



# THE LIGHT

HELPING INDIVIDUALS NAVIGATE THEIR FINANCIAL LIVES

## A NARROW STRAIT, A WIDE IMPACT



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If you didn't know where the Strait of Hormuz was before, chances are you have a better idea by now. (Don't worry, I had to look it up too.) If you weren't a star student in World Geography, I have a map below. Since the U.S and Israel began attacks on Iran on February 28th, this area of the world has been a recurring topic on all the major news outlets over the last five weeks.



This passage in the Middle East represents one of the world's most critical oil transportation routes. The land's shape creates a wonderful geographic bottleneck. At its narrowest point, the passage is only about 20 to 30 miles wide, creating very tight shipping lanes. This makes it easy to monitor and disrupt. And with Iran to the north, they appear to have a valuable bargaining chip. Iran's new leader, Mojtaba Khamenei, has vowed to keep the Strait of Hormuz shut off. Pinching off the flow of oil in this region (which accounts for roughly 20% of the world's oil supply) has had significant consequences for crude prices. The basic laws of supply and demand will prevail when supply is tightened so drastically while demand remains the same.

In the last few weeks, we've seen plenty of volatility in the price of crude oil. At one point, it almost touched \$120/barrel. As I write this, the price per barrel has settled at around \$100. It's also important to note that gas prices typically lag oil prices by 1 to 3 weeks. So, if oil were to climb further or hover around \$100/barrel, the price we pay for gas is likely to move closer to \$4 per gallon.

### Brent crude-oil price, \$ per barrel



Source: LSEG Workspace

Obviously, oil is used for gasoline, diesel, and jet fuel, but it's also an integral part in the manufacturing of plastics, synthetic fibers, rubber, and other resins and foams. In other words, oil's use is far broader than just gasoline, so it makes sense that we've seen an effect on the stock market.

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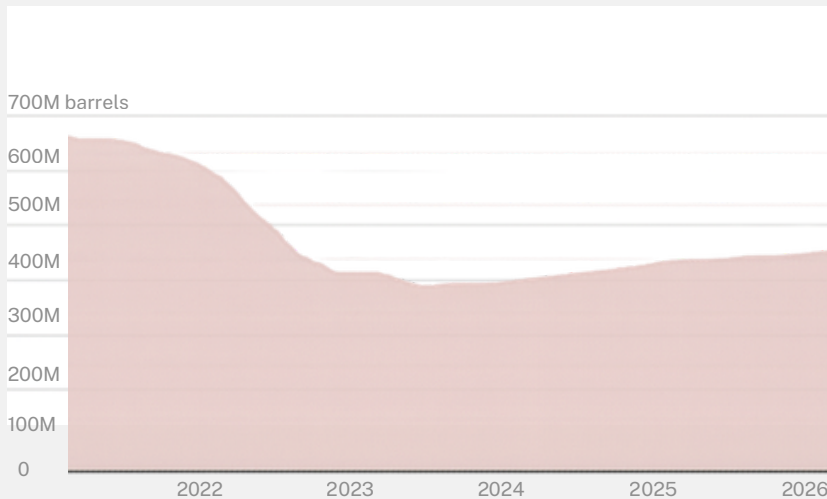
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A 60% increase in oil prices not only raises gas prices but it can also spill over into other areas, potentially leading to higher, more persistent inflation. A combination of high prices at the pump and in stores inevitably can lead to a recession. Nearly 70% of our country's GDP is accounted for by consumption. When shoppers are spending less, there are ramifications.

To combat higher oil prices, President Trump has tapped into America's oil reserves in a meaningful way. The U.S. is releasing about 172 million barrels of oil over four months. While this increases supply and helps stabilize pricing, I don't think anyone believes this is a long-term solution to the problem. But hopefully it can buy some time to smooth out the volatility in oil prices.

### The US Strategic Petroleum Reserve

As of March 6, the stockpile held 415.4 million barrels of oil.



To make matters trickier, the U.S. is allowing some countries to buy Russian oil from ships stranded at sea for the next 30 days. Not an ideal option considering the ongoing war between them and Ukraine. This is very much a developing story, and as I write this, talks between the U.S. and Iran appear to be stalled. Knowing what's at stake and oil's notable influence on gas prices and inflation, hopefully, there will be a reconciliation soon for all the countries involved.

## CHARITABLE CONTRIBUTION TAX PLANNING OPPORTUNITIES



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Charitable giving allows taxpayers to support meaningful causes while potentially reducing tax liability. Several federal and Ohio provisions create opportunities for tax-efficient planning strategies. The following overview highlights a few key rules and opportunities that charitable-minded taxpayers need to be aware of.

**NOTE: A tax deduction reduces the amount of income that is subject to tax, while a tax credit directly reduces tax owed, dollar-for-dollar, up to the full amount of the tax liability. A deduction is "good," while a "credit" is considered "best."**

### Federal Above-the-Line Charitable Deduction (NEW for 2026 tax year)

- Available to taxpayers who claim the standard deduction and do not itemize.
- Maximum deduction: \$1,000 for Single filers and \$2,000 for Married Filing Jointly.
- Deduction is taken above the line, reducing Adjusted Gross Income (AGI).
- Applies to cash contributions made to qualified charitable organizations.
- Charity must be a qualified 501(c)(3) organization.
- Non-cash donations generally do not qualify for this deduction.

## Market Recap

*\*All indices are reported Total Return which includes Dividends*

### S & P 500 COMPOSITE

1Q 2026: -4.67%

### BARCLAYS AGGREGATE BOND

1Q 2026: -0.61%

### DOW JONES INDUSTRIAL AVERAGE

1Q 2026: -3.63%

### RUSSELL 2000

1Q 2026: 0.58%

### NASDAQ COMPOSITE

1Q 2026: -6.06%

*Example: A married couple claiming the standard deduction donates \$2,000 in cash to their church or favorite charity. Under the new rule, they can deduct the full \$2,000 above the line, lowering their AGI even though they do not qualify to itemize.*

## Qualified Charitable Distributions (QCDs)

- Available to IRA holders age 70½ or older.
- Distributions can be made to multiple charities if you choose, as long as they are qualified 501(c)(3) organizations.
- Up to \$100,000 per taxpayer per year may qualify.
- Amount is excluded from taxable income.
- Can satisfy Required Minimum Distributions (RMDs).
- Available even if the taxpayer does not itemize deductions.
- Distribution must be made directly from your IRA to a qualified charity.
- Work with your IRA custodian to make QCDs.
- Most custodians, including Schwab, mail the check(s) directly to the IRA owner to distribute to the charity, unless instructed otherwise.
- Distribution amounts can vary. QCDs can be one-time checks or set up to be mailed monthly.
- QCDs are **NOT** reported on 1099s, so communicate with your tax preparer.
- Call your Advisor if this is something you are interested in exploring.

*Example: A retiree age 71 must take a \$10,000 Required Minimum Distribution (RMD). If \$2,400 of that distribution is sent directly from the IRA to a charity as a QCD, taxable income is reduced by the distribution, while it still counts towards the annual RMD. This reduces the taxable liability for both federal and state, even if the taxpayer does not itemize. The QCD could be a one-time check to a 501(c)(3) organization, such as the United Way, or twelve monthly \$100 checks you drop in the collection plate at church, as examples.*

## Ohio Angel Scholarship Fund Credit

- Available to taxpayers who contribute to certified Scholarship Granting Organizations such as the Angel Scholarship Fund.
- Maximum credit: \$750 for Single filers and \$1,500 for Married Filing Jointly.
- Credit applies against Ohio income tax liability.
- Generally nonrefundable.
- Locally, this includes St Edward School, Ashland, Ohio.
- To make a charitable donation to a qualifying school, visit:  
<https://www.catholiccommunity.org/give/catholic-education/angel-scholarship-fund>

*Example: A married couple contributes \$1,500 to the Angel Scholarship Fund. They receive a \$1,500 Ohio tax credit, effectively redirecting a portion of their state tax liability to support student scholarships.*

## Ohio Deduction for Donations to Pregnancy Resource Centers

- Available to taxpayers who donate to pregnancy resource centers approved by the Ohio Department of Health.
- Deduction Limit: You may deduct the lesser of \$750 or the total amount contributed per individual. Married couples filing jointly can receive up to a \$1,500 deduction.
- Qualifying centers are non-profit organizations that do not perform or promote non-therapeutic abortions and provide services such as counseling, ultrasound, and material support for pregnant individuals.

*Example: A married couple donates \$1,500 to a qualifying pregnancy resource center. They may receive up to a \$1,500 deduction from their income, subject to Ohio tax.*

## Planning Considerations

- Keep receipts or written acknowledgments for charitable contributions.
- Confirm that organizations qualify under IRS and/or Ohio tax laws.
- Note that some donations generate both federal and state tax benefits.
- Distinguish between tax deductions and credits and understand the difference.
- Contact your Advisor if interested in QCDs or have questions or concerns about any of the strategies discussed.



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