high as it is, the volatility in the stock and bond markets may continue into the new year. It is at these times of heightened volatility that we think about how some of the most successful investors act and what they do when market routes like this occur. Legendary investor, Warren Buffet, sums up how people act during these times in a very simple statement – “The stock market is a device for transferring money from the impatient to the patient.” Our job is to keep you patient, even when you don’t feel like being so.

In this newsletter you will read about how to overcome analysis paralysis while making investment decisions by having a conversation with an investment professional. Mike did a great job explaining how those conversations can make a difference in how you get started.

Brandon touches on Roth conversions, what they are and how they can be of benefit to you for tax-free income in retirement. Considering converting some of your IRA to a Roth IRA, if eligible, during a down market gives you regrowth in a tax-free account. The Roth conversion can be a great tool!

Enjoy this quarter’s newsletter and let us know how we can be of service to you!



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## Is a Roth Conversion Right for You?

By Brandon James, *Financial Advisor*

Have you ever considered a Roth conversion? Roth conversions are a common financial planning tool that can add flexibility to your tax for retirement distributions. This is where you withdraw money from your IRA, pay the taxes on the withdrawal, and then reinvest the funds into a Roth IRA. In the future, when you pull the money from the Roth IRA, all contributions *and* earnings come out on a tax-free basis. Here are several reasons you may want to consider a Roth conversion:

1. If you earn too much money per IRS guidelines to contribute to a Roth IRA in the traditional way
2. If you believe your tax rate will be higher at a future time
3. If your income is low in a particular year, we can often identify a post-retirement “sweet spot.” This is a period when income has dropped and monthly social security benefits have begun to pay out; however, you are not quite at Required Minimum Distribution stage (currently, age 72), so RMDs are not being taken out just yet.
4. If leaving your heirs tax-free income is important to you. Most folks like to be strategic, not only in how they *build* and *maintain* wealth, but also how it is *transferred*.



We often assist clients with Roth conversions and tax planning is an important function of Roth conversions. We will collaborate with your CPAs and tax professionals before conducting a conversion to ensure we are all on the same page and we all know the outcome before we proceed.

There are a few things to keep in mind regarding Roth conversions:

1. Currently, individuals who file as single taxpayers or heads of households who earn more than \$ 144,000 and couples who file taxes jointly and earn more than \$214,000 are not allowed to contribute to Roth IRAs in the traditional way.
2. There is a five-year rule for Roth IRAs which states that you must keep assets in your Roth IRA for five years or more before accessing the money.
3. The conversion must be done by December 31<sup>st</sup> of the year you want it to count towards. No extensions are allowed.

Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of the conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.

If you would like to discuss the Roth conversion strategy with us in more detail, please contact our office. We are happy to explore if this could be a useful tool for you.

# Analysis Paralysis

By Mike McGilvary, AIF®, Partner, Financial Advisor

I personally have found in today's fast-paced world of information, that the feeling of analysis paralysis can set in on one's saving/investment plan. Information overload if you will.

I recently had the pleasure of sitting down with a potential client who owned a local business. This individual was interviewing potential investment advisors and I could tell they were very eager to learn all of their options. During our discovery conversation, I was able to uncover the root of their savings plan anxiety. The uncertainty was stemming from where they should start investing discretionary money and how they should start. They kept telling me they felt behind the curve and that every other potential advisor they met with recommended a Roth IRA.

A Roth IRA is a great place to start in our opinion, but we strongly feel that when an investor deposits funds in a Roth IRA, it should be invested for long-term goals. This is exactly why someone in their shoes should meet with a person in my profession, to discuss *short-term* and *long-term* goals.

Time horizon is where we, as an advisory team, like to start when helping folks design custom savings plans. The business owner looked at me for a second and said, "Well it is top priority for my family to look at purchasing a new home in the near future." I thought to myself, "Perfect, this gives me a starting point to begin designing their family's investment strategy." It turned out for this family, it made more sense to open a non-retirement account instead of a retirement account based on shorter-term goals and cash flow. Again, investing for the long-term is a great option that we also recommend, but the goal most important to this family was to build a savings bucket to assist with a possible down payment on a home.

The point I am striving to get across is, we as team want to learn and build these plans for you. Please lean on us if you don't know where to start or how to start investing your head-earned dollars. Client education is at the forefront of our process and we can't stress this enough!



## Q4 Spotlight: Sawtooth Oak Farms Wheelin' Sportsman Hunt

*Provided By Sawtooth Oak Farms*

Have you ever stopped to think what life would be like if you or your children had a disability? Many live every day being or loving someone with a disability. Those that don't, find it hard to truly understand the strength, motivation, determination, and will of steel that it takes for a disabled person and the family that loves them to make not only a life, but a FULL life. That is what we here at Sawtooth Oak Farms hope to give the disabled community.

The Sawtooth Oak Farms Wheelin' Sportsman Hunt, also known as The Brent Barringer Memorial Hunt, was founded by Matt and John Barringer. Brent Barringer, cousin of Matt and John, suffered a brain tumor. He was diagnosed at the

age of 4 and lost his battle at the age of 33. Brent loved to hunt, loved the outdoors, and loved the comradery of getting together with his hunting buddies. During years of working to give Brent the outdoor experiences that he loved, even when his disability progressed, Matt and John gained knowledge and motivation to help others with disabilities get back in the woods. Now we host all different disabilities here at Sawtooth Oak Farms. Our community comes together with one goal – giving the disabled the opportunity to get outdoors and the chance to be free to do cool things that so many take for granted.

The Sawtooth Oak Farms Wheelin' Sportsman holds two events a year – a turkey hunt in the spring and a deer hunt in December. We hold online registration for disabled hunters each August (we love to see new names) and the hunters are



chosen by lottery draw. We host 65 hunters each year and create an entire weekend where these hunters are given a VIP experience. The weekend consists of great food, fellowship, and outdoors! The events are possible because of a few key ingredients: Sponsors, Guides, Volunteers, Community, and mostly – God.

Because we have been blessed with all the key ingredients, we have been able to give away 12 power chairs and in turn, change 12 lives for the better.

Feel free to follow us on Facebook at Sawtooth Farm Hunt and on Instagram at @Sawtoothhunt to see how it all happens. If you would like to get involved email [sawtoothws@gmail.com](mailto:sawtoothws@gmail.com). We are a 501c3 under the NWTf (National Wild Turkey Federation).

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