

MONEY

Rubey
RUST

MATTERS

Progress? Slow & Steady...

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This past year plus has been rough all around. But where are we now? Are we finally getting through this? Here are a few thoughts that we find constructive, even encouraging:

1. As posted on CNBC.com, this week's interest rate hike of 25bp is expected to be the last one for a while. This hike represents the 10th time the Fed has raised its benchmark interest rate over the past year. Such rapid rates have caused havoc in bond portfolios and are somewhat to blame for the collapse of the three banks including everyone's beloved First Republic Bank.

2. Because of the interest rate hikes, the economy has begun to slow and inflation is coming down. Things are starting to "feel" more stable, in our minds

3. At the mid-point of the Q123 earnings season, companies are reporting above expectations but year over year earnings are down for the 2nd quarter in a row. We've had some nice positive surprises, but those are related to analyst expectations vs. actual comparables. (*S&P 500 Earnings season update 4-28-23, CNBC.com*)

4. Five of the eleven sectors are reporting year-over-year earnings growth, led by the Consumer Discretionary and Industrials sectors. On the other hand, six sectors are reporting a year-over-year decline in earnings, led by the Materials and Health Care sectors. 2.9% is the actual revenue growth rate for the quarter, the lowest since 3Q20. Analysts continue to expect earnings growth for the 2H23. (*S&P 500 Earnings season update 4-28-23, CNBC.com*)

5. The debt ceiling issue is a cloud hanging over the market. Back in January, Janet Yellen said that the gov't can pay it's bills only through June without an increase. Our hunch is that this uncertainty could present a solid buying opportunity. Interestingly, tax revenues were on the low side.

What can you do?

1. CDs & Treasuries are attractive with 1-year rates being close to 5%. With the inverted yield curve, longer term rates do fall off a bit.
2. Buy high quality, dividend paying stocks using buy limit orders.

Sources: CNBC.com 4-28-23, Jim Cramer 4-30-23, Margaret Rust, CFA

Life-Time Cash-Flow

- "What is a LifeTime CashFlow?"
- This is *Rubey & Rust's* proprietary financial planning analysis. It allows us to place your entire financial life onto one piece of paper. It is a living tool which will estimate where you are and where you are going...based on any number of scenarios and assumptions.

1st Quarter 2023 Stock Market Update

The 1st quarter of 2023 saw the markets rally nicely even with all the turmoil in the news, e.g., the banking crisis, the Federal Reserve raising interest rates again and the potential debt ceiling issue.

The economy has not slowed down and inflation seems to be coming under control, down to 6% through February. Unemployment remains at its lowest level not seen since 1969 and is still at 3.5% through the end of this quarter. As a result, we witnessed the Dow Jones average rise 0.41%, the SP-500 average rise 7.0%, and the Nasdaq average (representing the tech industry) rise 16.78%. This is good since all the averages were down in 2022. The predictions now are that 2023 could be a better for the markets.

The Federal Reserve is still targeting an inflation rate of 2-3% by the end of the year. The Fed did increase rates again in April and then there may be consideration of a pause.

The next worry on the horizon is the Federal debt ceiling which will be reached by June 1st. If Congress doesn't vote to increase this ceiling, a shutdown of the economy could ensue. This could entail many Federal employees losing their jobs and many spending programs to cease due to lack of funding. This is a looming political problem on the horizon.

Our gross domestic product, the GDP is a measure of our economic health. In 2021, GDP was +5.6%. In 2022 GDP was 2.6%. This number tells us how the economy is growing and how we compare with other countries who are our competitors like China. The Kiplinger letter estimates that the GDP for 2023 will be about 1.5%-2%.

With all the market indices up in this quarter and inflation trending lower, there is hope for real market recovery. There are always things to worry about such as the Federal debt limit and the ongoing Ukrainian war.

Sources: Information should not be relied upon by the reader as research or specific investment advice, nor should it be considered as a recommendation to purchase or sell a security. Sources: Morningstar.com; Barrons ; Kiplinger Newsletter; CNBC.com; Google; Charles Rubey, CFA, TradeStation, Yahoo

**TD Ameritrade is
Transitioning to Schwab**

TD Ameritrade, Institutional & Schwab both have great on-line platforms. As TDA migrates into Schwab, you'll need to have your **www.advisorclient.com** log-in current & working. This will make your experience much more smooth. Please set up your on-line presence now @:

www.advisorclient.com

You'll need one of your account numbers. Then follow the prompts :)

**RubeyRust.com
Check out our Website**

Please visit **www.rubeyrust.com**

You will find information on who we are and how we strategize to help you become your best financial self. There are a few cute pictures and copies of our latest newsletters and hopefully some interesting articles. You can also log in directly to the TD Ameritrade, Institutional website to view your accounts.

Let us know what you think !!

Estate Planning & Portability

While non of us is ever ready to leave this world, it will happen for all of us and the right thing to do is to have your financial affairs in order so that whomever is left handling your estate can do it with some element of ease.

1. If you have taxable assets (brokerage, home(s) & investment properties) valued more than \$150K, you really should consider a Revocable Living Trust. Your successor trustee is named here as well as your beneficiaries. Estate taxes can be minimized and the ease of asset transfer is greatly enhanced. One of the biggest advantages is that a Revocable Living Trust keeps your estate from being probated. Probate can be a very lengthy and expensive process as it makes your estate public and usually requires an attorney to be involved.

Your Estate Planning documents can include whom should be your power of attorney if you become incapacitated and further include a Power of Attorney for Healthcare where you can identify who should make healthcare decisions on your behalf if you are unable.

2. Portability is a provision that allows a surviving spouse to use their deceased spouse's federal estate tax exemption. While this exemption amount is currently around \$12M per person, it is set to sunset to approximately 1/2 of that amount at the end of 2025.

In order to use the portability option, the executor of the deceased spouse's estate must file an estate tax return within 9 months of their death.

The default rules are that a spouse automatically inherits their dead spouse's assets. If a couple worth \$24M had a spouse die, the survivor would now be worth a full \$24M. No estate tax would be owed. But when that 2nd spouse dies, the 1st spouse's \$12M exemption would be lost thus costing the estate tax based on all of the assets over the 2nd spouse to die's exemption amount (\$12M in this example). Portability allows the 1st spouse that passes, \$12M to retain the estate tax exemption on their \$12M.

Yes, you need an attorney, but good planning can lead to smart tax savings!

Sources: Google; ChatGBT & Margaret Rust, CFA

We Convert to Schwab Labor Day Weekend

With the transition to Schwab getting ever closer, there are some things to attend to sooner vs. later. Any platform based changes need to be done BEFORE we move to Schwab, such as:

1. Moving an Individual or Joint account into a Revocable Living Trust, if appropriate.
2. Adding a checking account or any other banking standing instructions to an account
3. Opening any type of new account including IRAs
4. Consolidating accounts that you don't use anymore ie: SEP-IRA into your Traditional IRA
5. Adding any internal transfer instructions (ie: linking your Joint acct to your IRA)

We want everyone's accounts to be neat & tidy and "all buttoned up" so that the transition is easy and the paperwork requirements from Schwab are kept to a minimum for our clients.

Your future self thanks you :)

2023 1st Qtr & YTD Index Returns

| | 1Q23%: | 3/31/23 YTD |
|----------|--------|-------------|
| DJIA: | 0.41% | 0.41% |
| S&P 500: | 7.0% | 7.0% |
| NASDAQ: | 16.78% | 16.78% |

Indices are unmanaged portfolios and not available for direct investment. Quoted index returns, like you see on the left, assume that dividends are **not** reinvested and are often referred to for comparative purposes. Returns are calculated from TradeStation & YCharts.

RRCM does not give advice on estate settlement and/or insurance matters related to income tax or estate tax issues. RRCM will receive no compensation, direct or indirect, in connection with the providing of such services.

2023 Retirement Account Amounts

Thanks to rising inflation contribution amounts have risen - one of the few benefits!

Remember, that contributing to a Roth 401(k) may be your best bet for healthy, low tax retirement income.

| | Under 50 + catch-up | Over 50 |
|-----------|---------------------|----------------------|
| 401(k)s | \$22,500 | \$7,500 ==> \$30,000 |
| IRAs | \$6,500 | \$1,000 ==> \$7,500 |
| Roth IRAs | \$6,500 | \$1,000 ==> \$7,500 |
| SEP IRAs | \$66,000 | |

Social Security Income will increase by 8.7% the largest increase since 1981!

Source: www.irs.gov



The Advice you Need; The Control you Want

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Rubey & Rust Capital Management, LLC

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Indices are unmanaged portfolios and not available for direct investment. Quoted index returns, like you see on the left, assume that dividends are **not** reinvested and are often referred to for comparative purposes. Indexes do not incur fees and expenses and cannot be invested in directly, investing into passive indexed funds would result in lower returns compared to the performance of the actual indexes referenced for comparison.

The S&P 500 Index, which is a market-capitalization weighted index containing the 500 most widely held companies chosen with respect to market size, liquidity, and industry.

The Dow Jones industrial average is a price-weighted index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the Nasdaq.

The Nasdaq Composite Index is a market capitalization-weighted index of more than 3,700 listed on the Nasdaq stock exchange with the technology sector representing over half of the index and further with 4 companies representing roughly 40% of the index.

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As always we will evaluate your individual financial/tax status, investment objectives, and current holdings before recommending any purchase or sale.