

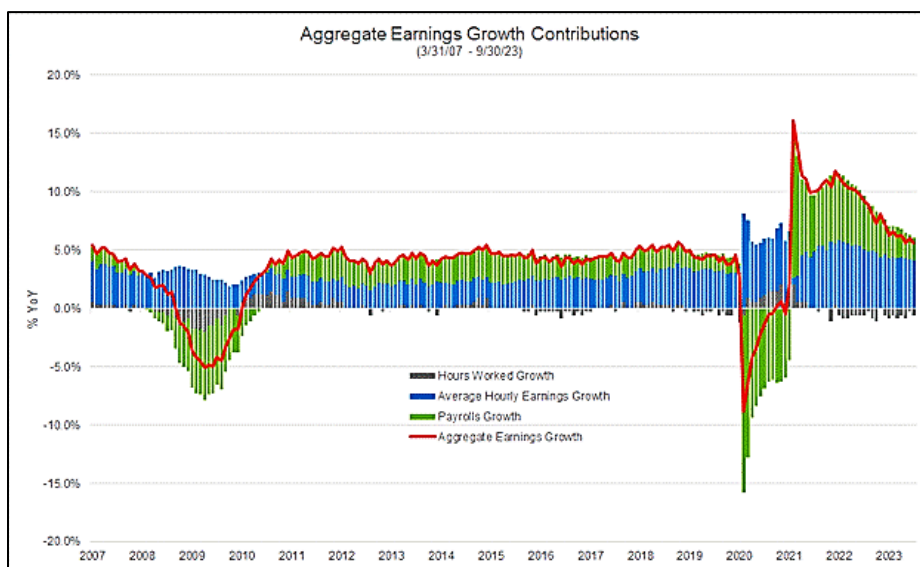


November 1st, 2023

Challenges Ahead: Steering Through the Fog

I'm writing our newsletter from Bretton Woods, New Hampshire where I'm attending this year's Mont Pelerin Society meetings and will write more about the conference and the historical significance of this place next month. In the meantime, I wanted to make a few observations about recent economic reports and market action.

The S&P 500 closed at 4,117 last Friday, more than 10% below (correction territory) its recent peak in late July. Many wonder if we are starting a new bear market. The easy money policies that kept a serious recession from happening during COVID are over. Interest rates are at their highest in 22 years and yet the Department of Commerce reported 3rd quarter GDP growth at an annualized rate of 4.9%. This means that the Fed will likely not let up any time soon on those high rates, prodding one commentator to use the old line, "the beatings will continue until morale improves." The problem is, in my view, we continue to have distortions in markets. The Fed keeps looking at prices going up and the pressure from labor markets on wage growth and has to maintain some semblance of a hardline position on inflation.



With aggregate earning growth still growing at an annualized rate of 5.6%, consumer spending isn't likely to drop off anytime soon. The stimulus and transfer payments made during the pandemic are still likely pushing inflation. While we're seeing much lower reported inflation...

Quote of the Day:

"He who spares the bad, injures the good."

—Publilius Syrus

2023 ALTIUS EVENTS

Quarter 4

November 8th – Q4 Virtual Workshop: Estate Planning

December 5th – Holiday Client Appreciation Event

TAKE A LOOK INSIDE

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SCHWAB NOTICES FOR INTERVAL FUNDS

Schwab has been notifying clients on trading dates for some of our less liquid holdings. Clients *do not* need to take action with these notices as our ALTIUS team is keeping an eye on any client liquidity needs for these transaction times. If you have any questions on your portfolio holdings, please feel free to reach out to Mike or Taylor.

Challenges Ahead: Steering Through the Fog (cont.)

from last year, people often don't realize that lower inflation does NOT mean lower prices. Lower inflation means prices are just not going up as fast as before but if you have a big spike like we did and you're not used to it, then even little increases just exacerbate the pain on your household or business finances.

We've warned that interest rate hikes often take a while to affect GDP numbers, but the markets are certainly paying attention. Along with the war in Ukraine and now in Israel (see book recommendation below), these higher interest rates, soaring debt levels, a dysfunctional government, and protectionist trade policies, investors are going to have a rough road ahead.

Schwab Corner – Deadline is December 15th for Schwab Requests to ensure processing.

Taylor's Take: IMPACT Conference

We were fortunate to spend the past week developing a better relationship with our new custodian Charles Schwab. This immersive conference in Philadelphia allowed us to speak directly with Schwab employees to continue gathering best use tips while we work to become more proficient with the new Schwab Advisor platform & Schwab Alliance page. We went with plenty of questions and left with a collection of answers and many new Schwab employee connections.

For Jenn and I, this trip was also an introduction to Philadelphia. We learned quickly that this city has a strong historical foundation, a proud sports team following, and a fun food market for us to get a taste of Philly near the downtown convention center.



Jenn's Jangle: Schwab Alliance

Have you set up your Schwab Alliance credentials? Did you previously view your accounts on www.AdvisorClient.com with TD Ameritrade and now can't see them? Here's a reminder that the Schwab transition occurred in September and Schwab Alliance is the new place for online access to your accounts. Here's what having access to Schwab Alliance looks like:

- Fast & Easy - ALTIUS can initiate your online access and send you an email link.
- Monitor Accounts Securely - Stay informed and up to date; watch status of account requests.
- Saves Time - Conveniently deposit checks with smartphone or tablet, and consent to paperwork in live time for Schwab approval.
- Less Paperwork - Allows Mobile App Access (must set up Alliance first on computer) and gives you the ability to grant Third Party Access to a family member, attorney, accountant, etc.
- Security - Adds two-factor authentication.

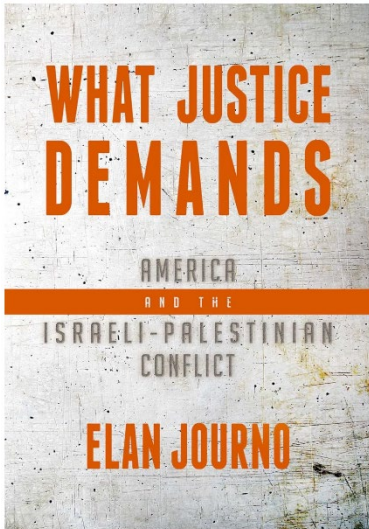
Still not interested in Alliance access? That's okay - Schwab will still allow us to get you the correct paperwork to complete and we only need you to fill out one additional form for Schwab to keep on file called a Signature Card. Again, the ALTIUS site did not change, aside from reflecting your new Schwab Account Numbers. So, if that online access is the easiest and works for you, you can continue to monitor there. Please call us with any questions or if you want to activate today (303-584-9271).

Year-End Financial Planning Checklist

Well, it's not quite Halloween yet and there are Christmas decorations and advertisements coming out. I'm not one to push for the end of year, but we do believe that planning/anticipating achieves better outcomes. It's in this spirit that we thought we'd send a brief year end checklist a little sooner than usual.

- ❑ **Review Spending** – going into the holiday season with a fresh sense of priorities and a budget reset will give you confidence starting the new year.
- ❑ **Review Savings Plan/Set Goals for 2024** – set new targets and make sure your emergency fund is on track.
- ❑ **Top off Retirement/Education Plans** – check/update your automated savings such as 401k plans, Health Savings Accounts, 529 Accounts, etc. and be sure to take advantage of employer matching and catchup provisions.
- ❑ **Health Savings Accounts** – we emphasize that HSAs can give triple tax benefits so make sure you understand them. We did a whole workshop and podcast on them earlier this year. Don't spend the money if you can help it.
- ❑ **Flexible Spending Accounts** – you have until year-end to spend FSA money on eligible expenses or lose it. Some plans allow you to carry \$550 into 2024. Check with your employer to confirm.
- ❑ **Consider a Roth conversion** – one reason to get our checklist out early is to give you time to accomplish what you want. Roth Conversions are often wise so if you think you'll want to get one done for 2023, we need to get on it.
- ❑ **Review Insurance Coverage** – we are seeing many insurance companies either raise rates or stop offering coverage. If you haven't checked your liability coverage recently, this would be a good time to do so.
- ❑ **Review Beneficiary Designations** – this includes retirement plans, life insurance policies, investment accounts, and bank accounts. Your will is subordinate to your beneficiary designations, so make sure the two are coordinated. (Our next virtual workshop on 11/8 we will be covering estate planning)
- ❑ **Review/Create Estate Plan** – are your overall estate plan and fiduciary designations still aligned with your wishes. Check on the funding for trusts, review trustee and agent appointments, review power of attorney provisions and health care directives along with gifting opportunities.
- ❑ **Rebalance Portfolio** – for most of our clients, we handle this for you but with volatility in the markets, it's important that we look at your risk tolerance and models. Remember, this often means selling security positions that are overvalued and potentially adding to areas that have declined.
- ❑ **Tax Loss Harvesting** – again, we're doing this for portfolios we manage. The idea is to optimize your portfolio by deliberately creating capital losses that can be used to offset capital gains or up to \$3,000 of earned income.
- ❑ **Plan for Required Minimum Distributions (RMDs)** – Jenn does a fantastic job of tracking these throughout the year but if you have IRAs or Qualified Plans outside our management, we should look at. It can be confusing (no, not IRS rules, huh) but the RMD age increased to 73 for 2023. By 2033, the RMD age will further increase to 75.
- ❑ **Charitable Contributions** – we're huge fans of charitable giving, not only because they can generate tax benefits but, more importantly, it's a way of supporting organizations that provide you spiritual food and/or concrete benefits. We have a whole process to help our clients make the most of their generosity.
- ❑ **Check on Tax Estimates or Withholding on Paycheck** – The IRS is constantly changing the rules on tax withholding so review/adjust what you expect to pay for the year.
- ❑ **Review Credit Report** – with identity theft on the rise, you want to periodically check: [AnnualCreditReport.com](https://www.annualcreditreport.com).
- ❑ **Protect Passwords** – Lastly, it's more critical than ever to prevent cyber assaults. The key is to only use strong passwords, avoid using them more than once, maybe download and use a password manager.

Book Recommendation: What Justice Demands



Shortly after we released last month's newsletter, the Palestinian terrorist group Hamas attacked Israel. Less than 6 months ago, I was speaking in Ashkelon, a city close to Gaza, where Hamas was elected to rule in 2007. I felt relatively safe, met some wonderful people, and enjoyed my time there. While warned about the dangers of rockets coming over the border, my hosts assured me that the Iron Dome, Israel's advanced mobile air defense system, was reliable and that we'd be fine.

Little did I know that Hamas was plotting a most vicious and barbaric attack on those very same people and executed it on Oct 7th. This attack has reignited ongoing tensions in the Middle East, and this could have far-reaching implications for our world. While many geopolitical situations are complicated, I believe this battle is clearcut: Israel, being a rights respecting, mostly free society are the good guys and they should eradicate Hamas, once and for all.

Watching mainstream news media and student protests across the nation and around the world, it's clear to me that most people are ignorant of the history of the region and worse, the moral issues involved. It's an alarming state for higher education in this country when at elite universities, not only naïve students are chanting the most vile, antisemitic slurs – they are being led by their professors. How did we get here?

For anyone interested in this very long and horrible conflict between Israel and most of the Arab world that surrounds them, I would highly recommend Elan Journo's book - What Justice Demands: America and the Israeli-Palestinian Conflict. Full Disclosure: Elan is a friend and I have introduced him and even collaborated on some of his foreign policy presentations.

Journo's book is unique in its perspective and thorough in its research of history, facts, and motivations. His framework is secular, rational and focused on human life and the values necessary for human flourishing. Elan demonstrates why it's necessary to re-evaluate commonly accepted moral assumptions about the conflict. He also shows how America's foreign policy toward this conflict has been unjust, has made the region less stable and worse for virtually everyone on both sides...but for much different reasons than most people realize or have been exposed to. This is likely the most important book recommendation I could make this year. With the world becoming more volatile and violent, we need to learn, digest and act upon better ideas... including and maybe especially better ideas about justice.

Happy Halloween – Hope It Wasn't Too Scary!

As we wrap up this month's short-term thoughts on longer term matters, we remind you that it's not the ghosts and goblins that should spook you, but the unknown risks that you haven't diversified for and potentially, your emotional reaction to the foggy events you have no control over. While we can't make the scary things go away, our goal is to give you perspective and more confidence by helping you stay informed and prepared. As we head into November and the upcoming holiday season, we wish the best for you and your family.

Michael Williams, CFP®

ALTIUS Financial, Inc

michael@altiusfinancial.com

303-584-9271

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