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THE NAVIGATOR

NEWS FROM TEAM FAS



PRESIDENT'S MESSAGE

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President of FAS

Greetings everyone!

Just when we thought the uncertainties of the last two years were about to be in our rear-view mirror, we find them readily replaced with many of today's headlines. Russia has invaded Ukraine. In January, the Consumer Price Index hit a 40 year high of 7.5%. As of this writing, The Dow Jones has entered a "Market Correction" from its January 4th record high. Allow me to dissect each of these for a few moments.

Historically, the market impact of geopolitical events has been short lived. Going back to World War II, the median market sell-off has been 5.7% after a geopolitical shock. On average, it has taken the market three weeks to reach a bottom and another three weeks for it to recover those losses. While there is likely to be an ongoing impact on commodity prices as a result of the severe sanctions being placed on Russia, Western governments are already stepping in to minimize the impact felt by their citizens. Ultimately, the market isn't driven by geopolitical events but by the economic landscape. Global economic activity has remained strong as the scope of lockdowns and other pandemic measures continue to recede. The monetary policy response to increasing inflation and pinch points around sanctioned products such as oil and wheat are likely to be a bigger driver of volatility than the Russian military operation itself.

When conducting monetary policy, the Fed has two goals: keep inflation low & stable (their target rate has been 2%) and ensure maximum employment. The Fed believes the economy is close to maximum employment. They are realizing that the number of people that want to work is much lower than it was before the pandemic. One significant cohort, the baby boomer, has seen a large group retiring earlier than in previous years; they will probably not come back into the workforce, no matter how strong it is. Now the Fed can begin to focus its attention on inflation and increase interest rates from

a near-zero emergency level that has been in place since the early stages of the pandemic. The Fed is not seeking to shock and awe the markets, which causes unneeded volatility. Its job is to be methodical and tactical. Its goal is the long-term growth of the economy. We think the Federal Reserve and the European Central Bank will proceed cautiously in terms of tightening monetary policy. Both will likely wait to see how financial markets and commodity prices react. Ultimately, the Fed will raise interest rates but perhaps do so more gradually than anticipated.

The U.S. economy remains robust and poised for a multiyear expansion. Consumer and corporate fundamentals remain very strong. Inventory rebuild and capital spending are tailwinds for growth. Supply disruptions due to the pandemic are expected to resolve over time. We think equity markets will continue to rally but at much more moderate pace than last year. It is easy for this positive news to be overshadowed by market declines resulting from investors responding to Fed announcements and the economic fallout over sanctions.

This year's volatility can be uncomfortable, but it is also well within the normal historical range. Market volatility tends to rise initially as emotional investors react to events. Emotional investing can be hazardous! Declines are part of investing. Over long periods of time, stocks have tended to move steadily higher, but history tells us that stock market declines are an inevitable part of investing. The good news is that corrections (defined as a 10% or more decline), bear markets (an extended 20% or more decline) and other challenging patches haven't lasted forever. Every S&P 500 decline of 15% or more, from 1929 through 2020, has been followed by a recovery. The average return in the first year after each of these declines was 55%.

We hope that you don't focus too much on the things you can't control and rather focus on making the best decisions for the things you can. We will continue to be here to help you navigate life's experiences and assist you in reaching your financial goals.

Our thoughts and prayers go out to the people of Ukraine.

COLLEGE FUNDING

The 411 on 529s

As spring rolls around many students and parents begin the process of campus visits or planning for the transition to college life. Being prepared with an understanding of how you can utilize a 529 for educational expenses can help make the process easier. Below are some FAQs relating to how to utilize an existing 529 or get started with a new one.

How can I spend the money withdrawn from a 529?

The funds in a 529 can be used for qualified education expenses. These include things you would expect like tuition, room & board, and books & supplies. There are also many things considered to be qualified expenses that you may not have thought of including computers for post-secondary schooling, trades and vocational schools, private K-12 schools, and up to \$10,000 for student loan repayment. Any withdrawal that is used for a qualified education expense is free from federal income tax. If you use the money in a 529 for a non-qualified expense the funds will be subject to income tax and an additional 10% federal tax penalty. Additional penalties may vary by state. Contributions to the account can always be withdrawn without penalty, only the growth is subject to taxation & penalty, however distributions must always be taken proportionally between contributions and growth.

It is important to note that 529 distributions must be made during the same tax year that the qualified expenses are incurred. Families should pay attention to spring semester tuition bills. Spring semester typically begins in January, but colleges might send the bill in December. If a family receives a spring semester tuition bill in December, they may take a qualified 529 plan distribution in December to pay the tuition bill. If they wait until January (the next tax year) to pay the tuition, they should wait until January to withdraw funds from their 529 plan.

Who can open a 529?

Anyone! There is no requirement that the owner of a 529 account be a parent, grandparent, or even related to the beneficiary. The money in a 529 always belongs to the account owner and the account beneficiary can be changed at any time. The beneficiary can even be the same person who opens the account. There are no age restrictions on the beneficiary and people of all income levels can contribute.

Am I required to use my state's 529 plan?

No, you can use a 529 plan from any state to save for educational expenses. The plan of another state may have preferable fund choices or have lower fees. The benefit to utilizing your state's plan is that it may offer state income tax credits based on contributions. For example, Indiana's 529 plan offers a generous tax credit so we typically encourage Indiana residents to take advantage of that opportunity.

529s are not the only option for college funding, but they can be a great tool with a lot of flexibility. If you have questions about taking withdrawals, opening an account, or other college funding options, please give us a call! Our advisors would be happy to review the options that best fit your individual circumstances.



TIPS

For a Successful College Visit:

Plan to do visits during the student's sophomore & junior years. Get a feel early on for if the college experience is right for them!

Start with the schools the student is least interested in. This helps refine what you're really looking for in a school and builds confidence to ask the right questions on the tour of "first choice" schools.

Try to schedule a meeting with a professor in the student's area of interest while you're there. Their emails are usually available on the school's website and they're typically happy to meet with students if they have time.

Research where you should park before you get there! You don't want to be stressed day of.

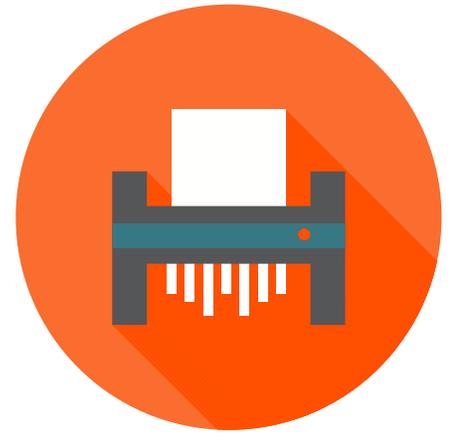
Don't forget to take lots of photos! It's easy to get wrapped up in the tour, but you'll want to have photos and notes to look back on as you're making a decision.

MARK YOUR CALENDARS!

DOCUMENT SHRED DAY

Our annual Document Shred Day is quickly approaching! Unfortunately, identity theft has become a genuine threat to everyone's financial security today. Protect your sensitive personal information by shredding your paper documents with us free of charge. Join us at the FAS office on Saturday, July 9th from 8:30 AM - 11:30 AM.

No appointment is necessary. Just bring your box of documents and we'll take care of the rest!



WE HOPE TO SEE YOU AT THESE COMMUNITY EVENTS!

Please join us as we support some great events that benefit our local community. As we've done in past years, FAS will pay for all clients that wish to participate in any of the events listed below that require registration. Please contact our office for information about how to register.



Scentral Park 5k*
Saturday, May 7th

YOLO Festival of Races*
Saturday, May 14th

YOLO Concert Series
@ YOLO Park (Downtown Greenville)
Thursdays, June - August
7:00 pm

June 9	July 21
June 23	August 4
July 7	August 18

Poultry Days
June 10th - 12th

BBQ & Blues*
@ Greenville Library Lawn
Friday, July 8th

Document Shred Day
@ FAS Parking Lot
Saturday, July 9th
8:30-11:30 am

The Gathering at Garst
July 29th - 31st

Marling Band Shell Concerts
@ Greenville City Park
Sundays, July - September
7:00 pm

July 3	August 7
July 10	August 14
July 17	August 21 • No Concert
July 24	August 28
July 31 • No Concert	September 4



*FAS pays registration/ticket cost for clients



REMINDER: 2021 IRA CONTRIBUTIONS

There is still time to contribute to your Traditional or Roth IRA for tax year 2021. For 2021, the maximum contribution to an IRA is \$6,000 for those under the age of 50 and \$7,000 for those 50 and older. If you haven't maxed out your contributions and would like to, be sure to submit them soon! In order to be sure your deposit is processed by the deadline, please plan to get any checks in to our office by Friday, April 8th.



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GRANDKIDS AROUND THE GLOBE 🌍

FAS CLIENT FEATURE: Gloria Brubaker

FAS client Gloria Brubaker has established a unique family tradition of taking her grandkids on the trip of a lifetime after their 8th grade year – and the kids get to choose the destination. Of her seven grandchildren, four have taken trips already, with two more, twins Jack & Connor, hoping to take theirs in June. When it comes to picking the destination for the trip, Gloria has come up with an ingenious solution.

In order to help the grandkids narrow down where they really want to go, Gloria created a rule that they have to come up with 5 unique things they want to see or do there. This encourages the kids to really research the location ahead of time and become invested in making the trip special. This strategy has paid off with some incredible experiences.

So far Gloria has explored England & Scotland with granddaughter Allie, Alaska with granddaughter Emma, and Iceland with granddaughter Ryan. Throughout the course of the trips they have visited royal residences, gone



Left: Blaskogayggo Falls in Iceland

Right: Sleeping lion in Serengeti National Park

whale watching, helicoptered to and snowmobiled on glaciers, and have seen plenty of amazing sights.

The trip that took Gloria out of her comfort zone the most was one she described as "fantastic": an African Safari with grandson Tyson. The pair flew into the Tanzanian bush to go on safari with a personal guide.

While taking international trips with kids may sound like a daunting task to most, Gloria has a few tips to make things easier. "When you arrive in a new time zone, you have to buckle down and adapt to the new time on the first day. Go out and walk and do things to keep yourself awake until nighttime, even if you're exhausted from traveling. You'll be amazed how much better you feel the next morning."

As for Gloria's travel plans after the last grandchild trip? "My kids say they're next!"