



Our vision...

To be a financial services team as distinct as the people we serve, transforming lives, businesses and communities through the power of personal relationships and professional advice.

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FROM JIM'S DESK: 11/16/22

Probably the most frequent question I've fielded in 2022 from clients is "when is this downturn going to end?" Of course, the only honest answer is "we don't know." In previous newsletters and reviews, we have outlined the various reasons for the downturn, so I won't trot those out again. We have also posited some of the signals we will be looking as to clues that we may be getting closer to the inevitable turn back upward such as the Federal Reserve slowing the raising of interest rates. Neither equities nor bonds do well in a rising interest rate environment. Let's remember the reason the Federal Reserve is raising interest rates is to quell the sharp spike inflation the world experienced in 2022.

So, a signal that this is starting to work would be a decrease in the price of goods and services. Please notice the date I am penning this part of the newsletter. Last Thursday, 11/10/2022, we had a report on the Consumer Price Index (CPI) that came in well below expectations. The stock market rallied with over a 1,200 point gain on the Dow, with other indexes equally to the upside percentage-wise. We can say that that is good news, and the CPI is an important metric. Here comes the caveat. This is, so far, the first decrease we've seen since the inflation numbers started to spike. We know that we cannot make a compelling case that this one time is a sign we have turned the corner. Still, we have to start with one time, so the proof will be if this turns into a series of decreases we will generate more confidence that the inflation genie back in the bottle.

Until then, we remain cautious in prognosticating where we are in the turnaround. This is another way of saying this could get prolonged in future months if this was a one off.

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FROM TRACY'S DESK: A perpetual Thanksgiving

Thanksgiving is my favorite time of year! I love the planning, making the guest list, dusting off my favorite recipes (or braving a new one), and anticipating seeing our big extended family in my backyard. I realize this year's celebration is now in the history books, but I this want to share my thoughts about this special time in my year end message.

In a letter to Harrison Gray Otis Blake in 1865, Henry David Thoreau wrote, "I am thankful for what I am and have. My thanksgiving is perpetual."

As you celebrate during the holidays this year, I hope you not only reflect on what you have to be thankful for – whether that means those around your dinner table, your health or simple pleasures – but that you find ways to remain grateful year-round.

While it can be tricky to dedicate time to appreciate the good things in life amid the hustle-bustle of our routines, there are simple steps you can take to regularly practice gratitude. Here are a few tips to get you started:

Stop and smell the roses: Before going to bed, write down three good things that happened during the day and explain what resonated with you. It may seem simple, but this daily practice has been shown to help promote gratefulness and happiness time and again.

Lend a helping hand: Studies led by Christina Karns, a doctor of neuroscience, have shown that altruism and gratitude activate the same reward centers in the brain. This means that volunteering your time to a cause you care about will allow you to help others, while enhancing your own happiness and gratitude.

Spread the love: One of the secrets to having consistently happier and more grateful mornings is to make a habit of sending thank you messages. Not only will this help strengthen your relationships and help those you care about feel appreciated, it'll also encourage you to make a conscious note of the people for whom you're grateful.

I hope that all the holidays you celebrate in the coming 12 months, will be special days for friends and family. I also hope to practice these tips throughout the year while I wait for next Thanksgiving and an excuse to eat more pumpkin pie while I watch the Macy's Thanksgiving Parade!

Thank you for continuing to allow us to serve you and your family, we are truly grateful. We wholeheartedly appreciate your confidence. Happy Holidays.

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COMMUNITY SPOTLIGHT: *Q&A with Citrus County Chamber CEO Josh Wooten*



Josh Wooten is the President and CEO of the Citrus County Chamber. He is a Florida native who has called Citrus County home since 1984. Previously a local small business owner as well as a former Citrus County Commissioner, Josh was appointed in March 2009 to lead the Citrus County Chamber of Commerce. Throughout his time in the community, Josh has served on numerous local boards and advisory committees, including the Citrus Memorial Hospital advisory board, the Florida Sheriff Youth Ranch Board of Directors and the Board of County Commissioners Stakeholders Advisory Group, as well as served as a founder and board member of Keep Citrus County Beautiful, a former State Commander of the Sons of the American Legion, and a life member of the Citrus County Historical Society. He has also served on numerous regional water boards and environmental advisory groups. He is the proud father of four lovely daughters.

What do you like most about Citrus County? The people. **Hobbies/Interests:** I love being on the water. Reading, music, working around the house, travelling.

Favorite travel destinations? I love trips in Florida- discovering old Florida. I love the mountains. **Place you'd still like to visit?** Ireland

Accomplishment most proud of? Starting and owning my own business for 20 years.

What do you enjoy most about your work with the Chamber? Being able to make a difference every day.

Biggest challenge in your profession? Not enough time in the day to fulfill all the needs that are out there in our community- so picking and choosing, prioritizing is the biggest challenge.

Do you want to continue your education in any way? What do you want to learn more about? I try to take advantage of every opportunity, whether online or in-person conferences- to learn more ways to be an effective chamber CEO and advocate for our community.

If you had complete financial security, how would you spend your time? Traveling more

What do you strive for most in life? Leaving my daughters, grandchildren and community in a good place. **What do you try to avoid?** Negative people. The older I get the less tolerance I have for negativity.

How would you like to be remembered? As someone that did the best they could and did it with good humor. **What values or philosophies would you like to pass on?** Philosophies- we're only here for a little while- give it your best shot. Values- love your god with all your heart and treat people with dignity.

Chamber information community members may not be aware of? We are the largest business advocacy organization in the county with a 1,000 members, representing over 15,000 employees. We promote the quality of life in Citrus County to ensure we're one of the best places in Florida to live, work and play.

What on the horizon are you excited about personally and professionally? For Citrus County- I'm excited about a new county administrator and commission being seated, and the future prospects for our community. Personally- I'm excited to see my daughters and grandchildren continue to prosper and grow.

FROM NANCI & KRIS: *2022 RMDs & strategies during market turbulence.*

Because the purpose of IRAs is to save for retirement, investors must take required minimum distributions (RMD) from their traditional IRAs once they reach age 72 (70 1/2 if born before July 1, 1949). So, what does that mean for this year? Anyone who is 72 or older in 2022 must make a withdrawal before year-end (December 31). If you turn 72 this year, you may choose to delay your first withdrawal until April 1, 2023 – but if you do, remember you'll still have to take a 2023 RMD next year, too.

It's important that we initiate your distribution by the appropriate deadline, as failure to withdraw your RMD can result in an IRS penalty of 50% of the amount that should have been withdrawn. While you may have all year to withdraw the money, you can always calculate your 2022 RMD now and plan ahead using the life expectancy tables provided by the IRS. As a refresher, your required withdrawals are based on the balance in your retirement savings account(s) as of the prior Dec. 31 and the applicable life-expectancy factor based on your current age.

If you are charitably inclined, you may want to direct part or all of the RMD amount toward a Qualified Charitable Distribution (QCD). A QCD can only be made by IRA owners or IRA beneficiaries that are at least age 70 1/2. The maximum allowed QCD for a tax year is \$100,000, which must be sent directly to a qualified charitable organization. In most cases, you will report the QCD as a nontaxable distribution from your IRA on your tax return. If you wish to take advantage of this provision, please let me know and I will make note of it.

Seven RMD strategies during market turbulence: As an investor, you're obligated by the IRS to take required minimum distributions (RMDs) from most retirement accounts to avoid indefinitely deferring tax liabilities. But, if timing isn't favorable, a quick market downturn at the start of the year can make taking RMDs stressful. Explore some of the strategies you can deploy when considering RMDs amid turbulent market conditions, and speak to your financial advisor for more information.

1. If this is your first RMD, you can delay. Usually, RMDs must be taken by December 31; however, your first RMD can be delayed until April 1 the following year. Flexibility around timing may be favorable if market conditions improve before you withdraw, but it's also crucial to think through any tax implications of delaying.

2. If you're still working, you might be able to delay. After you've reached the relevant RMD age, you may have the option to defer taking the RMD from your current employer's retirement account. The IRS typically allows your first RMD from a current employer's retirement plan to be taken by April 1 the year after you retire; however, a company retirement plan has to allow for this exception, so check with the plan administrator.

3. Different types of accounts have different rules of play. Withdrawing from one or more IRAs works differently than 401(k) plans. Your financial advisor can help you identify where you have flexibility to withdraw and where you don't.

4. If available, use cash. Otherwise, sell with purpose. To satisfy the RMD, simply request cash out of your account rather than sell investments at reduced values. Alternatively, discuss with your financial advisor which assets, including stocks and bonds, make most sense to sell to satisfy the RMD.

5. QCDs are an option if you have charitable intentions. If you have a cause close to your heart, you can make a qualified charitable distribution (QCD). This approach allows you to donate up to \$100,000 to charity from your IRA and have it count toward your RMD, which should help come tax time.

6. If income isn't the priority, you can consider an in-kind distribution. Like QCDs, an in-kind distribution is another option if you don't require cash flow. While this strategy doesn't avoid taxes, it can help reduce transaction costs by transferring securities in your IRA to your after-tax brokerage account. Bear in mind that an in-kind IRA distribution will reset the cost basis of your holding.

7. Reinvest. Reinvesting your RMD into an after-tax brokerage account could be advantageous when the markets eventually start to recover.

Everyone's situation is unique, which means no one RMD strategy amid volatility will work for all.

RMDs are generally subject to federal income tax and may be subject to state taxes. Raymond James does not provide tax advice. Please discuss these matters with your tax professional. Please contact us if you have any questions about your 2023 RMD as part of your overall retirement plan.

FROM AMY'S DESK: *Behavioral biases that can keep you from meeting your financial goals*

Investors tend to have more difficulty sticking to their investment plans in uncertain or turbulent market environments. Why? Because investors are prone to human behavioral biases that often lead them to make irrational decisions based on emotion or rules of thumb. These biases can cause you to abandon your investment plan – a mistake that can result in falling short of your financial goals.

Dalbar, a market research firm focused on the financial industry, has studied how such behavior can have a damaging impact on the average investor's long-term portfolio performance. According to its findings, the average investor often underperforms popular benchmarks across a variety of time horizons.

Global financial services firm Morningstar takes these findings a bit deeper with its investor return calculations. Also known as dollar-weighted returns, investor returns measure how the average investor fared in a fund over a given period compared to the fund's total return, which assumes a buy-and-hold approach. Unlike Dalbar's findings, Morningstar's data show that investors have mixed performance compared to broad market benchmarks.

What causes investor underperformance? The research conducted by Dalbar and Morningstar suggests that investor performance is largely unrelated to market performance and even fund performance. Rather, investor behavior is usually a larger driver of portfolio results. The table below describes the common behavioral biases that can lead investors to make poor investment decisions. See if you recognize yourself in any of these biases.

Behavioral Bias	Description	Example
Anchoring	The tendency for investors to focus on an initial piece of information as the primary reason for a decision	Investors do not adjust expectations for an investment's return based on new information but continue to rely on the information available when they initially made the purchase
Herd Mentality	The tendency of investors to follow what other investors are doing	Investors hear that their peers are making money in tech stocks and therefore decide to purchase tech stocks in their own portfolio to join in the gains
Overconfidence	The tendency for investors to believe that their own judgements are more accurate and reliable than they really are	Investors believe they can consistently beat the market with their investment picks and therefore tend to overtrade their accounts, which ultimately causes them to underperform
Confirmation Bias	The tendency for investors to seek out information and opinions that agree with their own views	Investors believe the market will go up over the next three months and only seek out news stories that support their beliefs and dismiss news stories that challenge their beliefs
Recency Bias	The tendency for investors to more readily recall an event that happened recently rather than one that occurred in the more distant past	Investors are more likely to focus on a recent bull market when making decisions rather than a bear market that occurred several years ago
Loss Aversion	The tendency for investors to be more sensitive to a loss than to a gain of the same amount	Investors are likely to be more upset about a \$1,000 loss in their investment portfolio than they are pleased with a \$1,000 gain
Endowment Effect	The tendency for investors to value the investments they own more highly than the current market value	Investors expect to sell their shares of a particular stock at a certain price but wouldn't pay the same amount to purchase the same stock on the open market
Representativeness	The tendency for investors to ignore statistical probabilities and instead believe one event or piece of information is representative of future outcomes	Investors forecast future investment results based on the last five years of investment performance and ignore the investment's longer-term track record

The outcome of these biases can lead to irrational decision-making, which often leads to poorly timed trades. It's no wonder investors who let these biases cloud their judgement tend to underperform the market, their investments, and most importantly, their financial goals. The good news is, once you're aware of these pitfalls, you can implement strategies to help avoid them in the future.

Avoiding behavioral biases completely can be difficult. After all, human nature ensures that nearly all investors will succumb to several or all of these biases at some point. However, by following a few simple guidelines, you can reduce the likelihood that these biases will negatively impact your investment performance.

Develop and document a financial plan. A financial plan creates context for your initial asset allocation and all investment decisions that follow. It also provides investors with guidance and clarity regardless of external market conditions.

Follow a process. Following a well-defined, repeatable investment process takes the emotion and subjectivity out of investment decisions. Something as simple as a checklist can help ensure that behavioral biases don't take over when markets disappoint.

Stay the course. The sound thing to do is stick to your plan regardless of the market environment. Work with us to develop an investment plan that focuses on your financial goals, and only change it when your circumstances or objectives change. We can serve as your voice of reason during times of market volatility. Behavioral biases can lead to emotionally driven investor action, and detrimental effects on achieving your financial goals. Now that you're a more informed investor, remember to take a pause as you approach future financial decisions.

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JIM'S DESK: *continued*

Time will tell. For now, we'll take it.

What we do know is this downturn will end. When it's clear to the markets that we are nearer to the end of this downturn, then I think history teaches us that we could see a major rally because of metrics such as earnings, and unemployment figures remain strong. If the Fed gets it wrong (they have before) and raises interest rates too much, then they could tip us into a recession. Though recessions also come and go, they do prolong recovery.

But recover we will and in order to win the long game of successful investing, we must be there for the rallies. It's what makes it all work. Yes, stay the course, stay patient, stay in touch with us. All the best for the holiday season. Enjoy every moment with friends and family.



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SAVE THE DATE



***NEW VIDEO SERIES on the Crystal Financial website:** Starting in November, we are now providing a couple short videos each month. Please check out these videos on our website (www.raymondjames.com/crystal). Click "Video Series" from the menu to access the videos. Videos will cover various financial planning topics and feature team members & guest speakers.*

December 1: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

December 4: Crystal River Christmas Parade, 6:00-9:00pm, Downtown Crystal River.

December 11: Inverness Christmas Parade, 12:00-1:30pm, Main Street, Inverness.

December 14: Toys for Tots - last day to drop off new, unwrapped toys in our office. The Crystal River branch of Raymond James is once again a drop-off location for Toys for Tots. Since 1947, Toys for Tots has made a difference in the lives of less fortunate children. Last year a record number of children received toys through the program. This year we expect the need to be even greater, and we are asking you to help. The gift of a shiny new toy, something many take for granted - means to needy children that someone cares, that they haven't been forgotten, that Christmas hasn't passed them by. *Every child deserves a little Christmas.*

December 26: The office and markets will be closed in observance of **Christmas.**

January 2: The office and markets will be closed in observance of **New Years.**

January 5: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

January 14-15: Florida Manatee Festival, 9am-5pm on Saturday & 9am-4pm on Sunday, downtown Crystal River.


January 16: The office and markets will be closed in observance of **Martin Luther King, Jr. Day.**

February 2: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

February 11: Highland Craft Brew Festival by the Rotary Club of Inverness, 6:00pm, The Depot, Inverness. Proceeds benefit local charities.

February 20: The office and markets will be closed in observance of **Washington's Birthday.**

Call or email us for more information on these events or if you would like to include your community events in our next newsletter.

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