

THE COMMUNIQUE

October 2022

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	3790.93	5.73%	5.73%	-20.46%
Dow Jones Industrials	30316.32	5.54%	5.54%	-16.57%
NASDAQ Composite	11176.41	5.68%	5.68%	-28.56%

U.S. TREASURIES	YIELD
5-yr Treasury Note	3.86%
10-yr Treasury Bond	3.64%
30-yr Treasury Bond	3.70%

Information as of October 4, 2022

Source: Thomson Reuter's Thomson One

MARKET COMMENT

“Hey, let’s be careful out there”

Some of you (with graying hair) may remember the early 1980’s television series, *Hill Street Blue*, and the daily admonishment of Chief Sergeant Phil Esterhaus. As his police officers prepared for their patrol duties he routinely stated, “hey, let’s be careful out there!” We think this also serves as excellent advice for investors in this current market. As you can see from the recent chart of the S&P 500, an incredibly nimble (and mostly lucky) speculator could have weaved their way through the recent market volatility with profits. But as investors with a mindful downside-risk approach, the longer-term negative trend, and resulting pattern of lower highs and lower lows, is hard to ignore. This trend was recently confirmed with the major indices breaking below the lows made in June.

Let’s look at some of the facts creating this challenging environment. First and foremost, the Federal Reserve is not currently our friend, as we advised in last month’s letter. Interest rates are rising, both here and abroad, as Central Banks attempt to tame high inflation. These rising interest rates will continue to challenge the stock market as the cost of money to do business lowers earnings results for many companies. Also, higher interest rates will eventually affect employment, resulting in layoffs and reduced consumer spending – all of which may drive our economy into a recession. History shows that the further the Fed increases interest rates, the more likely a recession will occur.

Finally, the global geopolitical scene continues to be an anchor weighing down future growth. Russian and Chinese aggression dominate center stage, but oil-producing countries could create some serious economic headwinds if they continue with their planned production cuts (especially considering America's reluctance to aggressively produce "dirty" energy). In the background, China has experienced a considerable decline in economic growth, Europe is starting to struggle under higher interest rates and record inflation, and the U.S. just experienced its largest decline in job openings since the pandemic began in March 2020.

So, for the moment, a healthy dose of safe investment such as certificate of deposits, U.S. Treasuries, and rising rate money markets will be the cushion needed to account for the current market risks. We hope we are nearing a turning point for the new up cycle, and we will be watching closely, but for now we'll follow Sergeant Phil's advice, "hey, let's be carefully out there!"

As always, we thank you for your continued trust and confidence.

PLANNING STRATEGY

Raymond James "Point of View" M21-3907779

Add Important Financial Deadlines to Your Year-End Calendar

The year-end holiday season is full of important financial deadlines. Mark your calendar accordingly.

Fall 2022 market closures

- **Nov. 24:** Thanksgiving Day
- **Dec. 26:** Christmas Day (observed)

Dates to remember

For deadlines that fall on a weekend, action may need to be taken by the preceding weekday.

- **Oct. 1:** Last day to establish a SIMPLE IRA plan or a safe harbor 401(k) to be effective for 2022.
- **Oct. 15:** Open enrollment for Medicare Parts C and D begins. Make any changes to your coverage by Dec. 7.
- **Oct. 15:** The final day to file a 2021 income tax return for those issued an extension.
- **Dec. 31:** New Year's Eve is the year-end charitable gift deadline for check and wire transfers.
- **Dec. 31:** Last day to take 2022 required minimum distributions for those who turned 72 in or before 2021.

Things to do

- **Confirm cost of living:** Next year's Social Security adjustment is typically announced in October.
- **Adjust your coverage:** Ready your documents for Medicare open enrollment, if eligible. If you're working and your employer offers benefits, take the time to understand them.
- **Refresh your plan:** It's important to monitor your retirement and investment accounts regularly and make adjustments to insurance and estate plans as needed. The holidays can be

a good time to do this if you want to discuss what you're planning with close friends or relatives.

- **Fend off fraud:** Start by tracking and reviewing all of your bank and credit card statements for irregular activity. You can also request a copy of your consumer credit profile and stay on the lookout for scams asking you to confirm or update your account information via email.
- **Tend to your portfolio:** If you're invested in mutual funds, don't forget about capital gains distribution dates that typically fall in December. Consider balancing your realized capital gains with losses where appropriate. Talk to your advisor about whether this strategy might help lower your tax liability.
- **Engage in smart giving:** As deadlines for year-end gift and charitable contributions approach, make a strategy for your philanthropic goals. Consult with your advisor if you're interested in donating appreciated stock or bunching a few years' worth of donations in a donor advised fund to help you meet the threshold for itemizing on a tax return.
- **Revisit your resolutions:** Before beginning your New Year's celebrations, review the financial planning you did for the past year. Did you make progress toward your goals?

Withdrawals from tax-deferred accounts may be subject to income taxes, and prior to age 59 1/2 a 10% federal penalty tax may apply. Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

LIFE & LEISURE

Raymond James "Point of View" article. M22 - 9279

Could You Thrive in a Niche Retirement Community?

Not long ago, most planned retirement communities revolved around a golf course, a few tennis courts and an Olympic pool thrown in for good measure. But today, there are many choices available. That's because baby boomers are choosing to enjoy their lifestyles and pursue their passions in retirement, rather than settle for "traditional" retirement living.

If you think about it, we gravitate toward those with similar interests, values and lifestyles. Simply put, it can be fun to be around like-minded people. It can also make it easier to form important relationships as we age.

First things first

Begin your search for the perfect niche retirement community with a frank discussion of what you desire in retirement. What medical support do you need? Do you enjoy physical activities or those that are more cerebral? What about RV storage if you enjoy road trips? Once you and your spouse or partner identify your retirement desires, you can pinpoint a community that will fulfill them.

Also consider the fact that a niche retirement community may be limited in the diversity of activities offered. If you are the kind of person who thrives in a changing environment, you may consider another option or find a niche that caters to your need for variety. Otherwise, if you are invigorated at the thought of grabbing your paintbrush, palette and easel, an artists' enclave may be just the thing for you.

Next, it's time to think about a budget. Will you rent or buy? In some cases, there are entrance fees – such as those at university-based retirement communities (UBRC) – and subsequent monthly fees to cover medical care, meals and other amenities. To create your budget, set up time with your advisor. They will be happy to help guide you through this process.

Now the fun part

Choosing a niche retirement community should be as fun as it sounds. First and foremost, visit the community. Talk to people who live there and read reviews. Remember, information is your ally.

According to aplaceformom.com, residents of the most successful niche retirement communities engage over shared interests/traits, like astronomy, heritage, equestrian, fitness, golf, RVs, learning or cultural experiences.

Or retirement from like professions, industries or services, such as the post office, military or the arts.

Notable examples

The Burbank Senior Artists Colony in California welcomes professional and aspiring actors, artists, musicians and other creative types, as well as retired professionals. There's a 40-seat performance theater, artist studios and classrooms, a library, galleries as well as healthcare services.

Under the dark, rural Florida skies, you'll find the Chiefland Astronomy Village. Because the village's skies aren't affected by light pollution, stargazers flock to the community.

At Fox Hill Club in Bethesda, Maryland, retirees enjoy wellness offerings for the mind, body and spirit. There's a gym, a full-service spa, three health-conscious gourmet restaurants, an organic herb garden, indoor golf range, outdoor walking trails, swimming pool with electronic lifts, and physical therapy.

For letter carriers, there's Nalcrest, a letter carriers' retirement community, about 70 miles east of Tampa, Florida. It offers 500 garden-style apartments, and all residents must be 55 and older.

Horse-minded retirees can find their niche at The Ridge at Chukker Creek, Aiken, South Carolina. This community offers sweeping views of horse pastures, a spring-fed pond and a nature preserve with riding trails. Residents live in single-family homes; horses reside in the community's shared barns.

A rising senior class

The fastest growing niche is the UBRC. Besides obvious learning and classroom benefits, UBRCs usually offer healthcare services as part of the housing component. Residents may also have access to campus fitness centers and athletic events.

Similar in name only, it would be difficult to find two UBRCs that are alike. But senior housing expert Andrew Carle gives five criteria that, from the perspective of residents, the university and the housing provider, contribute to a successful UBRC:

- Proximity to the campus itself.
- Formalized programming between the university and the community, encouraging intergenerational diversity and a range of activities.
- Senior housing services offering a continuum of care, from independent to assisted living.

- At least 10% of the community being alumni, former faculty or former employees of the university.
- Sound financial planning, with a documented financial relationship between senior housing provider and university.

Give it some thought

For most, planning where to live in retirement can be overwhelming. The good news: there are resources to help. Seniorliving.org, for example, is a veritable goldmine of retirement information and provides tools to help you evaluate and understand the many types of senior living opportunities available.

Quote of the Month: "History is a vast early warning system" – Norman Cousins

For questions or additional information please contact:

Raymond James & Associates

9900 Clayton Road, Saint Louis, Missouri 63124



Jim Pohlman, CFP®
Senior Vice President, Investments
James.Pohlman@raymondjames.com
T 314-214-2122



Hunter Martiniere, J.D.
Financial Advisor
Hunter.Martiniere@raymondjames.com
T 314-214-2152



Vickie Bollinger
Senior Registered Sales Assistant
vickie.bollinger@raymondjames.com
T 314-214-2175

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