Welcome to 2023

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Happy New Year and welcome to 2023! We hope that you and your family had an enjoyable holiday season. We look forward to what this new year has to offer.

2022 was rough for investors, with many of the year's events unforeseen and unfavorable. As we enter the new year, some challenges remain. One primary obstacle, the concern of elevated inflation, has recently looked a little less imposing, while another concern, a projected recession affecting countries around the globe, is still looming. Seasoned investors understand that part of the investment experience is taking a long-term approach and that means potential periods of downward movements. Our primary goal for the new year is to continue to help optimize your journey toward your financial goals. A key component to this is to identify items that you may anticipate needing our assistance with. In order to start the new year proactively, included in this communication is a **2023 Checklist** to help you identify items you may want to address with us over the next year.

We enter 2023 with a service goal of exceeding your expectations and providing you with first-class service. We take pride in our ability to understand and effectively respond to your needs and enjoy providing timely information and holistic service to you.

We thank you for giving us the opportunity to help you work toward your financial goals and look forward to a great year!

In 2023, we will continue to offer the following services to our clients:

- Client review meetings.
- Quarterly economic updates.
- Tax reports to keep you updated on proactive tax saving opportunities and changes.
- Regularly scheduled live and online educational workshops on timely topics.
- Consistent and meaningful articles on topics that directly affect you.
- Client appreciation events and a special event for clients who support our "Growth Initiative."

Our **#1** *priority* is **YOU** in 2023!

Looking Ahead to 2023

While there are many aspects to overall financial planning, the following are some specific areas we will continue to watch carefully as we head into the new year.

- **Interest Rates** Interest rate movements continue to be critical for investors. In 2022, the Federal Funds Rate rose from a range of 0 – 0.25% to a range of 4.25 – 4.50%. The Federal Reserve has announced they will continue to raise rates to around 5% in 2023 as a way to combat inflation.

- **Inflation** Inflationary concerns are important for investors. In the U.S. during 2022, results for inflation peaked in the fourth quarter and both headline and core Consumer Price Index (CPI) readings showed significant year-over-year declines to end the year. This was the data investors had long been waiting for, and they expressed their approval by sparking quick, but short-lived equity market relief rallies. This initial descent from the inflation summit can be encouraging, but it takes more than one data point to make a trend. Inflation numbers and fears need to be monitored as the 2023 data becomes available.

- **Recession Risk** A main obstacle for investors is that many analysts are suggesting a recession is inevitable. The shift from inflation risk to recession risk reflects the impact of aggressive monetary tightening by the world's central banks, which have fixated on inflation-fighting at the expense of economic growth. Even with inflation starting to moderate (at least in the U.S.), there is no guarantee that central bank policy rates will follow suit. In fact, in November, Fed Chair Jerome Powell conveyed that rates are likely to remain "higher for longer," which will bring continued challenges to the economy and investment markets. Economic recovery is still appearing to be affected by the overseas effects of Covid-19 and its variants. We will continue to stay apprised of the direction of recovery efforts and how they are affecting the economy.

- **Stock Market Valuations** Valuations are used as key predictors of equity returns. Many stock prices have fallen significantly from historical highs, but in tough times valuations become more challenging to estimate. While we cannot predict long- and short-term valuations, we can continue to help you identify your risk tolerance and time horizons. We will also guide you to use practical behavior during times of market volatility.

- **Your Personal Situation** Your personal situation is always our highest priority. We are here to help you with any financial moves or concerns you have throughout the year. We understand that each individual and household has different goals and needs. We will continue our tradition of keeping you informed of any changes that we think may affect your personal situation.

We enter 2023 with the continued mantra of "proceed with caution". Having a solid foundation and strategy is critical to the outcome of your financial plans. Revisiting your plan and keeping it current is also a sound practice we feel should be conducted on a consistent basis. Our mission is to provide you with guidance and support on your journey toward your financial goals.

Help us identify items that you would like addressed in the coming year!

After reviewing this list, please call our office to discuss any items you have checked off. This will help us advise you in the most effective and proactive manner.

- ☐ **Do you anticipate changes to your investment goals?**
- ☐ **Has your risk tolerance changed?**
- ☐ **Have your 2023 income or savings needs changed?**
- ☐ **Do you plan to retire or change jobs?**
- ☐ **Will there be a change in your marital status?**
- ☐ **Do you plan to move, refinance, or sell/transfer a major asset such as a home or business?**
- ☐ **Did you recently receive or anticipate receiving a gift or inheritance?**
- ☐ **Will you have any changes in your income needs +/- (i.e., vacation, assisted living needs, selling home, child/grandchild assistance)?**
- ☐ **Do you expect any additional family members or dependents?**
- ☐ **Do you anticipate any additional dependents such as an elderly parent or other family member? Will they require assisted living?**
- ☐ **Do you have a child/grandchild you will be assisting with their educational cost needs through a 529 plan?**
- ☐ **Do you anticipate any major transfer of wealth?**
- ☐ **Do you plan on gifting to heirs or donating money to charity?**
- ☐ **Do you need to adjust your estate plan?**
- ☐ **Do you maximize your ability to use retirement plans?**
- ☐ **Do you want to explore converting a traditional IRA to a Roth IRA?**
- ☐ **Do you or a dependent family member have a severe illness?**
- ☐ **Do you anticipate any life, financial, or employment (retiring) changes that may require you to adjust your life and health insurance policies?**
- ☐ **Did you contribute to an IRA? If not, would you like to discuss contributing to an IRA before April's tax deadline?**
- ☐ **Is there anything else we should know to help you plan for 2023?**

Important Birthdays

- **50** Allows for catch-up contributions to IRAs and qualified retirement plans
- **55** If you are retired, allows you to take distributions from your 401(k) without the 10% penalty
- **59½** Allows you to take distributions from an IRA, annuity, or other retirement plan without penalty
- **60** Allows for start of widow/widower benefits from Social Security
- **62** Allows for starting early Social Security benefits
- **65** Allows for enrollment in Medicare and the government drug plan
- **66-67** Allows for full retirement benefits from Social Security
- **70** Start date for enhanced Social Security benefits if you deferred claiming benefits previously
- **70½** Allowed to make a Qualified Charitable Distribution (QCD) from IRA
- **73** Mandatory required minimum distribution from retirement accounts must be taken no later than April 1st of the year after the year you turn 73

If you have an important birthday in 2023, please let us know!

One of our goals is to offer our services to other people just like you!

Many of our best relationships have come through introductions from our clients.

We would be honored if you would:

- Add a name to our mailing list
- Invite a guest to a workshop or webinar
- Encourage someone to schedule a complimentary financial checkup

Do you know someone who could benefit from our services?
Please call Tracy at 605-341-1555 and we would be happy to explore how we can help them with their financial goals!

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