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Summit Wealth Partners, LLC

The Rational Optimist™

Protecting Your Health and Maximizing Your Wealth with Health Savings Accounts

BY KRISTIANA DANIELS, CFP®, EA, BFA™
WEALTH ADVISOR

Flexibility in your financial plan in retirement is directly related to the tools you used during your working years to prepare. Employee benefits packages often provide some unique tools you can take advantage of to create an efficient financial plan over your lifetime.

One powerful tool we frequently recommend is the health savings account (HSA). It offers a unique opportunity to save for medical expenses while enjoying valuable tax benefits, making it a cornerstone of savvy financial planning.

An HSA is a tax-advantaged savings account available to individuals enrolled in high-deductible health plans (HDHPs). It allows the account holder to save money for qualified medical expenses on a pre-tax basis, providing a triple tax advantage: tax-deductible contributions, tax-free earnings growth, and tax-free withdrawals for qualified medical expenses.

One of the primary advantages of HSAs is their versatility. Unlike flexible spending accounts (FSAs), HSA funds roll over from year to year, allowing individuals to accumulate savings over time and invest the funds within the account. An HSA vests immediately, meaning the funds are yours even if you part ways with your current employer. These features make it an excellent tool for both short-term and long-term healthcare planning.

At the next level of financial planning, HSAs offer a unique opportunity for retirement savings. If your cash flow allows, instead of using your HSA as an account to take distributions from now, it can become the most tax-advantaged retirement account within your financial plan.

Once individuals reach the age of 65, they can withdraw funds from their HSA for any purpose without penalty (though withdrawals for non-medical expenses are subject to income tax). This flexibility makes HSAs an attractive supplement to traditional retirement accounts such as 401(k)s and IRAs. Let's face it – healthcare costs are not going down! We will likely always need to cover some sort of medical expense, which makes this account a perfect option for future qualified withdrawals.

To make the most of your HSA, consider the following actions:

1. Maximize contributions: Take advantage of the opportunity to contribute the maximum allowable amount to your HSA every year. For 2024, the annual contribution limits are $3,650 for individuals and $7,300 for families, with an additional catch-up contribution of $1,000 for individuals aged 55 and above.

Continued on page 2

FEATURES

UPCOMING

SWP Medicare Webinar
Monday, September 16 at 11:00 a.m. EST

Savvy Seniors - Grand Rapids
Tuesday, September 17 at 10 a.m.
Calvin College Prince Center, 1800 E Beltline Ave SE, Grand Rapids, MI 49546

Women and Wealth - Grand Rapids
Thursday, September 26 at 4:30p.m.
Cascade Roadhouse, 6817 Cascade Rd SE, Grand Rapids, MI 49546

connect@mysummitwealth.com

2. Invest for growth: Once your HSA balance reaches a certain threshold (ideally the cash you might require for short-term needs, your deductible, or emergencies), consider investing a portion of your funds in a diversified portfolio. Thus, you transform this into a triple-tax-exempt retirement account! By doing so, you can harness the power of compound growth to maximize your long-term savings potential.

3. Use your funds wisely: Be strategic about how you use your HSA funds. Cover current medical expenses out of pocket whenever possible, allowing your HSA balance to continue growing tax-free. Save your receipts and reimburse yourself from your HSA in the future, effectively turning your HSA into a tax-free healthcare reimbursement account.

HSAs are a valuable tool for individuals looking to optimize their healthcare planning and maximize their long-term savings potential. By understanding how HSAs work and implementing smart strategies for contributions and withdrawals, you can ensure that you are prepared for whatever healthcare expenses arise while also building a solid foundation for your financial future.

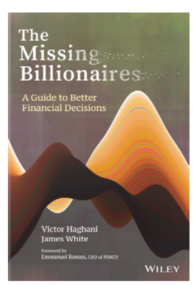
Working with a financial advisor is great as you near retirement – it is a must for proper planning once you are no longer receiving a formal paycheck. However, there is a limit on tax efficiency and tools you can use with your nest egg once you are retired. Your working years are vital and directly impact the flexibility you have in retirement. The tools available to you during those years are unique, and it is prudent to start a professional relationship with a financial advisor to create an efficient financial plan.

As you enter open enrollment season, contact us so we can review and optimize your employee benefits. Kindly extend our offer to your adult children as well. It is our joy and privilege to accompany our clients and their families on their financial journeys!

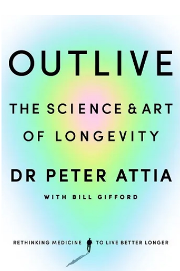
Kristiana

BOOKS WE'RE READING:

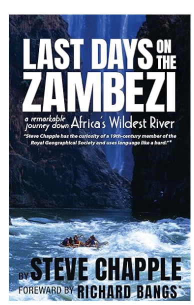
Freshly Stitched | *by Celeste Johnston*
Inside this beautiful hardcover book, readers will find twelve modern embroidery projects featuring plants, flowers, and botanicals. Each includes step-by-step instructions, a quick reference chart, full-size patterns, helpful tips, and even a journal prompt. Also included is a handy appendix with detailed diagrams for every stitch. Nothing has been left out of this comprehensive book to help readers enjoy the fulfilling, creative, therapeutic, and trending craft of embroidery!



The Missing Billionaires: A Guide to Better Financial Deisions | *by Victor Haghani and James White*
Over the past century, if the wealthiest families had spent a reasonable fraction of their wealth, paid taxes, invested in the stock market, and passed their wealth down to the next generation, there would be tens of thousands of billionaire heirs to generations-old fortunes today. There are a number of explanations, but this book is focused on one mistake which is of profound importance to all investors: poor risk decisions, both in investing and spending.



Outlive | *by Peter Attia*
Wouldn't you like to live longer? And better? In this operating manual for longevity, Dr. Peter Attia draws on the latest science to deliver innovative nutritional interventions, techniques for optimizing exercise and sleep, and tools for addressing emotional and mental health. Aging and longevity are far more malleable than we think; our fate is not set in stone. With the right roadmap, you can plot a different path for your life, one that lets you outlive your genes to make each decade better than the one before.



Last Days on the Zambezi | *by Steve Chapple*
Hold on to ride the biggest whitewater on the planet. Learn why hippos are the most dangerous animals in Africa, not crocodiles, and how to warn them with the slap of a paddle. Make it to the headwaters of the Zambezi along the horrendous Old Slave Trail, and back down-river through war-torn Mozambique. LAST DAYS is a survivor's adventure of the highest order, and at bottom it makes a compelling plea for saving one of the last watery treasures on earth. A page-turner.

Understanding Your Net Worth: A Key to Financial Well-Being

BY AMANDA E. PATE, CFP®, CHFC®
OPERATIONS MANAGER

What is net worth? In a nutshell, it is a simple yet powerful metric indicative of your financial standing. It is the value of what you own minus what you owe, a reflection of your assets against your liabilities. This figure offers more than just a snapshot of your finances - it serves as a compass, guiding your financial decisions and goals.

At its core, your net worth represents a real-time assessment of your financial health. It paints a picture of your earnings and expenditures up to this moment. However, its true significance lies in its trend over time. Tracking your net worth periodically transforms it into a financial report card, illuminating your progress towards your financial objectives.

Assets and liabilities form the bedrock of your net worth. Assets encompass everything from investments to personal belongings, while liabilities cover debts such as mortgages and loans. The disparity between these two defines your net worth. Yet, accurately valuing assets can be a challenge, demanding conservative estimates to avoid inflating wealth.

Your net worth is not merely a number – it creates a narrative of your financial journey. A positive figure signals financial prudence, while a negative one suggests a need for course correction. However, it is the trend that truly matters. Ideally, your net worth grows over time, driven by debt reduction, asset accumulation, and prudent financial management.

That said, what does your net worth signify? It is a compass guiding your financial decisions, urging you to spend wisely, prioritize debt repayment, and embrace saving and investing. By understanding your net worth, you become more mindful of your financial choices, steering towards your short- and long-term goals.

So, how do you leverage this understanding? By scrutinizing your net worth statements, you confront financial realities, identifying areas for improvement and celebrating successes. This introspection empowers you to craft informed strategies, whether aimed at curbing unnecessary spending, devising debt repayment plans, or bolstering savings and investments.

In essence, your net worth is more than just a figure; it is a roadmap to financial well-being. Embrace its insights, chart your course, and sail to financial prosperity. After all, in the journey of wealth-building, knowing where you stand is the first step to getting where you want to be.

Amanda

Source: [Why Knowing Your Net Worth is Important (investopedia.com)]

As a value-added service to you, please feel free to tell your family, friends and colleagues that they may use us as a sounding board for their financial concerns free of charge and without obligation.

Investing Myths

BY RYAN GAVIN, CFA™
PORTFOLIO MANAGER

Investing is a complex field with a fair share of myths and misconceptions that can lead investors astray and interfere with their financial goals. Let's explore and debunk some common investing myths.

Myth 1: Investing guarantees immediate wealth.
Investing is a long-term endeavor that requires patience, discipline, and a realistic understanding of risk and return. While it can generate wealth over time through compound growth and capital appreciation, it is not a quick path to riches. Setting realistic expectations, staying committed to long-term goals, and regularly reviewing and adjusting investment strategies are the tenets of successful investing.

Myth 2: You need to constantly watch the market.
The myth that investors must monitor the market constantly can lead to stress and reactive decision-making. Successful investors understand the importance of long-term planning and an unwavering focus on their investment goals. They resist being swayed by short-term market fluctuations, adopting instead a disciplined approach based on their financial objectives.

Myth 3: Cash is always safe.
While cash offers liquidity and immediate access to funds, it is not a safe long-term investment due to inflation. Over time, the purchasing power of cash diminishes as inflation erodes its value. Therefore, relying solely on cash for long-term wealth preservation may not be prudent, and investors should consider allocating across a diversified portfolio of assets to mitigate inflation risk and seek potential returns that outpace inflation over time.

Myth 4: Stocks always outperform other investments.
While stocks have historically delivered strong returns over the long term, they also carry higher risk compared to bonds, cash, or other asset classes. Diversification can help mitigate risk and create a more balanced portfolio that is better suited to withstand market volatility.

Myth 5: Past performance is indicative of future results.
Financial markets are inherently unpredictable, so past performance is not a reliable indicator of future results. Factors such as economic conditions, market trends, regulatory changes, and company-specific developments can significantly impact investment performance. Relying solely on historical results when making investment decisions can lead to overconfidence and neglect of other critical factors. Investors should instead focus on comprehensive analysis, diversification, and risk management strategies to build resilient portfolios that can weather market uncertainties and mitigate the risks associated with relying solely on past performance.

Myth 6: Timing the market is key.
Trying to time the market by predicting when to buy or sell assets is notoriously difficult. Even seasoned investors and financial experts struggle to consistently time the market with accuracy. Rather than focusing on this, investors will be better off adopting a buy-and-hold strategy, staying invested for the long term, and riding out market fluctuations. To illustrate this point, consider an example where an investor has a 70% chance of correctly timing a purchase and a 70% chance of correctly timing a subsequent sale of the same investment (these are optimistic assumptions) – the combined probability of getting both decisions right is only 49%.

Myth 7: Stock picking usually beats the market.
Numerous studies – including Hendrik Bessembinder's paper "Do Stocks Outperform Treasury Bills?" – have shown that beating the market consistently through stock picking is a challenge.[1] The reality is that stock prices are influenced by myriad factors, including economic trends, company performance, geopolitical events, and investor sentiment. Attempting to predict short-term price movements or identify undervalued stocks requires a level of insight and timing that even seasoned professionals struggle to achieve regularly. This myth can lead investors to take excessive risks, engage in market-timing strategies, and overlook the benefits of long-term, diversified investing approaches.

By disregarding these myths, investors can make more informed decisions and navigate the financial markets with confidence. It is important to base investment strategies on sound principles and avoid falling prey to common misconceptions.

Ryan

[1] https://wpcarey.asu.edu/department-finance/faculty-research/do-stocks-outperform-treasury-bills

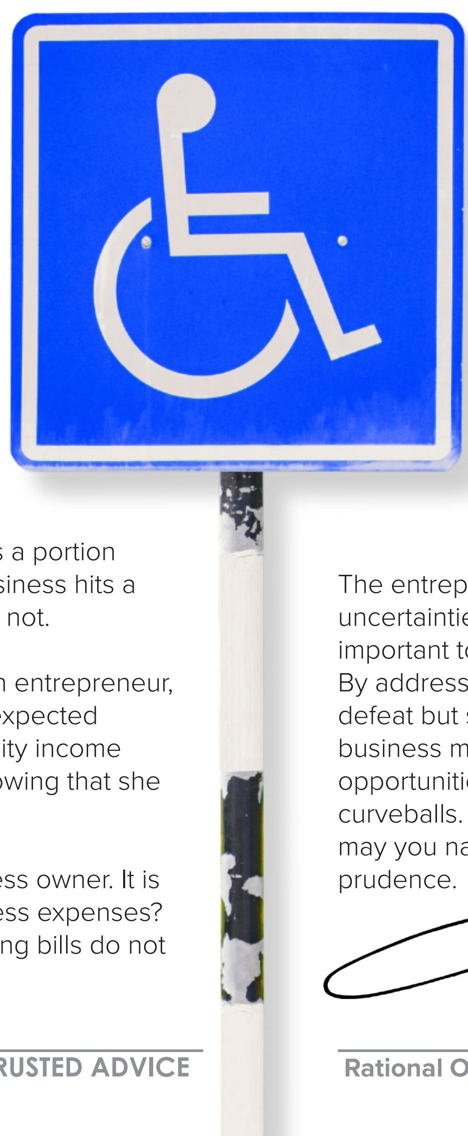
Disability Income Planning for Business Owners: Safeguarding Your Financial Future

BY ANDREW DICKENS, AIF®, CEXP™, CVBS™
DIRECTOR OF PENSION SERVICES & WEALTH ADVISOR

Picture this: You have spent years building a successful business, pouring every ounce of your energy into this dream from early morning to late night. Yet, have you ever stopped to think about what happens if, heaven forbid, you are suddenly unable to run your enterprise due to illness or injury? It is a situation difficult to contemplate, isn't it? Many business owners have yet to read the page on disability income planning in their financial playbook. Let's change that.

Why disability income planning is crucial

Business owners, I get it. Your business is your baby. You have nurtured it, watched it grow, and faced every challenge head-on. However, we are loath to think about our vulnerabilities, so it is easy to discard the idea that a day might come when we would be in no shape to steer the enterprise ship. While not a pleasant thought, disability is a reality many confront. And it is not just about you – it is also about the employees who depend on you, the clients who trust in your services, and the family that has supported you on your entrepreneurial journey.



Busting the "It won't happen to me" myth

It is human nature to believe we are invincible. However, statistics paint a different picture. You might be surprised to learn that a significant number of individuals will experience a disability during their working years. It does not discriminate between CEOs and interns – every working individual is susceptible.

Let's talk strategy

Okay, now that we have accepted the reality, what can we do about it? Disability income insurance can be a lifeline. It replaces a portion of your income, ensuring that even if your business hits a pause, your personal financial obligations will not.

Consider the following scenario: Sarah, a tech entrepreneur, injures her spine in a skiing accident. She is expected to recover, but it will take months. With disability income insurance, Sarah can focus on her health, knowing that she has a financial safety net.

However, there is an added layer for a business owner. It is not just personal income – what about business expenses? The office rent, employee salaries, and ongoing bills do not magically disappear.

This is where business overhead expense (BOE) disability insurance comes in. It ensures that while you may be temporarily out of commission, your business remains solvent and operational.

A conversation with yourself

Disability income planning is more than just policies and numbers. It is a conversation with yourself, a commitment to your future self and loved ones. Start by asking the following questions:

How long can my business be sustained without my active participation?

What are my monthly personal and business obligations?

How will an extended period without income affect my family's lifestyle and future plans?

When it comes to safeguarding the fruits of your labor, these tough questions form the foundation.

Seeking a guiding hand

Let's face it: With its jargon and fine print, insurance can be a maze. While it is tempting to use a simple online calculator and call it a day, your unique situation as a business owner may require a customized approach. A chat with us can illuminate paths tailored to your specific needs. We can be the guiding hand, ensuring that the safety net you weave is both robust and comprehensive.

The entrepreneurial journey is filled with uncertainties and risks, making it all the more important to consider the possibility of disability. By addressing it head-on, you are not signaling defeat but showing foresight. After all, the greatest business minds are not only adept at seizing opportunities but also skilled at preparing for life's curveballs. Here's to your continued success, and may you navigate your way with both ambition and prudence.

Florida Homeowners Insurance: What's in Store for Premiums in 2025?

BY JASON PRINT, CFP®
CO-CEO

For the first time in nearly a decade, Florida property insurers have collected more in premiums than they spent on claims, according to a new state report. This comes as no surprise to us Florida property owners who have seen our homeowners insurance premiums skyrocket over the last few years. So, now that insurers are making more money and we have laws that are more insurance company-friendly, can we expect to see lower rates? The answer depends on who you ask.

Citizens Property Insurance Corporation, the state-backed non-profit charged with taking on the customers no other company wants, has announced its intention to increase rates by an average of 14% in 2025. Citizens now insures more Florida property than any other company. In part, this rate increase aims to encourage homeowners to sign up for private insurance, thus reducing the burden and risk to the state.

On the bright side, state insurance regulators are reporting that for-profit companies' premium rate filings are coming in with an average increase of less than 2% for 2025, which is welcome news for homeowners. This hopeful development has not occurred without conciliation.

After multiple companies went bankrupt in 2021 and 2022, the industry was deemed on life support. In the first part of 2023, through a special legislative session called by Governor Ron DeSantis, several law changes were put into effect that benefited the insurance companies. Laws that allowed for collecting attorney fees were largely discontinued, as well as those allowing a third party, such as a roofing contractor, to collect a settlement without the involvement of the homeowner. Threshold limits were also put in place to permit the suing of an insurer. Proponents of these recent reforms point to the projected 2025 minimal rate increases and the launch of some new insurance companies in the state as a win.

While a minimal increase in 2025 would certainly be a welcome respite, the average insurance premium in Florida remains much higher than the national average. According to Bankrate, the average Florida insurance premium for a $300,000 home is $5,533. This compares to a national average of $2,230 for a home valued at the same amount.

As your homeowner insurance policy comes up for renewal, here are eight things you can do to possibly lower your premiums.

Shop around: Compare quotes from different insurance companies. Prices can vary significantly, so shopping around can help you find a more competitive rate.

Increase your deductible: Opting for a higher deductible means you will pay more out of pocket in the event of a claim, but it can lower your premium because the insurance company assumes less risk.

Bundle policies: Many insurance companies offer discounts if you purchase multiple policies from them, such as combining your homeowners and auto insurance.

Improve home security: Installing security systems, smoke detectors, deadbolt locks, and other safety features can

sometimes qualify you for discounts on your insurance premiums.

Maintain a good credit score: In many states, including Florida, insurers may consider your credit score when determining your premium. Maintaining a good one can help you qualify for lower rates.

Review coverage limits: Regularly review your coverage limits to ensure they accurately reflect the current value of your home and your possessions. Adjusting coverage limits can help you avoid overpaying.

Consider wind mitigation features: In Florida, homes with wind mitigation features – such as storm shutters, reinforced roofs, and impact-resistant windows – may qualify for discounts on windstorm insurance premiums.

Ask about discounts: Approach your insurance company to inquire about available discounts.

As always, please do not hesitate to reach out to us with any questions. While we do not sell homeowners insurance, we can help you during the process. We can also be a shoulder to cry on if you just need to vent.

One question we often field is "Why are my rates going up so much?" Homeowners insurance in Florida has become more expensive primarily due to the following factors:

1. High risk of natural disasters: Florida is prone to hurricanes, tropical storms, and flooding. These natural disasters can cause significant damage to homes, leading insurers to increase premiums to cover potential losses.

2. Cost of reinsurance: Insurance companies themselves purchase reinsurance to protect against catastrophic losses. After major hurricanes or other disasters, the cost of reinsurance can rise, prompting insurers to pass these costs onto homeowners through higher premiums.

3. Litigation and claims frequency: Florida has experienced an increase in litigation related to insurance claims, particularly for water damage. This has led insurers to raise rates to cover legal expenses and potential payouts. At one time, the state had 79% of litigation for just 9% of the claims nationwide. The new laws are curbing this and hopefully lowering expenses.

4. Building costs: The cost to rebuild or repair homes in Florida has risen over time due to inflation in construction materials and labor costs. Insurers adjust premiums to reflect these increased replacement costs.

5. Market dynamics: Insurance rates can also be influenced by broader market conditions, such as changes in interest rates, investment returns, and overall profitability within the insurance industry.

6. State regulations: Florida's regulatory environment can also impact insurance premiums. Regulations may affect how insurers operate and what they are required to cover, which influences their pricing strategies.

Jason

Making Traveling Fun

BY SHARI HOOPER, CSA, BFA™
SENIOR WEALTH ADVISOR

This year, Summit Wealth MI launched a new travel group that we lovingly call All Aboard Travel. I established it to accomplish a few goals of the many MI clients I servce, the first being to break down barriers to traveling. I wanted people to feel as though they could travel by making them realize how easy and cost-efficient it can be and showing them that finding a travel buddy is easier than they think. Most importantly, I wanted to remind everyone that travel is about fun and enjoyment, and we should all be excited to explore new places.

In January, we started working toward these goals and brought in a client who had traveled Route 66 for several weeks a few summers back. Imagine the fun of that! I liked the notion of sharing our travel experiences and generating new ideas for our bucket lists. West River Travel and Brenda Bolin have partnered with me to help with our future travels, support the group with travel tips, and advise on individual travel needs (including outside of the group). When we met in April, I shared some financial tips for travelers. My suggestions included working with organizations in the USA and abroad on projects related to animal welfare or national parks. The majority of these entities seek a commitment ranging from a week to a year, but most expenses can be paid. Sometimes, an organization would require you to fly there at your own expense but will provide lodging and food. Such an arrangement offers the incredible opportunity to meet new people and explore the natural beauties of another country.

> "...travel is about fun and enjoyment, and we should all be excited to explore new places."

When a client shared with us her recent experiences in Colombia, my first question to her was, "Why would you go there?" In her case, the visit followed an invitation from a work partner who was born and raised in the country and still has a home there. Traveling to Colombia required jumping over many hurdles, but she loved the experience, and nothing would keep them from visiting again.

Yesterday, we had our third meeting, this time at a new venue – a lovely private room at a restaurant here in Grand Rapids. We will likely use this place for the next few quarterly meetings. Here are some of the tips and experiences shared at our most recent gathering.

1) Don't forget what a beautiful state you live in! In Michigan, you can visit Mackinaw Island and stay at the Grand Hotel, either over the weekend or during the day.

2) Glen Arbor, Michigan is another place most would not think of, but staying at The Homestead offers the pleasure of enjoying a beachfront and the nearby Sleeping Bear Dunes.

3) Michigan's noteworthy spots include Grand Traverse Bay, where you can stay at the Grand Traverse Resort, play golf at the famed Bear Golf Course, or be pampered at the wonderful shops and spa.

4) Using a senior center could also be a wonderful way to meet new people, go on a day trip, or sign up for a weeklong adventure. The Northview Senior Center is one of the best in our area, offering huge rewards for an annual membership fee of only $18!

Importantly, you don't have to live in the Northview Community to enjoy the benefits. Please visit northviewseniors.org for more information, including a detailed newsletter.

5) A client told us about the Alaska land and sea trip she took in May this year. She had journaled daily during her trip, so the details were excellent, and her account (complete with pictures) kept us riveted for over 30 minutes. It was fascinating!

6) Brenda from West River Travel shared with us that Southwest Airlines is finally embracing seat reservations. It is our understanding that things will change later in 2025 as the carrier redesigns its aircraft to support assigned seating. So far, indications are that the "free bags" policy will remain in place.

The event that just wrapped up was our best yet. Each time I host, I learn something new from either West River Travel or one of you in attendance. This continuous learning process not only keeps us informed but also empowers us to make better travel decisions. Thank you for joining our group, bringing others with you, and being willing to share your experiences and ask great questions. Cheers!

Shari

SUMMIT SPOTLIGHT

A LOOK INTO THE LIVES OF THE SUMMIT TEAM

The Print family children are off to middle school this year! Sydney is an 8th grader and Joseph is a 6th grader.

For Chad Leatherwood, his son Liam starts 6th grade.

Amanda Pate's son starts Preschool.

Shari Hooper's son, Joshua, starts his senior year of high school.

Welcoming the Next Generation

We had a special addition to the team this summer: Aiden Warrick, a freshman at USF pursuing a degree in Finance! As Chad Warrick's son, Aiden brought a unique opportunity for us to share firsthand knowledge and mentorship.

We had a great summer of growth, learning, and fostering the next generation of financial leaders.

We wish Aiden the best of luck as he heads back to college - we can't wait to see all the great things he'll accomplish!

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