

The LFA Report

1ST QUARTER OF 2024
Volume 25—Issue 1



Whew, We Made It Through 2023...

By: Chris Wayne, AIFA®

The year began with continued rate hikes in February, March, and May to bring the federal funds rate to 5.25% (newyorkfed.org). Since March 2022, that has been ten consecutive rate increases.

Over a few weeks in the spring of 2023, multiple high-profile regional banks collapsed. These banks weren't limited to one geographic area, and there wasn't one single reason behind their failures.

The debt ceiling crisis once again came upon us. In January, the US reached its debt ceiling, which led to months of bickering in congress. The tug of war between political parties ensued while quickly approaching the June 5th, "X date" (the day on which the US government is unable to meet all its obligations in full and on time). With just two days to spare, congress passed, and the President signed an agreement to lift the federal debt ceiling until 2025.

Artificial Intelligence (AI) became the new buzz word and companies invested billions into new technology. Tech giants had huge gains as investors jumped onto the AI bandwagon. A leading graphics processing unit (GPU) developer was the biggest winner making them only the 7th US company to be worth \$1 trillion.

The warning signs continue to loom, but no recession. In 2023, a recession was predicted, and the warning signs have been present, including high inflation, layoffs in the tech and consulting sector, and the reducing of spending by consumers. It is

safe to say no recession for 2023. Even a broken watch is correct twice a day. Eventually, a recession will occur, but discussing the recession since July 2021 has not helped calm investors.

And finally, in the category of Best Performance in the S&P 500, the Oscar goes to...The Magnificent 7. The Western movie then did not win any Oscars but was a nominee back in 1961.

The chart shows what these seven stocks did in comparison to the rest of the 493 stocks of the S&P 500. Big tech stocks have jumped 75% in 2023—and now make up about 30% of the S&P

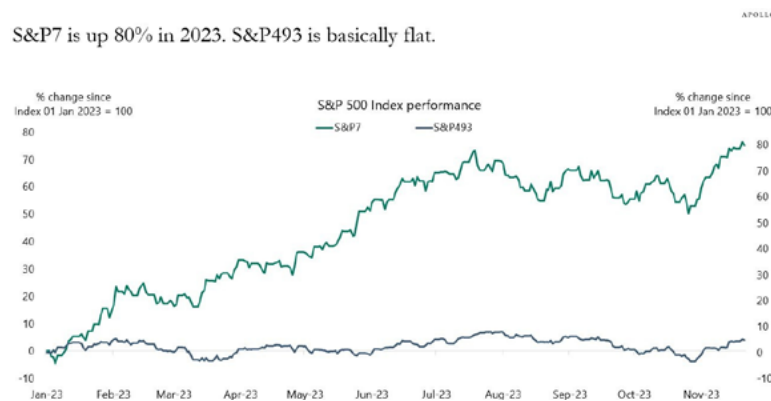
500 (wsj.com/finance/stocks/12/17/2023).

When it comes to the economy and markets, the S&P 500 is commonly referred to. Remember, it is an index but does not always give you the entire picture, especially when seven companies can move an en-

tire index. In 2016, the film Magnificent Seven had a new cast and award nominations. We will have to see if the stock market Mag 7 is rewritten or if it changes. Remember FANG? It is now Mag 7.

Let us see what 2024 has in store for us. Happy New Year!!

S&P7 is up 80% in 2023. S&P493 is basically flat.



Source: Bloomberg, Apollo Chief Economist. Note: The S&P7 is the Magnificent 7: Chart provided by Apollo Academy dated 11/2023.



Planning for the Retirement YOU Want

By Kimberly Foster, ChFC®

It might seem like a long way off, but the day may come when you will want to work less or not at all. It's never too early to start thinking about how you'd like your retirement to look. The more details you can fill in that picture, the better your chance of saving enough to turn it into reality.

Live more simply and spend less in retirement? Living comfortably on less money takes planning. And your expenses may not drop as much as you think.

According to data from the Bureau of Labor Statistics, housing is the largest expense you will face in retirement, so reducing those costs can have the biggest impact on your budget. Relocating to a less expensive area or downsizing could help with this. Planning to pay off your mortgage before you retire is another way to reduce monthly expenses.

Health care is another essential expense to plan for. Costs can vary from person to person. But setting aside money (based on eligibility) in a tax-advantaged health savings account (HSA) may help you save on medical care.

You might want to try something new in retirement, like going back to school or pursuing a passion. The choice is yours if you budget for it. Should your plan be to further your education, many institutions across the U.S. offer reduced

tuition or free college courses for seniors. These programs are an excellent opportunity to explore new interests and stay intellectually active.

Several retirees choose to keep working in retirement, whether in their current field or a new one. Besides income and possible medical benefits, working can provide social connections and a sense of purpose. Volunteering for a charity in retirement could be similarly rewarding.

Many retirees not only seek a complete break from work but also want to do all the things they put off while they were working. Traveling is a big one, whether it's to see the world or friends. How many trips do you see yourself taking? Where would you like to go? How would you like to travel? Once you have an idea, add up the potential costs. Including them in your retirement savings plan now can increase the odds that your retirement budget will match your desire to travel when the time comes.

The key is to go big with your planning and get as specific as possible about your goals. Your retirement is full of possibilities. You can take charge of them now by taking time to ask yourself:

How much do I see my life changing in retirement? What do I want to do?

How much is my lifestyle likely to cost each month?

Will I stay where I am or live somewhere else?

What expenses should I plan for, given my retirement needs and goals?

The sooner you know the answers, the sooner you will know what you need to do to make the retirement you want a reality. And then, if you need help to create a plan, contact your LFA advisor who can compile scenarios and provide guidance along the way.



Source: October 11, 2023, schwab.com/learn/story/which-retirement-lifestyle-is-right-you



Sausage, Gruyere, and Mushroom Strata

ELIZABETH POETT—THE RANCH TABLE

Recipe makes 8 to 10 servings. Total time 10 hours and 35 minutes. Active time 35 minutes.

This strata is a wonderful make-ahead dish for a special, festive breakfast. A strata is a bit like a casserole with distinct layers of bread, vegetables, cheese, and sausage in every slice. Everything is prepared and put together the night before, so all you must do in the morning is put the strata in the oven to bake. I have found that a make-ahead dish like this means a holiday morning can be relaxing for everyone! This strata is full of flavor and tasty vegetables, making it both nourishing and delicious.

TIP: Feel free to adjust the vegetables that you add. If you're not a mushroom person, add something else instead, such as roasted red peppers. Or use a different melting cheese, such as mozzarella, Cheddar, or Monterey Jack.

INGREDIENTS:

2 tablespoons unsalted butter, for greasing pan
 10 ounces baguette
 1 1/2 pounds pork breakfast sausage
 1 medium yellow onion, finely diced
 6 tablespoons olive oil
 Kosher salt
 1/2 pound sliced baby bella or white button mushrooms
 12 ounces fresh baby spinach
 12 large eggs
 3 cups half-and-half
 Freshly ground black pepper
 12 ounces shredded Gruyère cheese

DIRECTIONS:

1. Use the butter to grease a 9 x 13-inch baking pan. Slice the baguette into 1/2-inch-thick slices. Set aside.
2. Brown the sausage over medium heat in a heavy skillet. Use a wooden spoon to break the meat into small pieces as it cooks. When fully cooked, turn off the heat and spoon the sausage into a large bowl, leaving the oil from the sausage in the pan. Add the onion, 2 tablespoons of olive oil, and 1/4 teaspoon salt to the pan and continue to cook over medium heat for 5 to 7 minutes, until the onions are golden brown. Add the onion to the bowl with the sausage.
3. Sauté the mushrooms in the same pan with an additional 2 tablespoons of olive oil and 1/4 teaspoon salt. Stir with a wooden spoon until the mushrooms are fully cooked, 5 and 7 minutes. Add the mixture to the bowl.
4. Add the spinach, 2 tablespoons olive oil (if needed), and 1/4 teaspoon salt to the skillet. Cook for about 1 minute, until wilted. Press down on the spinach to drain as much liquid as possible. Roughly chop the spinach on a cutting board and add to the mixture in the bowl.
5. Mix the sausage, onion, mushrooms, and spinach and set aside.
6. Whisk the eggs until the yolks and whites are combined, then add the half-and-half and beat the mixture until it is uniform in color. Add 2 teaspoons salt and 1/4 teaspoon black pepper and whisk for 1 more minute.
7. Pack the bottom of the baking dish with half of the bread slices. Pour half of the sausage mixture over the bread layer, making sure it is evenly distributed. Layer half of the cheese on top of the sausage mixture. Make a layer on top with the rest of the bread, then with the rest of the sausage mixture. Cover the top with the remaining cheese. Slowly add the egg mixture, pouring as slowly as you can to make sure it is evenly distributed through the pan.
8. Cover the dish with plastic wrap and refrigerate overnight.
9. When ready to bake, preheat the oven to 325 degrees. Take the strata out of the refrigerator to bring it to room temperature.
10. Remove the plastic wrap and bake the strata for 1 1/2 hours, until it is puffy, golden brown, and bubbling. If the top browns too quickly, cover it loosely with foil and continue to bake until the strata looks puffy. The strata will settle a little bit while it cools. Cool for 15 minutes before serving.



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Investment Performance Through December 31, 2023

CATEGORY	3 MOS	YTD	1 YEAR	5 YEAR
Large Cap Value	9.70%	11.71%	11.45%	11.49%
Large Cap Blend	11.21%	22.68%	22.32%	14.48%
Large Cap Growth	13.83%	36.70%	36.33%	16.01%
Mid Cap Value	11.25%	13.72%	13.30%	12.00%
Mid Cap Blend	11.44%	16.06%	15.59%	12.14%
Mid Cap Growth	12.33%	21.35%	20.90%	12.70%
Small Cap Value	12.86%	16.84%	16.50%	11.94%
Small Cap Blend	12.69%	16.10%	15.75%	11.03%
Small Cap Growth	11.35%	16.42%	16.18%	11.28%
Foreign	9.72%	16.09%	15.29%	7.74%
Govt. Bonds (Interm.)	6.06%	4.25%	3.92%	0.27%
Corp. Bonds (Interm.)	6.46%	5.61%	5.31%	1.09%

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Please promptly notify us, by phone or email, if there have been changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your account or reasonably modify existing restrictions.

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