GATEWAY
INVESTMENT MANAGEMENT
OF
RAYMOND JAMES®

THE COMMUNIQUE

September 2024

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	5528.93	-2.12%	1.25%	15.91%
Dow Jones Industrials	40936.93	-1.51%	4.65%	8.62%
NASDAQ Composite	17136.20	-3.26%	-3.36%	14.16%
New York Stock Exchange	19017.42	-1.42%	5.50%	12.84%

U.S. TREASURIES	YIELD
2-yr Treasury Note	3.87%
10-yr Treasury Bond	3.84%
30-yr Treasury Bond	4.13%

Information as of September 3, 2024 Source: FactSet

MARKET COMMENT

The September Effect

The most well knowing major stock market declines occurred in October – **Black Thursday** in 1929 and **Black Monday** in 1987. Both were 20% plus down days that vaporized massive amounts of investor's net worth and led to challenging economic conditions. September has produced some very bumpy stock market returns over the past 50 plus years, leading to the **"September Effect."** We have found over this period the return on the S&P 500 were negative 55% of time, causing investors and traders to tread lightly with new financial commitments to the market. Let's look at several reasons why caution might be the order of the day for September (or maybe not!).

Before we review the rationale behind the **September Effect**, let's take a quick look at the past 10-years and how the S&P 500 turned this market mantra on its head by producing a negative return only 4 out of the past 10 years. Those results lowered the long- term average of the September Effect from 55% to 40%. The odds of a positive month are currently 60%, which seems encouraging, but perhaps a new trend is developing. Now, some thoughts about the **September Effect**.

The past 10 years have been anything but normal when we consider the strength of the U.S. economy in 2015, COVID-19, the brief 3- month recession in 2020 (which was induced by the government shut down of the economy), an unprecedented fiscal and monetary response from the U.S. Government and Federal Reserve, and our resilient U.S. consumer and Corporate America strongly bouncing back from the pandemic. It seems that everyone (including us) underestimated the massive flooding of our economy with government stimulus payments and Federal Reserve support, zero interest rates and massive inflows of dollars into the system, causing many of those dollars to land in the stock market or American business. Perhaps that is why we have seen a short-term change from negative to positive average in September returns over the past 10 years. Or maybe this is just the new norm? Starting with the scale of government intervention during the 2008 - 2009 economic crisis, and simultaneous stock market meltdown, the new trend assumes that if there is a problem (like COVID-19), then the government will fix it.

It seems old fashion, or almost quaint, to consider risk management as an important element of investment management because the government will always step in, and the crisis will only be temporary. This leads investors to expect that the stock market will undoubtedly recover if we do have a large decline! Well, we don't think risk management is old fashion and will continue to strive to strike a balance between capturing the market upside and limiting the downside risk. If you would like to discuss our thoughts on risk management, please let us know – we're always available for you. Thank you for your continued support and trust.

PLANNING STRATEGY

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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 your financial advisor 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.

If certain conditions are met, ROTH IRA and ROTH 401(k) distributions will be completely income tax free. Unlike Roth IRAs, Roth 401(k) participants are subject to required minimum distributions at age 72 (70 ½ if you reach 70 ½ before January 1, 2020). Investors should consult a tax advisor before deciding to do a conversion.

Withdrawals which exceed income will reduce the value of your portfolio.

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LIFE & LEISURE

Raymond James "Commentary & Insights" – M24-580086

Are Your Important Documents Secure and Accessible?

Pop quiz: In an emergency, could your loves ones find your current will and power of attorney? If you had to evacuate your home, could you quickly get your hands on your passport, deeds and keepsakes? Are your documents in a watertight, fireproof safe, or scattered around unprotected?

It's not enough to have the right documents – it's also crucial to have them updated, neatly stored and accessible. Read on for five tips that can help you keep important files safe and handy.

Equip yourself for digital success

If you'd like to have a secure and organized system for paper, a scanner and a shredder are a must. Think you might need that document, but you can't fit another thing in your file cabinet? Scan and toss, or shred if it contains sensitive data like a Social Security number.

Digital storage has many upsides. You don't have to pay much attention to space restrictions as you would with physical files. Also, it's easier to securely share and keep items, and you can search for files by dates or keywords.

Some fancy scanners such as the ScanSnap automatically sort documents based on file type (photo versus receipt) and name files based on scanned content. If you don't have the budget or room for another machine, a smartphone app is a handy alternative.

One last essential tool: a service for storing and syncing your digital data in the cloud, so you don't lose everything if your computer is stolen or damaged. Which one you choose will depend on what features are most important to you, but popular services include Dropbox, Google Drive and iCloud.

It's also smart to take advantage of any proprietary storage features your financial advisor may offer, which allow you to securely store and share financial data with each other, as well as trusted family members, and helps them coordinate with other professionals (such as your accountant at tax time).

Think like an executor

The most crucial papers to organize are the ones those closest to you will need when you're no longer around. This includes your will, bank statements, insurance policies and birth certificate, for starters. So put yourself in your executor's shoes when storing estate paperwork – this kind of planning is about helping others.

Online services that organize and store all your vital details in a single convenient place are the latest innovation on this front. Some, such as Everplans, will even walk you through making a plan for everything from funeral details to healthcare wishes, sort of like TurboTax for end-of-life planning. You could also use an off-the-shelf workbook such as "The Lasting Matters Organizer" to document your wishes.

As for notarized physical documents, storing them in a fireproof safe makes sense for most. Be sure your family knows where the safe itself is, how to get into it and what they can expect to find inside. You can also keep an extra copy in a safe deposit box or with your estate attorney.

Know what to keep

Certain official records deserve physical safekeeping: passports, Social Security cards, birth certificates and adoption decrees, property and vehicle deeds, marriage certificates, divorce decrees, signed and notarized powers of attorney, a will and medical directive paperwork. While you can pay to get another copy of many of these, it's better to have them and not need them than the opposite.

Design a breadcrumb trail

This tip is especially relevant for worst-case-scenario documents such as your medical directive. Experts recommend keeping a copy in your car's glove box, as well as giving copies to your doctor and your preferred healthcare proxy. You can then list these as "in case of emergency" or ICE contacts on a card in your wallet and in your smartphone's emergency call screen (for iPhone users, add this data in Apple Health; Android users can go to Settings > About phone > Emergency information).

Don’t forget about digital access that your loved ones will one day need, which means everything from email and bank accounts to photo and music sites. Few of us think to create a paper trail to help locate these accounts and login IDs because it might invite unauthorized access. However, there is a secure way to guide your heirs.

The first step is to make an inventory. Next, document the details in a safe place. You can use a secure spreadsheet template to get started at yourdigitalafterlife.com or you can use a service like LastPass, which has an emergency access feature that allows you to hand down passwords to heirs who can then securely maintain or close your accounts based on your wishes. If it’s your main household responsibility to pay the bills and keep tabs on financial accounts, we’re talking to you. You want to leave a legacy – not a logistical headache.

Create a command station

Productivity pros say every home office needs a central collection spot for notes, bills, reminders, paperwork and actionable items. To make this a working system, you’ll have to regularly plow through it all, whether daily or weekly. This will help free your mind to focus on the given task at hand, knowing your household has a system for tackling all the incoming paper.

Progress, not perfection

If your home office is a wreck right now, start small. Pick one tip that speaks to your specific situation and take action. What feels like a small win today could make a major, lasting difference for your loved ones.

If you’re still feeling overwhelmed, you can seek out a professional organizer or turn to your advisor. They know your financial situation and can help you focus on the record-keeping tasks that are important for your life.

Sources: Real Simple; pcmag.com; “Getting Things Done: The Art of Stress-Free Productivity;” LastPass; yourdigitalafterlife.com; Everplans; NPR’s Life Kit; keepitsafe.com

Raymond James is not affiliated with any of the organizations mentioned. Raymond James does not provide tax or legal advice. Please discuss these matters with the appropriate professional.

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Quote of the Month: “Clarity of vision is the key to achieving your objectives” – Tom Steyer

For questions or additional information please contact:
Raymond James & Associates
9900 Clayton Road, Saint Louis, Missouri 63124
314-214-2100

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

Jim Pohlman
Senior Vice President, Investments
james.pohlman@raymondjames.com
T 314-214-2122

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

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