

LIFE & MONEY

The Bodnar Financial Quarterly Newsletter



The rise of the “mini-millionaire”

By John Bodnar, CFP®

The Federal Reserve says the average net worth of U.S. families topped \$1 million for the first time last year. While the averages might be a bit skewed by the top 1% and easy access to cheap money during Covid, the numbers show undeniable progress.

The number of millionaires rose from 9.8 to 16 million since 2019. Real average net worth increased by 23%, far outpacing inflation. According to the WSJ, these “mini-millionaires”:

- Earn between \$150,000 and \$250,000 a year
- More than 90% own stocks (including retirement accounts)
- 87% own their homes
- Many have college degrees
- Became wealthy slowly and were well-positioned when Covid stimulus programs boosted asset values

The good news: The upper middle class is growing.

The not-so-good news: A million dollars ain't what it used to be. It matters where your money is living. The annual rate of inflation is just under 3% on average. Compound that over 30 years, and it destroys 60% of your purchasing power.

Our minimum goal as investors is to earn returns that at *the very least* offset taxes and inflation. Our money decays otherwise. It's not wealth until you invest it.

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KEY FINANCIAL DATES

It's official! Justin Esposito is a Certified Financial Planner™

Justin Esposito passed his CFP® exam! The CFP® professional certification is widely considered the standard of excellence in financial planning.

To earn it, you must meet rigorous education, training, and ethical standards. You must also make a pledge to the CFP Board to uphold a fiduciary duty to always serve your clients' best interests today to prepare them for a more secure tomorrow.



Of about 3,000 people who took the exam in July, only 67% passed. Justin was one of them!

And the Social Security cost-of-living adjustment for 2024 is... drum roll...

Social Security monthly benefits will increase by 3.2 percent in 2024. These cost-of-living adjustments (COLAs) are based on inflation and can vary widely from year to year. In some cases it has been significant, like the 8.7% we just saw last year. Other years, it's been zero.

COLAs make delayed claiming an **even better deal** than most realize. Your monthly benefit increases with every year you wait to claim, and the COLA is a percentage of your personal benefit amount. So, the higher your monthly benefit, the higher the COLA "pay raise."

FIFTY YEARS, THREE BEAR MARKETS

If you were born before January 10, 1973, you've already lived through THREE episodes in which the stock market went down by roughly half. Join our next webinar to learn how bear markets play a critical role in successful investing (if you can *bear* them).

Presented by John Bodnar, CFP® and Justin Esposito, CFP®

Thurs. December 14, 2023 from 4:30pm – 6:00pm

To reserve a spot, call 973.966.6939 or email nick@bodnar.net



Giving back

Every year, Bodnar Financial makes a donation on behalf of each member of our staff to a non-profit charity of their choosing. Here is who we picked in 2023:

John's Pick: Jewish National Fund–USA, an effort to ensure a strong, secure, and prosperous future for the land and people of Israel. This includes planting trees, building houses and parks, sourcing water solutions, improving the lives of people with special needs, building medical centers and trauma centers, funding agricultural innovation and more. Learn more: jnf.org

Lorraine's Pick: The Seeing Eye, the oldest guide dog school in the U.S. and located in our own backyard, Morristown, NJ. Its mission is to enhance the independence, dignity and confidence of people who are blind by raising and training Seeing Eye® dogs. Learn more: seeingeye.org

Justin's Pick: Task Force Dagger Special Operations Foundation, a veteran-run effort to help wounded or ill Special Ops Command (USSOCOM) members and their families. Their programs include meeting urgent needs, rehabilitation, and functional health solutions to heal, rebuild, and strengthen the service member and their family. Learn more: taskforcedagger.org



Danielle's Pick: Goryeb Children's Hospital, northern New Jersey's leading specialized pediatric hospital. Here in Florham Park, we are blessed to have Goryeb just minutes from our homes, but it's a destination hospital for families across the state and nationwide. To meet high demand, it is expanding its pediatric intensive care unit (PICU) and adding inpatient beds with rooming-in accommodations for parents, as well as a dedicated pharmacy. Learn more: f4mmc.org



Jackie's Pick: Harlem Lacrosse, a non-profit that changes the lives of at-risk youth with wrap-around academic support, mentoring, leadership training, college readiness, career exploration, admissions counseling, and the sport of lacrosse. Program Directors maintain a daily presence in the schools and in the lives of students on the team in order to build confidence and help them reach their full personal potential. Learn more: harlemlacrosse.org

Nick's Pick: Folds of Honor Foundation, dedicated to meeting sacrifice with hope through life-changing scholarships to the spouses and children of America's fallen or disabled military. And now, its mission expands to the families of America's first responders. On its watch, those who protect our freedoms and our families will know they are not forgotten.



How much can I contribute to my retirement accounts in 2023?

IRA contribution limits are \$6,500 for people under age 50, and \$7,500 for those age 50 or older.

401(k) limits are \$22,500 for people under age 50, and \$30,000 for those age 50 or older.

There are penalties for overpaying into your plans. If you're worried you might have overpaid, call us.

Key financial dates

November 1 – January 16: Enrollment period for federal health insurance 2024 coverage in most states. For New Jersey, it ends on January 31, 2024.

December 1: Open date for the *new* Free Application for Federal Student Aid (FAFSA) form! First chance to apply for federal student aid for 2024–25.

December 7: Medicare open enrollment ends. Last chance to sign up for the national health insurance program or change your Medicare health plans and prescription drug coverage to better meet your needs in 2024. If you're interested in exploring your options, call us.

December 31: Last day to make charitable contributions to impact 2023 taxes, complete any transactions for capital gains or losses in 2023, make 401(k) & Solo(k) contributions for 2023.

January 1 – March 31: Medicare Advantage open enrollment period (for Medicare Advantage enrollees who wish to change plans or switch to traditional Medicare).

January 18: Deadline for 2023 fourth quarter estimated tax payments if you're self-employed or underpaying based on your income.

CONTACT US

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