Financial Insight

Security For Generations

GEN

1st Quarter 2025

Model Changes

written by Aaron Lindberg

In November we sent out an article covering private credit, which is the newest addition to our model portfolios. We completed our annual deep dive review of the investment holdings in our models as well as the mixture of those holdings. The bottom line is that we are very pleased with both.

We made very minor adjustments to the mixture of investments with no change exceeding 1% from the prior year. We removed the global bond holding from the model. The reason for this change is efficiency. We already have two to three US bond holdings in each model and have seen the correlation among global and US bonds rise. Simply put, we expect the same portfolio outcomes with or without the global bonds.

The addition of private credit to the model is the primary change for 2025. This change should dampen volatility slightly and provide some return enhancement. We met with nearly two dozen management teams in 2024 in search of what we believe is the best solution for our clients. We selected Cliffwater Corporate Lending (CCLFX) to fill this slot. The fund's assets are over $20 billion, and it is highly diversified across industries and lenders with exposure to more than 3,700 loans in the fund. We are very pleased with the management as well as the fund structure which operates like our current private real estate holding. Both funds are structured as interval funds which allow for daily purchases but only quarterly redemptions. We strongly prefer redemption restrictions as it provides safety to us as investors. If the fund provided more frequent redemptions, other investors taking money out of the fund could hurt our returns.

The GEN Investment Committee remains focused on a strategic long-term view rather than a short-term trading mindset. We continue to see the benefits of maintaining our disciplined rebalancing approach to take advantage of market fluctuations and maintain the target risk levels within our models. As always, we welcome your questions and thank you for the trust you place in our team.

Aaron A. Lindberg, CFA, CFP®, CKA®

Timing of Tax Documents

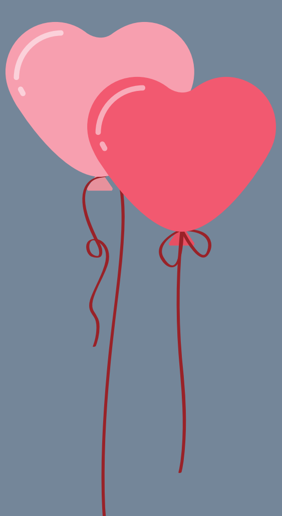
Around this time of year, we regularly receive questions surrounding the expected timing of receiving tax forms. Please see a brief description and delivery expectation of generated tax forms below.

- **1099-R** forms will be sent or posted by January 31. These show distributions from retirement accounts. Schwab released an alert stating all 1099-R forms will be posted by the end of February.
- **1099** forms for everything else are initially sent by February 15. These are the forms for non-retirement accounts and include dividends, interest, and capital gains. As we commonly see corrections made to these, we recommend waiting to transmit your tax return until mid-March or later. You can have it prepared and ready to go but waiting would prevent the need to file an amended return if there ends up being a revised 1099.
- **1098-T** forms for tuition payments must be sent to taxpayers by January 31.
- **5498** forms show contributions to retirement accounts and Health Savings Accounts (HSAs). Since these contributions can be made up to your tax filing deadline of April 15, these forms do not show up until May. CPAs are all aware of this and you do not need the forms to file. The CPA simply needs to include the amount of these contributions on your return. Please let us know if you have any questions regarding your contribution amounts.

**As a reminder, if you made a Qualified Charitable Distribution (QCD) from your IRA in 2024 it will not be reflected on your 1099-R. Please be aware of this when filing your return and notify your tax preparer if applicable. QCD reminders were sent in the mail or via email to all applicable clients in early February.

Tax forms are sent according to your delivery preferences at your custodian (Schwab and/or Fidelity). They can be sent either hard copy or electronically. Please tell us if you want to update these preferences, and we would be happy to walk you through the process.

Valentine's Day Reminder: Keep everyone in the loop



This is your friendly reminder of the value of having both parties of a couple attend one meeting per year. While we love to see you all at every meeting, we understand how the division of duties works. At my house as long as I grocery shop and do laundry, I get to skip vacuuming, dusting and bathrooms. This seems like a good trade to me! We know it is no different when it comes to finances. Many couples divide these duties as well. Since long-term financial planning is crucial to everyone, we highly encourage you to attend once per year together. This mitigates surprises, encourages trust, and ensures everyone has a voice in long term decisions.