RUBEY $ RUST
CAPITAL MANAGEMENT, LLC

Fourth Quarter - 2022

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MONEY MATTERS

Rubey RUST

It's 2023! What Have We Learned?

2022 was a whopper of a year! With an over-inflated market & economy, in hindsight we now know that it had no where to go but down. And with the help of the Fed, down it did go. On top of that, various global events continue fill our daily news!

There are lessons to take away from 2022 however, that can make us better investors and financial beings.

1. Layoffs have taught us the importance of an emergency fund. A separate savings account or perhaps a 'bucket' inside of a larger investment account funded with 3-6 months of living expenses can help turn a layoff into an opportunity to move your career forward. With today's higher interest rates, CDs & Treasuries are available to help allow that emergency fund keep up with inflation.

2. Investing can help tackle rising inflation. Over the longer term, equities are more likely to keep up with inflation allowing you to maintain your standard of living. During late 2021 & much of 2022, we experienced higher inflation that we have seen in many years. Inflation makes your money worth less and thus one needs to have investments that are growing more than the rate of inflation to build wealth.

3. The importance of pre-paying loans. During a rate tightening cycle, pre-paying your loans can shorten the length of your loan and reduce your interest rate costs. With rates up, markets down, layoffs everywhere and recession looming, having less debt will help insure you come out the other side of this downturn in healthy financial shape.

4. Spending less on luxury goods. When times become more uncertain, having more money in savings & investments will generate more financial security. Reining in the spending and ramping up the savings when money is tighter is always a good plan.

5. Laddering your fixed deposits. As you are building your emergency fund with savings from reduced spending, consider buying CDs and/or Treasuries with different "laddered" maturities. This way they won't all mature at the same time and you can roll the newly matured money into a new longer term fixed asset thus securing the highest interest rates possible for your savings. *Sources: mintgenie, 12/26/22; Padmaja Choudhury, US Bureau of Labor Statistics, 4/18/22*

Inside this issue:

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.

4th Quarter 2022 Stock Market Update

The 4th quarter saw the markets rally after September and, as a result, it was expected that the economy now would not slow down as fast as previously thought. Inflation (especially wage inflation), continues to be a worry. Unemployment now has reached a low not seen since 1969 and is at 3.5%, year-end. Interestingly, in 4Q22, we saw the Dow Jones average rise 15.4%, the SP-500 average rise 7.8%, but the Nasdaq average (representing the tech industry) fell down 1.04%. For the year all the averages remained down. The Dow Jones average was down 8.9%, the SP-500 average was down 19.4%, and the Nasdaq average was down 33.1%.

These 2022 declines were supported by the theory that even with the pandemic being over, the tailwinds of a shutdown economy like supply chain issues have led to a resurgence of inflation and thus the Fed increasing interest rates which lead to the beginning of an economic downturn. From there we see lower retail sales, higher mortgage rates, layoffs, and predictions of a coming recession. And yet job gains continue to be strong and unemployment is at its lowest level since 1969 at 3.5%. However, the biggest worry still is that inflation that is now happening is probably the largest we have seen in 40 years. It is currently running at 7.1% (year over year) through November.

This inflation news has the Federal Reserve raising interest rates (FederalReserve.gov), the first being 0.25% for short-term borrowing last March, and then increasing until it is now 4.3% thru November and the prime rate at 7.5%. More hikes may still come until inflation is more clearly under control. This saw the end of the Fed buying short term bonds; it is now selling them. The Fed would like the inflation rate to be around 2-2.5% by the end of 2023.

The GDP, a measure of our economic health, was +5.6% in 2021. In both 1Q22 and 2Q22, the GDP posted negative numbers. But in 3Q22 it was up 2.6% and it is expected to be 2.5% for the full year as predicted by the Kiplinger letter. They also expect 2023 to run between 1.5%-2%. Two quarters of negative GDP is thought to be an indicator of a recession.

The total Federal deficit now is over $33.1+ trillion going into 2023. The debt ceiling is only slightly above this and will become a big political battle in the coming months if it is not raised forcing a Gov't shutdown. The passing of the infrastructure bill could bring us to this limit very soon.

In summary, all the markets were down this year. Let's hope the Fed gets inflation under control, the Ukraine war ends and the fall-out from the pandemic fades away. *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 ; CNBC.com; Google; Charles Rubey, CFA, TradeStation, Yahoo*

TD Ameritrade begins to Transition 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 !!

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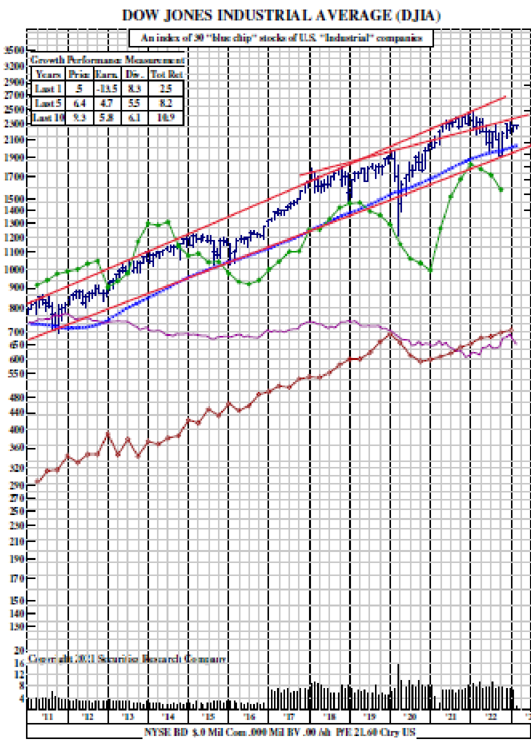
Hindsight is 2022

As we look back on 2022, we now have the benefit of hindsight to explain perhaps why the market rocked and rolled us so much during the year. It is clear, looking at the charts, that, in 2021, the indices were extended beyond their normal trading range highs (see the SRC chart of the DJIA). Stocks don't go to the moon, nor do they typically go to zero - they usually trade up and down in a range. When we get too high, they come down. 2022 was a perfect example of this.



You'll see that while the longer 12 year term trend (this is a 12 year chart) shows that the DJIA could have gone higher, the 5 year trend shows the prices going well above the line. Once the market had an excuse to go down, it did, but it stopped on the lower line. It has since bounced back up and is wiggling near that 5 year trend-line high. With good news, it could/should break through it and move upward once again.

In addition to the extended stock prices having a normal pull back, we had the Fed increasing interest rates to tackle the inflation created as we came through the pandemic. (see Federalreserve.gov for details) These were uncharted times and the economic shut-downs created supply chain disruptions and thus inflation was able to take hold. The Covid fall-out was significant and severe and our stock markets paid the price.

But with unemployment is low (3.4%) & job creation still strong (517,000 in January) - per the Economic Policy Institute and the Fed is projecting only 2 more 25 bp rate increases, we will go out on a limb here to predict that the market turmoil is winding down.

Sources: SRC Stock Charts, FederalReserve.gov, The Economic Policy Institute, Margaret Rust, CFA

Schwab is Coming - Time to Prepare

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. 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 :)

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2022 4th Qtr & YTD Index Returns

	4Q22%:	12/31/22 YTD
DJIA:	**15.4%**	**-8.9%**
S&P 500:	**7.08%**	**-19.4%**
NASDAQ:	**-1.04%**	**-33.1%**

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.

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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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