Maier minutes

summer 2022

A WORD FROM WAYNE

by Wayne Maier, BFA™
Founder & CEO - Maier & Associates, Financial Advisor - RJFS

As I started to write this article, I was looking for something inspiring to say, but nothing came to mind, which was a little frustrating. So, I thought about what I should discuss and I thought, well there is always the markets. But then I thought, everyone is probably tired of hearing about the markets. If not the markets, then what? Then it struck me… I want to talk about you and all of the comments I have been getting when we meet and comments about the food truck event (in case you were wondering, the Wonder Burger won my vote).

Since the markets began going through the correction, I have received comments asking how long do I think it will last, or how deep will it go, or are we at the bottom (all of which I will address later). But more than these, I have asked "How are you doing, are you doing ok, is there anything we can do to help?" Then I heard "thank you for all that you are doing on our behalf. I am glad you are sailing the ship" and many more. I want you to know how humbling hearing this is to all of us. It truly reflects the confidence and trust you have in our advisors and staff. When we hear these kinds of things it makes us even more determined to do everything in our power to get you through this correction as quickly as we possibly can, while trying to obtain the best results we can. For all of these comments, on behalf of all of us at Maier & Associates, thank you! You have no idea how much it means to all of us.

Now we can talk about the market. If you haven't noticed, we are going through a correction (just kidding) and have been for several months. Correction … now there is a strange word that is used to describe what I refer to as one hell of an ugly market. Maybe the word "correction" is more politically correct, but it doesn't change the fact that the markets are ugly, no matter what words you decide to use to describe them. I think that as we are going through these market conditions, it is easier to give up than fight through it, but not for us. We don't have the words "give up" (it really hurts to say those words) in our vocabulary, and never will. We all know these markets will recover…it's not a matter of IF, but a matter of WHEN. How deep will it go, or have we reached the bottom? We discussed this a few weeks ago and talked about the market finding a bottom, and as long as it doesn't break that bottom, that is a good thing. We set a bottom several weeks ago at just below

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30,000 on the DOW and since then, we have had lots of volatility, but have not set a new bottom. So, does it mean it's over? Well, you would like to think so. And you would think as long as I have been around in this business that the market would tell me but, unfortunately, I have no pull. What I do have is patience and if I can do anything for you, it is to share my patience with you.

We have gone through down markets together, not just down markets but really ugly markets, even more ugly than today, and we have survived. We've not only survived but thrived, and I do not believe this is any different than any other ugly market we have experienced. Know this, we believe that our managed strategies are positioned for the recovery when it comes and we are prepared to make additional changes if necessary.

I just celebrated my birthday, but more importantly I celebrated something even better, and that is the day Rita became my wife. When August rolls around I become melancholy and realize how blessed I am to have her to share my life. Some might say she is a saint to have put up with me all these years (I don't think I would disagree).

In closing, I want to thank you again for all of the confidence and trust you place in our company, and believe me when I say, we will never take you for granted.

Until next time...The only limitations in life are the ones we place on ourselves ... never limit your dreams!

STUDENT LOAN UPDATE

by Logan Maier, RICP®
Finanical Advisor

At the time of this writing federal student loans are currently in a payment pause until August 31, 2022. There are talks that this forbearance period could continue to be extended, especially with some political motivation, due to elections this November. While these loans are in forbearance it provides a great opportunity to pay down some principal on your student loans and save money in the long run.

Here's a quick example: Let's assume that you have $100,000 in student loans today at 4% interest rate to be paid back in level monthly payments over 20 years. This would produce a monthly payment of roughly $606. Over the course of 20 years, this results in $145,435.28 in total payments, which is an additional $45,435 in interest paid over the life of the loan (on top of the $100,000 principal). Now if you continued payments during the forbearance period and were able to pay down $20k of the principal, it would result in a life time savings of roughly $20,000.

Here is the breakdown: This is assuming $80k principal, 4% interest and $606 monthly payment... This would result in 14.5 years of monthly payments for a total of $105,600 paid. Which would be roughly $25,000 paid in interest ($105,600 -$80,000 principal) vs the roughly $45,000 paid in interest above ($145,435 - $100,000 principal)

Aside from this, until October 31, 2022, there are current waivers in place for the Public Student Loan Forgiveness program (PSLF) for federal student loans. Previously, to qualify for this, you had to:

1. Work for a qualified non-profit employer.
2. Be on an income driven repayment plan (IDR).
3. Once applied for and in the program, make 10 years' worth of qualifying payments. Once the 10 years of qualifying payments have been made, the outstanding loan balance will be forgiven.

Here are the current waivers being offered:

1. The IDR plan is not required, and entry into the program is allowed while on a level repayment plan.
2. People are allowed to enter into the program and have past qualifying payments count toward the 10 years required under the program. For example, if you have worked for a qualifying non-profit employer for the past five years and were making qualifying payments on your loan, these can count toward your 10 years of required payments in the program.
3. Roughly, the last 2 ½ years of the forbearance period will be treated as if qualifying payments were made, regardless if payments were actually made or not. The individual would just need to prove that he/she had qualifying employment over that time frame.

Hypothetical examples are for illustration purposes only.

Greg's wife Carrie, granddaughter Nora and daughter Megan attend the Bay City Auto Show and enjoy the summer!

ELEVEN WAYS TO HELP YOURSELF STAY SANE IN A CRAZY MARKET

by Greg Dahlberg, CFP®, RICP®, BFA™

The stock and bond markets have experienced significant volatility in recent years. Prior to COVID and the worldwide pandemic of 2020, we have experienced bull markets since 2009. When markets are down, our emotions and risk tolerance is tested and it can cause investors to want to change their investment direction "until things settle down or get better". The challenge is knowing when that time will be and 2020 proved to serve as a good reminder there is no way to know. Markets experienced significant volatility and downturns in 2020 early in the year and by year end, markets produced significant positive returns. For this reason, I firmly believe that "time in the markets" rather than "time the markets" is a more successful long-term investment approach. However, this is sometimes easier said than done.

For investors who are adding to their investments, down markets can be a good thing since investments made in down markets allow investors to buy more shares at reduced prices. In addition, if your portfolio is set up to re-invest dividends when they are paid, investors are also acquiring additional shares at reduced prices so when markets recover (no guarantee), investors recovery may be quicker. Down markets also may provide tax planning opportunities to investors who may benefit from converting pre-tax IRA dollars into Roth IRA's. These opportunities may warrant changes be made to an investment portfolio.

Keeping your cool can be hard to do when the market goes on one of its periodic roller-coaster rides. It's useful to have strategies in place that prepare you both financially and psychologically to handle market volatility and attempt to keep your emotions in check. Here are 11 ways to help keep yourself from making hasty decisions that could impact your ability to achieve your financial goals.

1. Have a game plan

Having predetermined guidelines that recognize the potential for turbulent times can help prevent emotion from dictating your decisions. For example, you might take a core-and-satellite approach, combining the use of buy-and-hold principles for the bulk of your portfolio. You also can use diversification to try to offset the risks of certain holdings. Diversification may not ensure protection against a loss, but it can help you balance your risk in advance.

2. Know what you own and why you own it

When the market goes off the tracks, understanding how a specific holding fits in your portfolio can help you determine whether a lower price investment might actually represent

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Rita and her granddog Louise enjoy a boat ride!

PLACES TO OBTAIN THE BEST RATES FOR SAVINGS AND EMERGENCY FUNDS

by Joseph Maier, RICP®, BFA™
Vice President - Maier & Associates, Financial Advisor - RJFS

As our Central Bank is raising interest rates to combat inflation, this is not the time to ignore your bank savings and CD rates. When the interest rates go up, we tend to see loans spike first and interest paid on our savings follow behind. As rates have been increasing, you need to be looking for rates at your current banking institution and do not be afraid to seek out competitors.

As we have noted in some of our other articles, the potential benefits of government I-bonds (which are still a viable place for some long-term savings) is something to be considered. However, when looking at short term savings, it has been difficult to "get paid" for those deposit accounts. Although rates are not stellar, I want to share with you some of the numbers I have seen in the market place so you can look to your own banking institution to make sure the rate you are receiving is competitive.

General savings rates and money markets are available with online banking institutions upwards of 1.6%. Again, I know this number isn't ground breaking, but if your savings is still under .50%, it maybe something for you to explore. One year CD rates are over 3%, two-year are 3.3% and 5-year are up to 3.6%. Not staggering, but certainly better than they were 12 months ago. Fixed annuities are offering rates of 3.3% on a two-year, 3.65% on a three-year and up to 3.9% on a four-year product.

These types of savings vehicles are not for everyone, but if you are using them currently or have been seeking out higher rates than you are receiving, or you just want to know if your current rates are competitive, I hope this offers some insight.

If you have assets you want to see at higher rates than you have available right now, please call our office and we can discuss the specific companies offering the rates mentioned above and give you a more detailed answer as to whether or not they are beneficial products for you to consider based on your specific circumstances.

Rates are subject to change and availability. Minimum quantity may apply.

2022 SAVER'S CREDIT

by Michael A. Wilcox, CFP® ChFC®, RICP®, BFA™

Hello everyone! In this addition of our newsletter, I would like to outline the retirement savings contribution credit also known as the "savers credit". I want to be sure, for those eligible, the savers credit is not missed. I plan to give a general outline of what the "savers credit" is and the potential benefit as well as the eligibility requirements.

First, the "savers credit" is designed to give a tax credit to those contributing to IRA's, Roth IRA's, 401(k), 403(b) plans, 457 plans, SIMPLE IRA, ABLE account, and SARSEP, with lower to moderate income levels. In my opinion the credit is a great opportunity to consider for those that qualify. It is also important to know that a credit in the world of taxation is much better than a deduction because it is actual dollars, not percentage of dollars. For those that qualify, the "savers credit" provided anywhere from a 10% credit to a maximum of a 50%. According to the IRS.gov (2022):

> *"The maximum contribution amount that may qualify for the credit is $2,000 ($4,000 if married filing jointly), making the maximum credit $1,000 ($2,000 if married filing jointly)."*

As you can see, I relied heavily on the IRS website as I wrote this article and in doing so, I thought their example was great. According to the IRS.gov (2022);

> *"Jill, who works at a retail store, is married and earned $41,000 in 2021. Jill's spouse was unemployed in 2021 and didn't have any earnings. Jill contributed $2,000 to her IRA for 2021. After deducting her IRA contribution, the adjusted gross income shown on her joint return is $39,000. Jill may claim a 50% credit of $1,000 for her $2,000 IRA contribution on her 2021 tax return."*

It is important to keep in mind that if you are married, each spouse may qualify, which would increase the maximums from $2000 to $4,000. The example above stops short of the maximum contribution eligible for the credit of $4,000 for married couples. If Jill would have contributed $6000 to her IRA the credit would have been 50% of $4,000 not $6,000. Remember, the contribution to a deductible IRA would allow Jill to reduce her taxable income as the example above alludes to. Where I fear the "savers credit" is most likely missed (assuming all income requirements are met), is with Roth IRA contributions. The "savers credit" is not an additional pretax or tax deferred contribution, rather it is an incentive to save for the future regardless of if it is pretax, tax deductible, or in the case of a Roth IRA, an after-tax contribution.

Lastly, please review the chart below from the IRS.gov (2022) website so you can see more clearly the income limitations.

I hope you found this article helpful and, as always, don't hesitate to contact us with any questions you may have.

2022 Income Limitations for Saver's Credit

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than $41,000	AGI not more than $30,750	AGI not more than $20,500
20% of your contribution	$41,001- $44,000	$30,751 - $33,000	$20,501 - $22,000
10% of your contribution	$44,001 - $68,000	$33,001 - $51,000	$22,001 - $34,000
0% of your contribution	more than $68,000	more than $51,000	more than $34,000

*Single, married filing separately, or qualifying widow(er)

Reference: https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit

STAY SANE IN A CRAZY MARKET

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a buying opportunity. If you don't understand why a security is in your portfolio, find out.

3. Remember that everything is relative

If you've got a well-diversified portfolio that includes multiple asset classes, it could be useful to compare its overall performance to relevant benchmarks. If you find that your investments are performing in line with those benchmarks, that realization might help you feel better about your overall strategy. But diversification means that just because the S&P 500 might have dropped 10% or 20% doesn't necessarily mean your overall portfolio is down by the same amount.

4. Tell yourself that this too shall pass

The financial markets are historically cyclical. Even if you wish you had sold at what turned out to be a market peak, or regret having sat out a buying opportunity, you may well get another chance at some point. Even if you're considering changes, a volatile market can be an inopportune time to turn your portfolio inside out. A well-thought-out asset allocation is still the basis of good investment planning.

5. Be willing to learn from your mistakes

Anyone can look good during bull markets; smart investors are produced by the inevitable rough patches. Even the best investors aren't right all the time. If an earlier choice now seems rash, sometimes the best strategy may be to take a tax loss, learn from the experience, and apply the lesson to future decisions. Professional help can prepare you and your portfolio to both weather and take advantage of the market's ups and downs.

6. Consider playing defense

During volatile periods in the stock market, many investors re-examine their allocation to such defensive sectors as consumer staples or utilities (though these sectors involve their own risks and are not immune from overall market movements). Dividends also can help cushion the impact of price swings.

7. Stay on course by continuing to save

Even if the value of your holdings fluctuates, regularly adding to an account designed for a long-term goal may cushion the emotional impact of market swings. If losses are offset even in part by new savings, your bottom-line number might not be quite so discouraging.

If you're investing a specific amount regularly regardless of fluctuating price levels (dollar-cost-averaging), you may be getting a bargain by buying when prices are down. However, dollar-cost averaging can't guarantee a profit or protect against a loss and systematic investing doesn't work if you stop when prices are down.

8. Use cash to help manage your mindset

Cash can be the financial equivalent of taking deep breaths to relax. It can enhance your ability to make thoughtful decisions instead of impulsive ones. If you've established an appropriate asset allocation, you should have resources on hand to prevent having to sell stocks to meet ordinary expenses. Having a cash cushion can change your perspective on market volatility. It's important that you always have "safe place" to access money when needed. This can be accomplished by maintaining sufficient cash or cash alternatives (bank CDs, money markets, conservative liquid investments). By doing so, you may not be required to liquidate good investments in down market allowing them time to recover.

9. Remember your road map

Solid asset allocation is the basis of sound investing. One of the reasons a diversified portfolio is so important is that strong performance of some investments may help offset poor performance by others. Make sure your asset allocation is appropriate before making drastic changes.

10. Look in the rear-view mirror

If you're investing long term, sometimes it helps to take a look back and see how far you've come. If your portfolio is down this year, it can be easy to forget any progress you may already have made over the years. It's important to remember that having an investing strategy is only half the battle; the other half is being able to stick to it. Even if you're able to avoid losses by being out of the market, will you know when to get back in?

11. Take it easy

If you feel you need to make changes in your portfolio, there are ways to do so short of a total makeover. You could test the waters by redirecting a small percentage of one asset class to another. You could put any new money into investments you feel are well-positioned for the future, but leave the rest as is. Even if you need to adjust your portfolio during a period of turmoil, those changes should happen gradually. Taking gradual steps is one way to spread your risk over time, as well as over a variety of asset classes.

I'm going to add one last step that may help get through turbulent times in the markets. Have a good conversation and review with your advisor who can help put things in perspective. I have clients often comment that they feel much better after discussing their situation, their portfolio and the how and why their portfolio is constructed the way that it is. Having a well thought out financial plan and portfolio will help investors prepare for down markets before they occur rather than allowing emotions to cause them to react when they do.

Unitl next time ...

RETIREMENT CONTRIBUTIONS AND LIMITATION CHANGES FOR 2022

by Chad Adams, C.P.A.

Since the midpoint of 2022 has been crested, now is the time to be sure that your retirement contributions have been adjusted to the new limits. Life events, such as turning 50 (this is where I am this year) allow for greater contributions to various retirement accounts. Once you reach age 50, you get to contribute "make up" contributions, depending on the retirement plan. Failure to maximize your retirement savings each year may leave you short of your savings goals, so be sure to look at where you are for the year and how much you can contribute prior to the end of the year. Below are some of the changes for 2022 to each type of account.

Employer-Sponsored Retirement Contribution Limits Increase

The contribution limit for elective deferrals to 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan increases to $20,500 for 2022. The total amount that can be contributed to a plan by you and your employer combined rises to $61,500 (from $58,000 in 2021). However, the amount of the catch-up contribution for taxpayers aged 50 and older remains at $6,500.

Deductibility of Traditional IRA Contributions Income Limitations

Contribution limits for IRAs remain unchanged at $6,000 if you are under 50 years old and $7,000 if you are 50 or older. However, the IRS did announce a few other tax changes that impact IRAs in 2022. First, if you are covered by an employer-sponsored plan, your income limit, when you'll still get a deduction for contributing, increases.

Single Filers: The maximum deduction is reduced at an income of $68,000 in 2022 (up from $66,000 in 2021) and is completely eliminated at $78,000 or more (up from $76,000).

Married Filing Jointly: The maximum deduction is reduced at an income of $109,001 (up from $105,001 in 2021) and is completely eliminated at $129,000 (up from $125,000).

If your spouse is covered but you aren't, your maximum deduction is reduced at $204,001 in 2022 (up from $198,000 in 2021) and is completely eliminated at $214,000 (up from $208,000). Many taxpayers do not realize these limits exist and can potentially be making what is believed to be deductible contributions when in fact they are not. Stiff penalties or an excise tax for doing so can be assessed by the IRS for non-compliance.

Roth Contributions Income Limitations Are Increased

If you are planning on making Roth IRA contribution, please note that there are income limits that are similar to the traditional IRAs.

Single filers: For 2022, your maximum contribution is reduced when your modified adjusted gross income (AGI) is $129,000 (up from $125,000 in 2021) and eliminated at $144,000 (up from $140,000).

Joint filers: Your maximum contribution is reduced when your AGI is $204,000 (up from $198,000) and eliminated at $214,000 (up from $208,000).

HSA Contribution Limits Go Up

Health savings accounts allow you to save for future medical expenses. In 2022, the amount you can stash away increases to $3,650 for self-only coverage (up from $3,600 in 2021) and $7,300 for taxpayers with family coverage (up from $7,200).

Roth Conversions

Time is limited on the Roth Conversion window. As it stands now, the current administration would like to close this tax planning opportunity for tax-free growth on your retirement but has been unsuccessful so far. It will expire permanently without legislative action in 2031. This may be a beneficial strategy in many cases but is dependent on many factors.

If you have not performed this retirement checkup, you need to do so in the near term. Maintenance of your retirement accounts each year will yield high rewards in your future!

Chad Adams is an independant C.P.A. and not affiliated with Raymond James.

Amy's grandchildren Brooklyn and Noah enjoy a ride in the side-by-side!

Maier & Associates Family Spotlight

Danielle's niece Katie cleans house at the World Horseshow in Oklahoma!

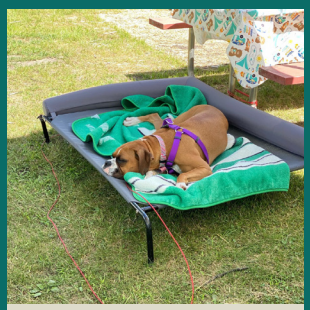
Amy's grandchildren Nash and Harper!

Tammy's son captains a boat in Florida!

Laura and her children Kallie, Devin and Myles!

Vanessa & Kirk with their newest family member Brooks!

Amy's grandchildren enjoy a day at the lake!



Danielle's baby Zoey takes a nap while camping!

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