2023 Financial Refresh

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AGENDA

- Investing
  - Why invest?
  - What is happening in markets?
  - Investing 101
- Savings
  - Saving strategies & budget
  - Savings methods
- Financial tips for the new year

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Haupt Wealth Management of Janney Montgomery Scott LLC

Janney is a leading financial services firm dedicated to putting client needs first. We are committed to providing the best in financial and investment advice to help our clients reach their **personal and business goals.**

Facts about Janney:

- Total offices: 132
- Total number of employees 2,100+
- 137 consecutive quarters of operating profitability, even during times of market turbulence
- In 1982, Janney was acquired by The Penn Mutual Life Insurance Company

Janney

Trusted Advisors for Generations

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Investing

Why put your hard-earned money to risk?

What is going on in markets?

Investments to consider

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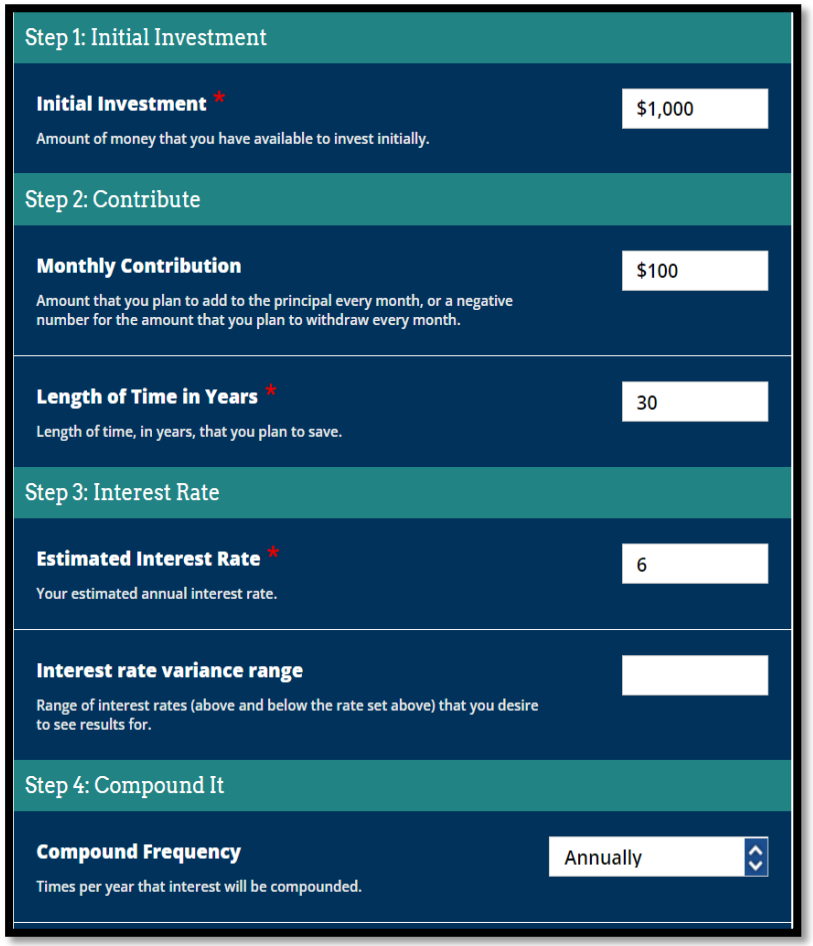
Compound Interest



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Inflation

An increase in prices of goods and services in an economy:

- Reduces the purchasing power of your money
- Monetary policy targets low rate of inflation (as opposed to zero or negative)
- Consumer Price Index (CPI) measures change over time
  - Food & beverage, housing, energy, etc

Bureau of Labor Statistics:

2020 Annual CPI 1.2%

2021 Annual CPI 4.7%

2022 Annual CPI 8.6%

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What happened in 2022?

Excess demand

- Surge of consumer spending post-lockdown
- Stimulus money & low interest rates

Supply shortage

- Another effect of Covid lockdown
- Further exacerbated by geo-political turmoil
  - Russia-Ukraine War & economic sanctions
  - China zero-covid policy / Taiwan

Surge in stock valuations

- Rise in speculative bets
- Sell panic

= Recession fears

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Investing 101

Risk Tolerance

Measuring your comfort level of volatility and risk

Time Horizon

Determine when you could potentially need funds from your portfolio

INVESTMENT OBJECTIVES					
Speculative Growth	Growth	Moderate Growth & Income	Current Income	Liquidity Needs	Preservation of Capital
Outsized investment returns. High risk/volatility	Goal of long-term portfolio appreciation	Long-term appreciation with more concentration on income	Generating current cash with less focus on long-term appreciation	Goal of immediate access to funds to meet short term goals	Low volatility, low chance of decline in the value of a portfolio
Higher risk					Lower risk

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What is a Mutual Fund/ETF?

Pooled assets that invest in dedicated securities as stated in its prospectus

- Examples:
  - Target Date fund
  - Growth Equity fund
  - Balanced fund

Which funds to consider?

- What is your investment objective?
- What is the fund's historical performance?
- How long has it been around? Same fund manager?
- What is the Morningstar rating?

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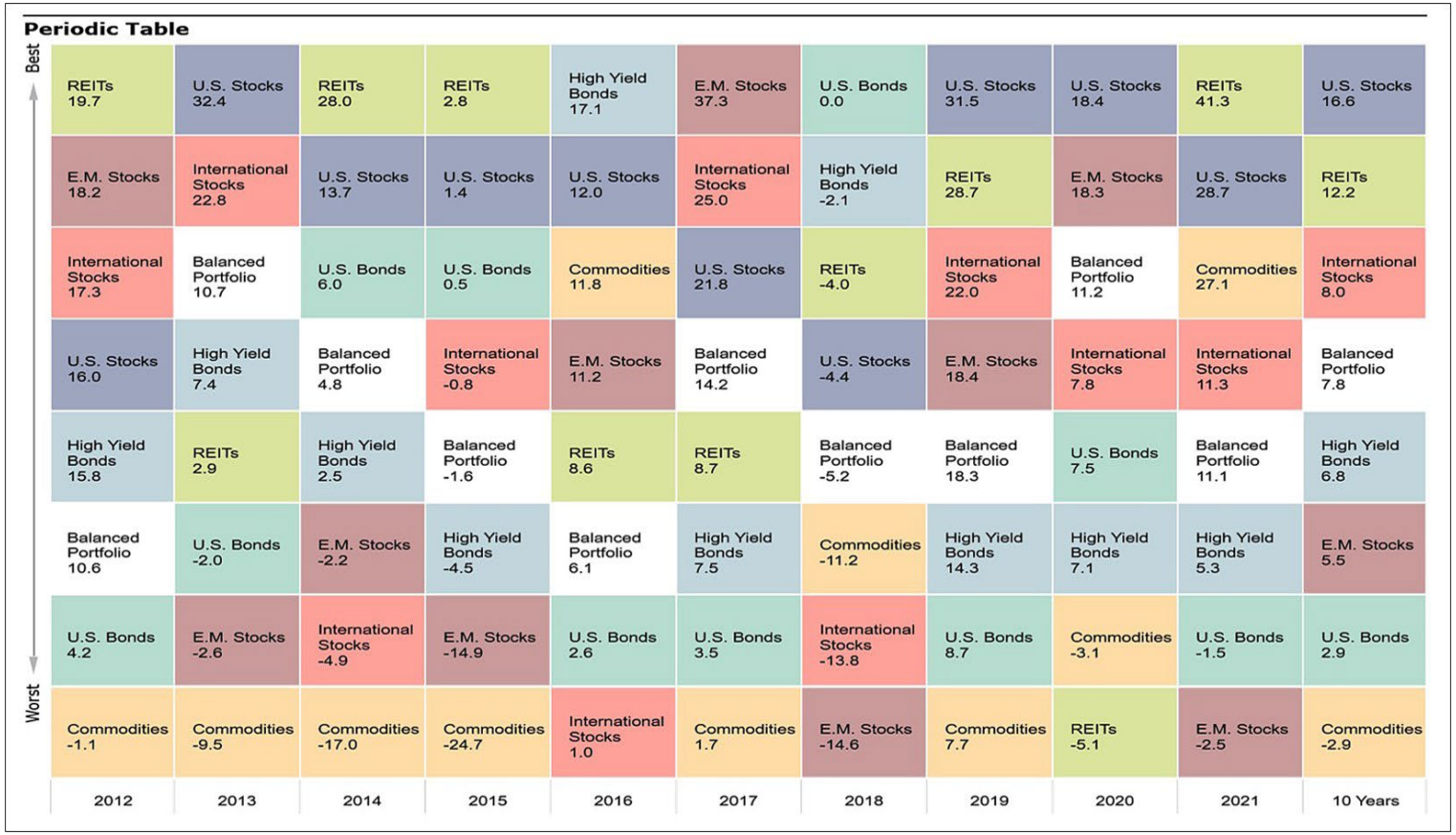
Returns across asset classes



Periodic Table

Best ↑ / ↓ Worst

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	10 Years
REITs 19.7	U.S. Stocks 32.4	REITs 28.0	REITs 2.8	High Yield Bonds 17.1	E.M. Stocks 37.3	U.S. Bonds 0.0	U.S. Stocks 31.5	U.S. Stocks 18.4	REITs 41.3	U.S. Stocks 16.6
E.M. Stocks 18.2	International Stocks 22.8	U.S. Stocks 13.7	U.S. Stocks 1.4	U.S. Stocks 12.0	International Stocks 25.0	High Yield Bonds -2.1	REITs 28.7	E.M. Stocks 18.3	U.S. Stocks 28.7	REITs 12.2
International Stocks 17.3	Balanced Portfolio 10.7	U.S. Bonds 6.0	U.S. Bonds 0.5	Commodities 11.8	U.S. Stocks 21.8	REITs -4.0	International Stocks 22.0	Balanced Portfolio 11.2	Commodities 27.1	International Stocks 8.0
U.S. Stocks 16.0	High Yield Bonds 7.4	Balanced Portfolio 4.8	International Stocks -0.8	E.M. Stocks 11.2	Balanced Portfolio 14.2	U.S. Stocks -4.4	E.M. Stocks 18.4	International Stocks 7.8	International Stocks 11.3	Balanced Portfolio 7.8
High Yield Bonds 15.8	REITs 2.9	High Yield Bonds 2.5	Balanced Portfolio -1.6	REITs 8.6	REITs 8.7	Balanced Portfolio -5.2	Balanced Portfolio 18.3	U.S. Bonds 7.5	Balanced Portfolio 11.1	High Yield Bonds 6.8
Balanced Portfolio 10.6	U.S. Bonds -2.0	E.M. Stocks -2.2	High Yield Bonds -4.5	Balanced Portfolio 6.1	High Yield Bonds 7.5	Commodities -11.2	High Yield Bonds 14.3	High Yield Bonds 7.1	High Yield Bonds 5.3	E.M. Stocks 5.5
U.S. Bonds 4.2	E.M. Stocks -2.6	International Stocks -4.9	E.M. Stocks -14.9	U.S. Bonds 2.6	U.S. Bonds 3.5	International Stocks -13.8	U.S. Bonds 8.7	Commodities -3.1	U.S. Bonds -1.5	U.S. Bonds 2.9
Commodities -1.1	Commodities -9.5	Commodities -17.0	Commodities -24.7	International Stocks 1.0	Commodities 1.7	E.M. Stocks -14.6	Commodities 7.7	REITs -5.1	E.M. Stocks -2.5	Commodities -2.9

Source: Morningstar. *Index returns are total return calculations, which include the reinvestment of dividends. The MSCI Indices are shown as net returns in U.S. dollars. These returns net out foreign tax on dividends. This information is taken from sources believed to be reliable, but not guaranteed as to accuracy or completeness. Indexes are hypothetical portfolios. It is not possible to invest in an index. For periods of more than one year, returns are annualized.*

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Savings Strategies

How much should I save?

What account should I use?

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Savings & Budget

Budget breakdown:

- 50% Needs
- 30% Wants
- 20% Savings

Streamline your “Needs” & “Savings”:

- Bills/Savings on auto-draft
  - Rent/utilities/401(k)/savings account
  - Re-evaluate periodically
- Credit cards
  - Take advantage of rewards
  - More secure method of daily spending
  - Track spending
- Avoid bad debt
- Avoid lifestyle creep

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Savings & Budget

Consider how to put to savings to risk:

- Emergency savings (3-6 months living expenses) kept risk-free
  - Savings account FDIC insured
  - Certificate of Deposit
- Short-term savings- goal oriented, need-by date
  - Consider time horizon and risk tolerance
  - What amount of volatility can you take?
- Growth/long-term savings- retirement
  - Time horizon and risk tolerance still important
  - Was is your long-term target rate of return?

Dollar cost averaging

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Investment Accounts

Qualified Accounts

Individual Retirement Account (IRA)

- Funded pre-tax, grows tax-deferred

Roth IRA

- Funded after-tax, grows tax-free

Employer Retirement Plans- 401(k), 403(b), SIMPLE IRA, etc

- Part of your employee benefits
- Employer incentives – matching provisions, profit sharing, student loan incentive
- Deducted from payroll

Health Savings Account (HSA)

- High deductible health insurance plans, 3x tax-free

529 Plan

- Tax-free growth for educational expenses

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Investment Accounts

Non-Qualified Accounts

After-tax investment account

- Investment returns are taxed as ordinary income or as long-term capital gains

Deferred Compensation

- Additional compensation to an employee set aside to be paid at a later date

Stock Options and Restricted Stock Units

- Incentive compensation paid to an employee in the form of company stock

Custodial account (UTMA)

- Adults can save and invest money on behalf of a child until their reach a certain age

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Financial Refresh Tips

Improve your financial literacy in 2023

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Review Your Insurance and Estate

Do you have life insurance?

- Term or whole life?
- Employer benefits are most likely term and not portable
- Is it enough? What are you paying?
- Request an in-force illustration

When was the last time you reviewed homeowners/car insurance?

- What is the rate increase history?
- What is the value of your vehicle?
  - Consider removing Comp/Collison on older vehicle

Are you offered a health plan through work?

- Is there a high deductible option? HSA funding?
- Are you on health insurance marketplace? Consider how your income affects premiums.

Have you done any estate planning?

- Do you have the proper documents in place?
  - Advanced Healthcare Directive
  - Will
  - Trusts

i. 2 out of 3 Americans still don't have a will despite the pandemic

ii. 40% of Americans cite procrastination as the main reason

source: 2022 Wills and Estate Planning Study, Caring.com

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Conduct Account Reviews

Keep a Net Worth Statement

- Assets – Liabilities = Net Worth
- Track account balances, cash flow, debt load
- Discover opportunities to consolidate:
  - Old 401(k)s, IRAs
  - Savings bonds, old bank accounts
  - Unclaimed property on PA Treasury website

Track investment progress

- Are your returns on track?
  - Rule of 72
  - How do they compare against benchmarks?
  - What are you paying in fees?

Review your beneficiaries

- Add contingent beneficiary behind primary
- Per stirpes vs per capita

Talk to professionals for help

- Consult CPA for tax advice
- Most employer plans have a dedicated financial advisor
- Vanguard/Fidelity consultation before opening accounts

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Protect Yourself From Identity Theft

Check your credit

- Review your credit score
- Enroll in free credit monitoring
- Pull credit reports quarterly

Reduce your exposure

- Mail www.dmachoice.org
- Phone www.donotcall.gov
- To stop credit card offers and other solicitations: www.optoutprescreen.com or 1 888 5 OPTOUT (567 8688)

If you are a victim of identity theft:

- Visit IdentityTheft.gov to report and recover
- Freeze credit from all four bureaus
  - Experian
  - Equifax
  - Innovis
  - TransUnion

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"

THE BEST INVESTMENT YOU CAN MAKE IS IN YOURSELF

"

- Warren Buffet

CEO Berkshire Hathaway

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Invest in yourself

Never stop learning

- Professional designations, certifications, licenses
- Books on financial literacy

Set goals and track your progress

- Write them down (New Years resolutions)

Build your social capital

- Find ways to engage, step out of your comfort zone
- Find a mentor
- Be kind

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When you engage in an advisory relationship, you will pay an asset-based fee which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory accounts.

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