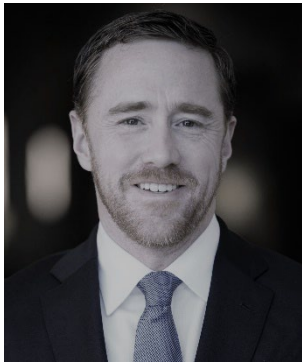


The Sizemore Income Letter

April 14, 2023

Happy Tax Day?

By Charles Lewis Sizemore, CFA



I dread filing my tax return.

Every year it gets more and more complicated, and I gave up any hope of getting my return filed by Monday's deadline. I'm still waiting on a few late K1s, so I filed for an extension.

I don't have a lot of economic news to report this week, as it's really just more of the same. Headline inflation is falling, but core inflation (which includes essentially everything but food and energy) is being really sticky. It seems to be frozen at about 6%.

So, let's instead talk taxes.

If you're looking for a last minute tax break, there's not a lot you can do for 2022 apart from topping off an IRA, SEP or HSA account. But this is as good of a time as any to start planning for 2023 taxes. You still have most of the year in front of you to act on it.

If you're employed, the humble 401(k) plan is still likely going to be your single best tax break. You can stash away \$22,500 in 2023 and \$30,000 if you're 50 or older.

That will take a serious bite out of your taxes. But in order to realistically make that limit, you need to pace yourself. You may want to make changes starting with your next paycheck!

If you are self employed, things get more interesting. I still recommend a 401(k), but if you are the only employee at your company (other than your spouse), you can set up an Individual 401(k) and potentially contribute as much as \$66,000.

The contribution limit is based on income, so in order to hit \$66,000, you'd need to be earning about \$220,000. (The formula here is a little tricky; you can contribute \$22,500 right off the bat, and then an additional 20% of your profit up to a total contribution of \$66,000.)

But let's say you're in the prime of your career and you're really making some serious money. Depending on your age and income, you can potentially drop in an additional \$100,000 or even considerably more by creating a one-man traditional pension for yourself. This really only makes sense if you're consistently earning \$300,000 or more

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in profit from a business you own. It tends to be a good option for doctors, lawyers, or other professionals that work solo.

Pensions involve a lot of paperwork to properly set up and manage, so you'd want to make sure a proper actuary set it up. I'm a big believer in virtues of doing things yourself, but this is one of the few times I really insist you have a professional do it because any mistakes can be costly enough to blow up your retirement.

If you're in the prime of your career and wanting to lower your tax bill and create a potentially massive tax-deferred nest egg, the one-man pension is the best option I have ever seen. This isn't something I manage personally, as I am not an actuary. But I have referred clients to specialists that I know and trust. If you'd like more information, please feel free to reach out, and I'm happy to make a connection.

As I get older and have spent more time in developing countries without a functioning tax system (or much of a functioning government for that matter!) I have begrudgingly reached the conclusion that taxes really are the price we pay for civilization. If you think I'm wrong, spend time in any developing country and use their woefully inadequate infrastructure. While our government wastes a truly shocking amount of money, at least some of it goes into building a functioning country.

But all of that said, you and I have every right to use every legal means at our disposal to ensure that some other chump pays for more of it than we do.

On that note, have a great weekend, and keep cashing those dividend checks!

A handwritten signature in blue ink that reads "Charles Lewis Sizemore". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles Lewis Sizemore, CFA

P.S.: Apart from writing this newsletter, I run a full-service wealth management firm along with my colleagues. At **Sizemore Capital Management**, we build income portfolios like those I write about in the *Sizemore Income Letter*. But we also do a lot more than that. We manage a suite of low-volatility strategies offering low correlation to the S&P 500. If you'd like for me to take a look at your portfolio and offer some recommendations, contact me at info@sizemorecapital.com.

The Sizemore Income Letter Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?	Action
Nuveen Real Estate Income Fund	JRS	1/30/2023	\$8.46	\$7.36	\$6.41	9.77%	\$ 0.17	-11.05%	Yes	Buy
iShares MSCI Brazil ETF	EWZ	12/26/2022	\$28.79	\$29.35	\$20.15	11.96%	\$ -	1.95%	Yes	Buy
Atlantica Sustainable Infrastructure	AY	11/22/2022	\$27.75	\$27.79	\$20.41	6.33%	\$ 0.89	3.35%	Yes	Buy
AGNC Investment Corporation	AGNC	11/3/2022	\$8.16	\$9.96	\$9.30	14.46%	\$ 0.36	26.47%	Yes	Hold
Cheniere Energy Partners	CQP	8/4/2022	\$46.49	\$46.54	\$41.42	7.50%	\$ 1.07	2.41%	No	Buy
Citigroup Inc	C	6/23/2022	\$47.34	\$49.57	\$36.00	4.12%	\$ 1.02	6.87%	Yes	Buy
ONEOK, Inc.	OKE	4/28/222	\$65.50	\$67.03	\$47.91	5.58%	\$ 2.81	6.62%	Yes	Buy
Energy Transfer Partners	ET	12/27/2021	\$8.16	\$12.85	\$8.59	7.16%	\$ 0.87	68.08%	No	Buy
EPR Properties	EPR	11/29/2021	\$47.78	\$39.62	\$33.92	8.33%	\$ 3.20	-10.39%	Yes	Buy
Chevron Corporation	CVX	9/30/2021	\$103.33	\$172.38	\$132.62	3.30%	\$ 7.02	73.62%	Yes	Buy
ClearBridge Energy Midstream Opportunity	EMO	5/26/2021	\$21.94	\$29.04	\$20.49	7.02%	\$ 2.68	44.58%	Yes	Buy
Magellan Midstream Partners	MMP	1/29/2021	\$44.41	\$56.00	\$41.78	7.41%	\$ 9.33	47.11%	No	Buy

The Forever Portfolio

Stock	Ticker	Entry Date	Buy Price	Recent Price	Stop Loss	Yield	Cumulative Dividends	Total Return	IRA Friendly?
National Retail Properties	NNN	9/29/2022	\$ 39.07	\$ 42.54	None	5.17%	\$ 1.10	11.70%	Yes
Conagra Brands	CAG	6/23/2022	\$ 32.47	\$ 36.98	None	3.57%	\$ 0.99	16.92%	Yes
The Clorox Company	CLX	6/23/2022	\$ 132.28	\$ 158.24	None	2.98%	\$ 3.54	22.30%	Yes
Campbell Soup Company	CPB	6/23/2022	\$ 47.04	\$ 54.78	None	2.70%	\$ 1.11	18.83%	Yes
Flowers Foods	FLO	6/23/2022	\$ 24.97	\$ 26.86	None	3.28%	\$ 0.44	9.35%	Yes
General Mills	GIS	6/23/2022	\$ 67.90	\$ 86.56	None	2.50%	\$ 1.62	29.87%	Yes
J.M. Smucker Company	SJM	6/23/2022	\$ 123.83	\$ 152.40	None	2.68%	\$ 3.06	25.54%	Yes
Target Corporation	TGT	6/23/2022	\$ 141.08	\$ 160.99	None	2.68%	\$ 3.24	16.41%	Yes
Coca-Cola Company	KO	4/27/2022	\$ 65.56	\$ 63.05	None	2.79%	\$ 1.32	-1.82%	Yes
Prologis	PLD	10/29/2021	\$ 146.67	\$ 119.77	None	2.64%	\$ 3.79	-15.76%	Yes
Crown Castle International	CCI	10/29/2021	\$ 181.90	\$ 129.25	None	4.55%	\$ 7.45	-24.85%	Yes
Philip Morris International	PM	3/30/2021	\$ 89.35	\$ 99.49	None	5.11%	\$ 7.49	19.73%	Yes
Altria Group	MO	3/19/2020	\$ 37.10	\$ 45.03	None	8.35%	\$ 10.60	49.95%	Yes
Realty Income	O	3/19/2020	\$ 48.08	\$ 60.77	None	5.10%	\$ 8.40	43.85%	Yes
AT&T	T	3/19/2020	\$ 31.15	\$ 19.93	None	5.57%	\$ 5.79	-17.44%	Yes
Enterprise Products Partners	EPD	3/19/2020	\$ 14.52	\$ 26.99	None	7.04%	\$ 5.51	123.76%	No
Kinder Morgan	KMI	3/19/2020	\$ 11.20	\$ 17.82	None	6.23%	\$ 3.24	88.03%	Yes
Ventas	VTR	3/19/2020	\$ 19.98	\$ 43.50	None	4.14%	\$ 5.74	146.44%	Yes
Public Storage	PSA	3/19/2020	\$ 187.60	\$ 290.26	None	2.76%	\$ 35.15	73.46%	Yes
International Paper	IP	3/19/2020	\$ 30.13	\$ 35.91	None	5.15%	\$ 4.77	35.00%	Yes
STAG Industrial	STAG	3/19/2020	\$ 21.71	\$ 32.36	None	4.51%	\$ 4.23	68.53%	Yes
Retail Opportunity Investments	ROIC	3/19/2020	\$ 7.25	\$ 12.98	None	4.62%	\$ 1.27	96.55%	Yes

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