
 August 4th, 2023

Inflation Down, Market Up, and... US Debt Downgraded

We're continuing to see inflation pressures come down in key areas. Consumer prices increased at the slowest rate in over two years, rising just 3 percent year-over-year. This encouraging report was followed by a smaller-than-forecast 0.1 percent rise in June producer prices (an indicator of future consumer prices). Keep in mind that this means prices are still going up - just at a slower rate than they had been, which is good news if it continues. I'm still in the camp that sees stagflation as a real possibility in the next year or two but so far, the recession risk that we've been warning about hasn't arrived.

It's truly surprising that the Fed could raise rates (another 25 basis points in July) as high and as fast as they have without bringing the economy to a halt. It just goes to show how resilient this economy can be. Corporate earnings continue to show strength with 80% of those companies that have reported, beating Wall Street estimates.



It was interesting to note that just in the last few days, Fitch, a major credit rating service, downgraded US government debt due to "high and growing government debt burden". Readers of this newsletter are probably getting tired of me harping on this issue. It seems that at least the rating agencies are taking note of the ominous storm clouds produced by a bipartisan drunken sailor spending trend and more of our federal budget being eaten up by interest costs. The impact of Fitch's debt downgrade itself is inconsequential. In the short term, it has had no influence on U.S. Treasury rates and default risk is no higher today than before Fitch lowered the rating. But as the average interest rate on the debt exceeds nominal growth in the economy, or the budget deficit to GDP remains elevated, then these debt dynamics will worsen and eventually become unsustainable.

Quote of the Day:

***"Yesterday, I was
clever, so I wanted to
change the world.
Today, I'm wise, so I'm
changing myself."***

– Rumi, 13th century Persian Poet

2023 ALTIUS EVENTS

Quarter 3

September 27th – Q3
Workshop (In-Person)

Quarter 4

November 8th – Q4
Workshop (Virtual)

December 5th – Holiday
Client Appreciation Event

TAKE A LOOK INSIDE

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Lifespan

Thank You, ALTIUS Clients

**ALTIUS is looking to Hire
an Intern!**

Beware of Bad Money Ideas

Have you ever wondered where your ideas about wealth and money come from? I find it interesting to talk with people about their fundamental ideas. We see some people who find it easy to set goals and save money while others really struggle, even if they have higher incomes. And it's amazing to observe the differences people have in their willingness to take risks. As a philosophy guy who is concerned about practical, real-world issues, I often say "check your premises" since sometimes, your underlying beliefs about money can hold you back.

Every person's ideas on money are influenced to some degree by their parents and family, their schooling and religious upbringing, the wider popular culture, their personal experiences, etc. but as with so many parts of our character and personality, these ideas can be pretty well ingrained by the age of 7-8. It's not that you can't change but it becomes harder, especially if you're not introspecting about those premises that affect your decisions and behaviors almost automatically.

When I suggest it's worth introspecting about where your ideas come from, I encourage you to ask several questions:

- Who in your immediate sphere of influence had the biggest influence on your attitude towards money - specifically, saving, spending, and investing?
- Do you maintain all the beliefs that were passed to you, or did you consciously adopt a different attitude?
- Which beliefs do you want to maintain and nurture, and which ones would you like to get rid of?
- What beliefs are you handing down to your own next generation about money? Do you think these beliefs are healthy, or could they be improved?
- It's a useful exercise because how you answer these questions can change the trajectory of your own financial security.

I remember having two clients a long time ago - a brother and sister - who were heirs to a fairly large energy company in Denver. They had important titles with the company and lived a lavish lifestyle, but you could tell that the values and attitudes that built the successful company were never really passed down to this generation. They didn't know how to make hard decisions with tradeoffs because they were given things rather than having earned them. Consequentially, the business failed, and the siblings did too, losing money because they never learned the fundamentals and didn't take advice.



I'm not saying this is always the case - in fact, I've seen other examples where a wealthy family succeeds in passing on productive habits, attitudes, and values to the next generation, who in turn builds upon the success of their parents. There's also so many examples of people coming from virtually nothing or very modest backgrounds and worse, but systematically building financial freedom because they pursue the right ideas. We sometimes refer to this as "money scripting" and there are at least four distinct categories: money avoidance, money status, money worship and money vigilance. These scripts can be linked to negative financial behaviors.

People with "avoidance" believe money is bad and that wealthy people are greedy and don't deserve their financial success. Those who are in the "status" category often fixate on owning the newest and best things, while those who "worship" money are convinced that more of it will solve their problems and bring them power and happiness. The people who have the "vigilance" scripting commit to frugality and enjoy saving while being more discreet about how much they make or what their net worth is.

Taylor's Take: Student Loan Fiasco...Again?



I know some of you are completely over the ping pong discussion around when will student loan payments restart, but it's happening and with over 40 years combined experience in the industry, we think it's worth commenting on. If you are one of the fortunate individuals who doesn't currently have student loans or isn't affiliated with any student borrowers (kids, close friends, etc.) feel free to jump ahead. For everyone else, I will try to keep this brief.

Yes, student loan payments and interest are restarting and it's coming quick with [interest resuming September 1st and loan payments due in October](#). If you're one of the COVID graduates who have recently earned your degree, but have yet to start your loan payments, I'd recommend checking [this list for getting started](#). We do continue advising to pay your debts in full and over time, but I understand that there are options for paying based on income rather than the balance on your debt and I would like to make sure our readers are well informed of their options. The govt recently added the REPAYE Plan option and borrowers are wondering what is best for them and how they differ. I have a quick comparison of income-based repayment plans below:

- Revised Pay as You Earn Repayment Plan (REPAYE Plan):
 - You pay 10% of your discretionary income.
 - 20-year payment period for undergraduate study. (25 for grad & professional)
 - Any borrower can qualify for this type of repayment with an [eligible loan type](#).
- Pay As You Earn Repayment Plan (PAYE Plan):
 - Generally, 10% of your discretionary income, but never more than the 10-year Standard Repayment Plan amount.
 - 20-year repayment period.
 - Must qualify for this option with family size and income.
- Income-Based Repayment Plan (IBR Plan):
 - Same as PAYE payments for new borrowers that started their loans after July 2014, but 15% of income for borrowers who started loans prior to that date.
 - 20-year repayment period for "newer" borrowers. 25-year repayment for "older" loans.
 - Must qualify for this option with family size and income.
- Income-Contingent Repayment Plan (ICR Plan):
 - The payment is the lesser of 20% of your income or what you would pay on a repayment plan with a 12-year fixed payment.
 - 25-year repayment.
 - Any borrowers can apply for this option.
 - Note: this is the ONLY income driven payment option for parents with PLUS Loans.

All the above loan repayment options are considered paid in full after their payment term regardless of any potential residual balance and those partaking in the [Public Service Loan Forgiveness Program](#) may qualify for forgiveness after 10 years of qualifying payments. [All income-based plans must be recertified each year](#) so don't forget to take this step if you are currently enrolled in one of these plans. If you're currently enrolled in a plan and wanting to switch to another IDR option, you can also sign up to do so [here](#). Feel free to share the pdf of this newsletter and the embedded links with any friends or family that may be confused on their next steps with student loan repayments.

Jenn's Jangle: Schwab Training in San Francisco



To best help our clients with the transition from TD Ameritrade to Charles Schwab, Mike & Jenn went to San Francisco for training. Important things we've learned:

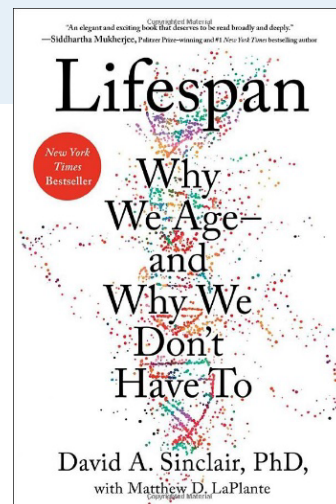
- **Portal and Account Numbers:** If you use www.advisorclient.com to view your accounts, you may have noticed a new banner that has a countdown to the Schwab Transition. On July 31st, they provided a link to Schwab Alliance (the replacement of AdvisorClient - different from your [My Empowered Future™](#) portal). The My Empowered Future™ portal will remain the same, aside from your new account numbers being reflected.
- **Full Access on September 5th:** Keep in mind, this initial phase is only early access to set up credentials and familiarize yourself with settings. You will not be able to interact with the site pertaining to your account(s) until September 5th, when you gain full access. If you have an account with Schwab and are already on the Alliance website, you will not have to set up new credentials and your TD Accounts will appear under your Social Security number.
- **Adding Account Viewers:** If you currently allow someone else to view your account (like a spouse, CPA, etc.), you will have to make credentials and add these contacts with View Only Capability. This does not speak for any Power of Attorney access that was granted by TD Ameritrade to any given account; this will transfer over. This step will come up later as a choice and is not yet available.
- **Paperless Deliveries:** The only way to remain paperless or become paperless with delivery of your statements and tax forms will be by signing up with Schwab Credential, and making the selection per account within 90 days of joining Schwab. Whether you have had paperless or paper-preference with TD Ameritrade, those instructions will not carry over. Important note: To be paperless, you must have Alliance credentials, but to have Alliance credentials doesn't automatically set any preferences to paper-free; that is a selection you will need to make.
- **Schwab Info Packet:** You may have already received a Key Information Packet from Schwab for each account you have at TD Ameritrade. This was sent to the physical address you had on file for each account with TD Ameritrade. This is your first view of that new account number. As a reminder, TD Ameritrade used a 9-digit account number, and Charles Schwab does not, so every TD Ameritrade account will have a new account number.
- **Checks Payable:** Checks payable to your TD Ameritrade accounts will be honored for up to 90 days after Labor Day. After the transition, you should make your checks payable to Charles Schwab & Co FBO (your name). Five to ten days prior to September 5th, if you write checks out of your TD Ameritrade Accounts, you will receive your new checkbook, and are encouraged to start using it after September 5th. Charles Schwab will honor your checks for 90 days as well, but encourages the use of your new account number.
- **Payments Transfer Automatically:** Active payments and disbursements that have been set up through TD Ameritrade will transfer to Charles Schwab and will not have to be recreated.

ALTIUS appreciates everyone's patience as we work through this transition. As always, we are here to help you, and answer any questions you may have. *Take a listen to our most recent podcast on this topic!*

Book Recommendation: Lifespan

Why We Age – and Why We Don't Have To

As with many things in life, aging is something people don't question. It's assumed that no matter our genetics, aging is inevitable. But Dr. David Sinclair, a renowned geneticist at Harvard Medical School, has a different perspective on why we age and a more optimistic outlook on how that might change. In *Lifespan*, he explains the hallmarks and details of aging thoroughly. At times it's a little dense with scientific language & research, but overall, he and his cowriter (Matthew LaPlante) present new breakthroughs and the process of scientific discovery through an exciting and relatable narrative.



Our clients know that ALTIUS believes health is part of your overall wealth and long-term goals. So, it's fascinating to learn about new emerging technologies and science-backed lifestyle changes that can contribute to better health and slow the process of aging. It's refreshing to hear how Dr. Sinclair and other scientists are hopeful when it comes to slowing aging and increasing overall quality of life. Now we just have to start implementing the things he mentions like cold exposure, intermittent fasting, etc.

Thank You, ALTIUS Clients



The ALTIUS team held our annual Client Appreciation event on July 19 at Bigsby Folly Winery in Rino. We had a great turnout and a terrific time! We're each so grateful to have strong and lasting relationships with such an empowering group of people. We loved seeing engagement among those who've been with us for over 35 years and brand-new clients as well. It was wonderful to see everyone connect over shared passions, goals, and the blind wine tasting experience. We look forward to seeing many of you again at our workshop on Sept 27th.

ALTIUS is Looking to Hire an Intern

We are seeking a Financial Planning/Marketing Intern to join our Denver, Colorado family. The responsibilities of this position are to support our financial advisors in ALTIUS' client's financial plans as well as meeting preparation, marketing, and the overall ALTIUS experience. For the right person, this is a great opportunity to learn the financial planning and investment business. If you know someone who might be interested, have them send an email to Krescent at krescent@altiusfinancial.com to apply or for more information.

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