ALL SEASONS WEALTH

FINANCE + INVESTING + LIFESTYLE

RAYMOND JAMES

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2022 THAT'S A WRAP

Jeff Hausinger's insights from last year's roller-coaster ride

Secure Act 2.0

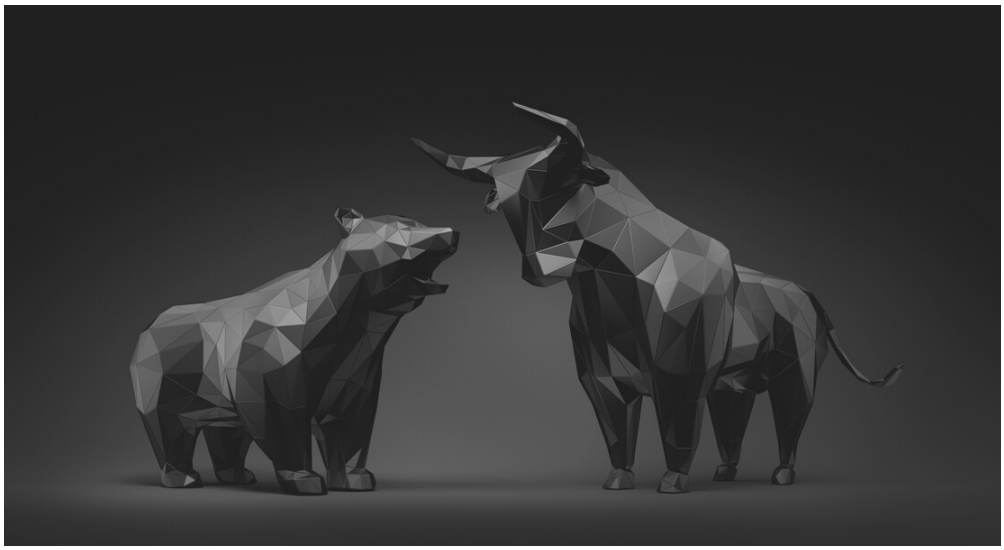
What you need to know about the changes in saving for retirment

+ PLUS

9 Financial Resolutions You Can Make in the New Year

2022 Wrapped

After a few abnormally strong years for the stock market, 2022 was one we were happy to see come to a close.



The culmination of massive amounts of fiscal stimulation over the last decade paired with low interest rates, created significant inflation. The Federal Reserve had no choice but to react by increasing interest rates at a rapid pace. Couple this with the lingering supply chain issues, and the geopolitical concerns from Eastern Europe and China, created quite the recipe for disaster. The markets turned south early in 2022 and continued that path through the first three quarters. While Q4 rebounded nicely, it was not enough to get us back to positive territory.

2023 starts with several significant headwinds. Inflation is still high, and many of those geopolitical issues persist, as they have for centuries. There are positives to consider too. Higher interest rates have been a boost for our fixed income investors and have brought housing prices back down enough to make housing slightly more affordable. While 2022 brought some layoffs in both the Banking and Tech fields, overall, the labor market is very strong with pre-pandemic unemployment levels. Earnings expectations have been lowered, which should provide an opportunity for companies to beat expectations in the new year. We are hopeful that the Q4 rebound of 2022 will continue into the new year. As always, thank you for your continued trust and confidence,

Jeff Hausinger

JEFF HAUSINGER, CFP®, CIMA®
President & CEO

9 Financial Resolutions for 2023

1. Update Your Beneficiaries
2. Create Flexible Liquidity
3. Evaluate Your Retirement Progress
4. Review Account Titles
5. Develop A Charitable Strategy
6. Spark A Family Conversation
7. Digitize Your Records
8. Invest With Your Values
9. Check In Regularly With Your Advisor

Instead of hauling out those familiar New Year's resolutions about keeping a journal or drinking more water, how about focusing on your financial well-being? While these suggestions are a helpful starting point, no two long-term plans are identical – so reach out to your advisor for more specific guidance about progressing toward your goals in 2023.

Bond Report

REPORT BY DAVID OLNICK | INVESTMENT EXECUTIVE

After peaking near 4.25% during October 2022, 10 year treasury yields reversed course and began their march towards lower yields, reaching a quarterly low yield of near 3.40% before ending the year around 3.80%. Similarly, 2 year treasury yields peaked around 4.75% ending the year near 4.40%. The result was a further inversion of the yield curve with that spread moving from roughly negative 30 basis points to near negative 80 basis points There is very little doubt in my mind that the near 35 year bull market in bonds is now behind us, however, I'm not of the opinion that we have entered a long-term protracted bear market in bonds.

I believe we may have entered into the beginning stages of a new "new normal" wherein rates remain higher for longer but don't necessarily rise significantly higher from currently levels. The lessons of too much stimulus, QE, free money etc..etc..are, by now, well learned and it is very unlikely we will revisit near 0% rates or negative rates anytime soon. Rather, we are likely in for a prolonged period of higher rates perhaps ranging from 3% to somewhere into to 4%+ range (U.S treasuries).

As recently mentioned, the most compelling opportunities in fixed-income currently would benefit the most affluent investors subject to effective tax rates at 50% or higher. Tax-free bonds for those investors still present very attractive opportunities potentially offering locked in returns that could outperform equities . Unlike the treasury yield curve which is deeply inverted, the municipal bond market curve is actually quite steep. Within the world of fixed income there now appear certain opportunities within certain packaged products (closed-end funds) that may offer the types of potential returns that come along very infrequently. These would only be suitable for investors with higher risk tolerance.

Given what we've seen so far, I'm inclined, for now, to believe that if a recession occurs it will be more on the mild side thereby validating the idea that rates could fall a bit further from current levels and the curve should move from deeply inverted to a more flatter curve. I don't see a "steep" yield curve on the horizon unless a very decisive stagflation scenario takes hold.

TO READ THE FULL REPORT, PLEASE VISIT ALLWEALTH.COM/BLOG

LIFESTYLE

RETIREMENT & LONGEVITY

Washington Policy Analyst Ed Mills outlines key components of the new legislation.

SECURE ACT 2.0 IS THE SECOND BIPARTISAN BILL DESIGNED TO BOOST ACCESS TO RETIREMENT SAVINGS

The SECURE Act 2.0 is a follow-up bill to the original SECURE Act passed in 2019, which began the process of increasing the RMD age from 70 1/2 and increasing participation in retirement savings plans through various tax incentives and eased administrative rules for employer-sponsored retirement plans.

The new legislation goes well beyond the original iteration and seeks to expand participation in retirement savings plans through mandatory enrollments as well as increased flexibility in the individual use of advantaged savings accounts. The new legislation will also extend the savings timeframe before RMDs are required to 75 by 2033 – an almost five-year increase from the original RMD distribution age.

Overall, the changes enacted by the legislation (to be phased in over a multi-year period) are likely to boost the asset base for asset managers through increased participation and interest in retirement savings plans.

KEY CHANGES WILL BE PHASED IN OVER A MULTI-YEAR PERIOD

The most significant changes to the U.S. retirement savings system enacted as part of the recent legislation include a higher RMD age (rising to 75 by 2033), a shift to automatic enrollment for new retirement plans, an allowance for matching contributions to be made for student loan payments (expanding the retirement savings of younger adults), higher catch-up limits for those ages 60-63, and additional opportunities for penalty-free withdrawals/lower penalties for missed RMDs that are corrected.

Quick descriptions of the key provisions as follows:

- Automatic enrollment
- Higher RMD age
- MEP and PEP access for 403(b) plans
- Matching contributions for employee student loan payments
- Expanded emergency expense distribution allowances
- Tax and penalty free rollover from 529 to Roth IRA
- Reduced penalty for failure to take RMDs
- Higher catch-up contribution allowances
- Emergency withdrawals for domestic abuse survivors
- Emergency withdrawals for disaster relief
- Expanded administrative cost tax credit for new businesses
- Employer-offered incentives

Most of the key provisions are effective in the 2024-2025 timeframe, but smaller adjustments (such as an increase in the RMD age to 73) will be effective in 2023.

For more details on the Secure Act 2.0, click here

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