

RIISING INTEREST RATES AND THE BOND MARKET

It's been 12 years since the end of the last large bond market decline (2008—2010) where bonds had lost almost 16% at its worst point in June 2009. While I've seen a number of rising rate environments since 1982, many investors either haven't been in the market that long or forget it can occur.

Rising rates can be good news for retirees who have been sitting on cash awaiting higher interest rates. However, rising rates lead to a decline in principal for most fixed income (preferred stocks, bonds and CDs) you currently own.

Keeping this in perspective, quality bonds and CDs should still be less volatile than the stock market, even in a rising rate environment. Regardless of whether the current value of your fixed income investments are above or below par (typically \$1,000 per bond) you will almost always receive full face value (typically \$1,000 per bond) when held to maturity.

So, to the extent that your fixed income is currently trading over par, expect it to decline to par by maturity. It was going to do that anyway even without rising rates. If you find your fixed income trading below par, know that it will eventually work its way back to par come maturity. This assumes of course that the issuer (or their insurer) has the ability to pay off the bond at maturity — which is true for most investment grade issuers.

Clients will often invest in ladders of bonds or CDs to increase returns and liquidity. A CD ladder, for example, is where you purchase say equal amounts of a 1-year, 2-year, 3-year, 4-year, and 5-year CD where you can potentially earn a good average return.

As the CDs mature, you can either rollover your maturing CD into a new CD at the 5-year end of the ladder — thus increasing the average yield on your ladder when interest rates are rising — or take the money and do something else with it. By the 5th year, you'll be earning a 5-year rate of return on the entire ladder, yet always have 1-year liquidity on 20% of the ladder.

The stock market has had a rough start to the year. It's not too late to reassess your current allocation. If you are losing sleep or feel it's time to take some money "off the table" I'm happy to discuss this with you.

There are special risks associated with investing with bonds such as interest rate risk, market risk, call risk, prepayment risk, credit risk, reinvestment risk, and unique tax consequences. To learn more about these risks and the suitability of these bonds for you, please contact our office.

MARY RECOMMENDS...

Linking your Raymond James Account to your local bank account to make transferring funds between the two accounts very quick and avoids waiting on the postal service. It's very secure and very handy. If you have not linked your Raymond James account with your bank account please contact Mary.

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Mary H. Magee
Senior Registered Client Service Associate

MARKET INDICATORS*

Market Index	04/08/22 Value	52 Week High	52 Week Low
DJIA	34721	36953	32273
S&P 500	4488	4819	4057
NASDAQ Composite	13710	16212	12555

CONTACT INFORMATION

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INTEREST RATES

At their March 2022 meeting the FOMC increased the target range for the federal funds rate to 0.25% - 0.50% and projected further hikes in 2022. The FOMC meets next on May 3-4, 2022.

Source: [federalreserve.gov](https://www.federalreserve.gov), March 16, 2022

QUOTES

"Doesn't expecting the unexpected make the unexpected expected?"

— Bob Dylan, Singer-Songwriter

"If you think nobody cares if you're alive, try missing a couple of car payments."

— Earl Wilson, Journalist

NAMING BENEFICIARIES

It's a good idea to name primary and contingent beneficiaries for all of your insurance and annuity policies, IRAs, and other retirement plans. A beneficiary designation provides the basis for an immediate transfer of any assets to the beneficiary upon the original owner's death and bypasses the probate process.

Since beneficiary designations supersede your Will, prenuptial agreements, and divorce proceedings, it's also smart to review your beneficiary designations annually and imperative after a birth, death, or divorce in the family.

In the case of Raymond James IRA accounts, when no Primary is named — or no Contingent is named and the Primary has predeceased the account owner — then the default beneficiary will be deemed to be the account owner's spouse (if married at the time of death) or their estate (if not married).

"Per Stirpes" Optional Designation: You have the option to elect "Per Stirpes" for any or all named beneficiaries. The election becomes effective only if the named beneficiary predeceases the account owner. When this occurs, the deceased beneficiary's share would go to their lineal descendants (direct decedents, aka their children and grandchildren — not their spouse, parent or sibling).

If you do not elect "Per Stirpes" then the share attributed to the deceased beneficiary would be reallocated to the remaining living Primary Beneficiaries on a pro-rata basis. Whether to elect "Per Stirpes" or not depends upon your unique family situation; the number of Primary Beneficiaries named; your use of Contingent Beneficiaries (which only become beneficiaries if there are no living Primary Beneficiaries and "Per Stirpes" is not elected), and how you wish to divide these specific assets.

Q. If my son predeceases me, how do I make sure his spouse receives his share?
A. One way is to immediately update your beneficiary forms upon his death, naming his spouse in his stead. An alternative, since we allow custom designations, is to submit a signed and dated custom beneficiary designation as an attachment to our beneficiary designation form. Please contact us for full details.

2022 REQUIRED MINIMUM DISTRIBUTIONS

If you are age 72 or over, or own a beneficiary IRA, and have not yet taken your 2022 Required Minimum Distribution, please call us to schedule your RMD for 2022.

ATTENTION PARENTS, GRANDPARENTS & EDUCATORS: THE NATIONAL PARKS SERVICE CURRENTLY OFFERS A FREE "EVERY KID ANNUAL 4TH GRADE PASS"

This pass is available to all students for the duration of their 4th Grade school year running from September to August. It provides free entrance for the child, and all passengers in their non-commercial vehicle, to U.S. Fish & Wildlife Service and National Park Service sites that charge Entrance Fees. They can get their passes at: <https://www.everykidoutdoors.gov/pass.htm>.

My regular office hours are:

Monday - Friday:

9:00 am - 4:00 pm Eastern

(Daylight Savings Time)

8:00 am - 3:00 pm Central

6:00 am - 1:00 pm Pacific

3:00 am - 10:00 am Hawaiian

The information herein has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness.

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Unless otherwise noted, all quotes, rates, and values contained herein are as of April 8, 2022, and are subject to change and availability.

** Source for Market Indicators: BigCharts®, a service of MarketWatch. All figures rounded to nearest whole number.*

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transactional costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system.

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Scott P. Ellis is a First Vice President-Investments, Financial Advisor, at Raymond James, with over 39 years experience. Scott is dedicated to assisting clients in building, preserving, perpetuating, and distributing their wealth. He focuses on providing lifetime investment, retirement & estate planning strategies, and risk management, through conservative stock, quality municipal bonds, a variety of other investment vehicles, and professional portfolio management. Scott works with a select group of individuals and families in an effort to give them a higher probability for meeting their goals. He also works with clients, attorneys, and accountants to provide estate consolidation, valuation and distribution. Scott enjoys working with folks who value experience and advice.