

THE COMMUNIQUE

August 2023

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	4501.89	-1.90%	1.16%	17.25%
Dow Jones Industrials	35215.89	-0.97%	2.35%	6.24%
NASDAQ Composite	13959.72	-2.69%	1.25%	33.38%
New York Stock Exchange	16125.22	-1.84%	1.57%	6.20%

U.S. TREASURIES	YIELD
2-yr Treasury Note	4.89%
10-yr Treasury Bond	4.18%
30-yr Treasury Bond	4.30%

Information as of August 3, 2023 Source: FactSet

MARKET COMMENT

Fortune Telling

What a gift clients would have if their advisors were also fortune tellers! Yes, we could quietly open our desk, pull out a beautiful crystal ball, place it on a golden pedestal, and inquire about the direction of the financial markets. Clients would be lined up out the door for these amazing profits! There would no longer be a need to look at stock charts, read economic reports, or try to determine where interest rates are headed. We could simply beckon the crystal ball to discern what the Federal Reserve is thinking, or what is happening in our political system, and there would no longer be a need to contemplate how all of this affects the future market direction – the crystal ball would know that too. Well, dear readers, enough daydreaming. We are not fortune tellers and can't get a reliable lead on purchasing a crystal ball, so we'll shift back to the reality of sifting through the data to determine what *might* happen in the markets. As we know, today's stock market action is a precursor of what *might* happened in the future. So, as Detective Joe Friday always said, "just the facts, please."

The second quarter earnings season is in full swing with results coming in somewhat mixed – not an earning season that you typically see in a robust economy, where "all ships rise with the tide." So, there does seem to be cracks developing under the surface of our economy. Another unsettling data

point is the continuation of the negative readings from the Conference Board's Leading Economic Indicators, which having been declining for over the past 12-months. These negative declines usually telegraph a recession, but perhaps this time is different. Also, as we have droned on for many months, the inverted yield curve is a strong warning sign of declining economic times. Lastly, consumer debts are on the rise, which could slow future spending, especially as student loan payments will be resume in September.

So, what is an investor to do without a crystal ball? As we write this letter, the stock market appears to be weakening a bit, so we'll be watching to see if this down draft provides buying opportunities or initiates the start of a full-blown correction. As always, we will be reviewing "just the facts" to help determine the future trends.

Thank you for your continued trust and confidence in us - it is highly valued.

P.S. I am finishing up an excellent book on climate change, wanted to explore the "facts" versus the media's version, and found "Unsettled" by author Steven Koonin (a real scientist) well balance, providing "just the facts" needed to understand this massive topic - I would highly recommend if you're interested. - Jim

PLANNING STRATEGY

Raymond James "Commentary & Insights" M23 - 131279

Tailor Your Taxes For Retirement

After a fruitful career and plenty of practice paying taxes, you may feel prepared for the tax man in retirement. But a review of your post-retirement taxable income may yield some surprising insights. Examining your position can help you design ways to optimize your current investment strategy. Taking a new look at both fixed and flexible expenses provides the opportunity to ask questions and have discussions with us about the tax implications of your total portfolio. When it comes to taxation, the more thorough the examination, the better.

Solopreneur? Take deductions

If you're still working as a solopreneur, you can actually deduct Medicare Part B and D premiums – even if you don't itemize. Supplemental Medicare and Medicare Advantage costs are also deductible. But not everyone can deduct – this only applies if you don't have access to a health plan for your business or through your spouse's employer or business.

Taxes on Social Security income

Despite any widespread myths to the contrary, Social Security *is* taxable income. You could pay tax on up to 85% of your Social Security income under certain circumstances, so beware of your filing status and annual income. For example, if you file a return as an individual and your adjusted gross income plus nontaxable interest, in addition to half of your Social Security income, is more than \$34,000, you'll pay tax on up to 85% of that benefit. Adjusted gross income covers everything, from wages (if you are

still working) to rental income and, most importantly, any withdrawals from 401(k)s and IRAs. However, Roth IRAs are exempt.

Offsetting required minimum distributions

Depending on your portfolio, required minimum distributions (RMDs) can bump you into a higher tax bracket than you were expecting. It's important to take RMDs into consideration every year and factor in what you'll be required to take out of your retirement accounts starting at 72 (or earlier if your plan allows). One way to balance an increased tax burden is with a qualified charitable distribution (QCD). After 70 1/2, you can donate up to \$100,000 a year to an eligible charity directly from your traditional IRA – and you won't have to pay any taxes on it. QCDs can also be a way to meet your RMD, with the caveat that you can't then itemize the donation as a charitable deduction on your return.

To convert or not to convert

If you've got retirement funds in traditional IRAs or 401(k)s, you have the option to convert these to a Roth at any time. This strategy could potentially lower future taxes – but you'll have to pay taxes in the year you convert. Look at current tax rates and potential future income from your assets and talk to your advisor and tax professional to forecast whether Roth conversions would make sense for you.

The right amount of withdrawals

Conventional wisdom says to follow the "4% rule" – withdrawing no more than that amount of your retirement portfolio every year. But this is only a general guidance – and deserves to be revisited, especially when there are market waves, inflation or other headwinds. Be sure to set up a time to renew and adjust your withdrawals as needed to manage your income bracket most effectively.

Tax implications can be overlooked too often when the focus has been on saving and investing for so many years. Whether you are pre-retirement or post-retirement, there's always an opportunity to review – and adjust.

Sources: thebalance.com; westernsouthern.com; moneywise.org; wealthenhancement.com; ssa.gov

Raymond James does not provide tax services. Please discuss these matters with the appropriate professional.

LIFE & LEISURE

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Protect Your Privacy On Social Media: How Much is Too Much?

In 2020, there were 3.96 billion active users on social media and the number keeps growing. Whether it's to find a place to eat, stay in touch with friends or family, or connect with industry peers to gain knowledge for your career growth, social media has a platform for you and your interests. But are you being safe with divulging your personal information, also known as personally identifiable information (PII)?

Don't reuse passwords

According to a Balbix report, 99% of users reuse passwords across either work accounts, personal accounts, or work and personal accounts. Using the same username and password across multiple applications increases your risk of identity theft and account compromise. We recommend using a password manager to hold all of your passwords. There are plenty of products available and some of them are even free. Be sure to read the product description to determine if it's the right fit for you.

When setting up your account, only share required information

When you set up a social media account, you may be asked to provide your email address, date of birth, mailing address, place of employment and other personal details. Do you trust the platform with this information? Does it have a cybersecurity team to monitor and protect your PII from theft 24/7? Do they sell user information to third parties? The key is to only give out information that you feel comfortable with, and only provide the required information needed to sign up, even if a company asks for more.

Less is more with profile personalization

After you create your account, you may want to personalize your profile with pictures and biographical details like your location, hometown, birthday, workplace and position, and marital status. The more information you disclose about yourself, the more potential harm can be done by an attacker/ hacker. Passwords can be cracked just by looking at the information in someone's profile. For example, users may use a pet's name with their date of birth as a password, which is information that may have been shared in a post or profile.

Understand who can see your profile and posts

Who are you letting into your circle of friends, followers or connections? In multiple data breaches, hackers used fake social media accounts to befriend someone at the target company or send phishing links to gain insider information. If your profile is private and you receive a request from someone you do not know, validate that the person sending the request is actually who they say they are. You can always ask if they can set up a quick call to do an introduction or do a quick internet search of their name to see what pops up.

Once you hit the "post" button, your content is out there for anyone to see. If you post that you're going out of town or "check in" to restaurants or event venues, you only want those you trust to receive this information. Many burglaries can be traced back to homeowners sharing news about a vacation online.

If you can follow our tips above, you are on the right path to protecting your personal information and staying safe while surfing the web and using social media.

Quote of the Month: "Foresight is not about predicting the future; it's about minimizing surprise." Karl Schroeder

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Keep in mind that indexes are unmanaged and individuals cannot invest directly in any index. Index performance does not include transaction costs or other fees, which will affect the actual investment performance. Individual investor results will vary. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US. The Consumer Price Index (CPI) is a measure of the average change in consumer prices over time of goods and services purchased by households; it is determined monthly by the U.S. Bureau of Labor Statistics.

Changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James & Associates we are not qualified to render advice on tax or legal matters.

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Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

RMD's are generally subject to federal income tax and may be subject to state taxes. Consult your tax advisor to assess your situation.

Unless certain criteria are met, Roth IRA owners must be 59 ½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount may be subject to its own five-year holding period. Converting a traditional IRA into a Roth IRA has tax implications. Investors should consult a tax advisor before deciding to do a conversion.