

QUARTERLY NEWSLETTER

FIRST QUARTER 2024

Happy New Year! We are honored to have you onboard and thankful for the opportunity to support your financial lives. It is a privilege to be of service and we are excited to get underway in 2024! Please enjoy the inaugural edition of our quarterly newsletter where we will discuss current capital market news, a relevant financial planning topic and other firm news.

Asset Class Returns (1/1/2023 through 12/31/2023)

Equity Indices	Asset Class	4th Quarter	Year-To-Date
S&P 500 Index	U.S. Large Capitalization	11.69%	26.29%
S&P MidCap 400 Index	U.S. Medium Capitalization	11.67%	16.44%
S&P SmallCap 600 Index	U.S. Small Capitalization	15.12%	16.05%
Russell 3000 Index	U.S. Equity	12.07%	25.96%
MSCI Europe, Asia & Far East	International - Developed	10.42%	18.24%
MSCI Emerging Markets	International - Emerging	7.86%	9.83%
Fixed Income Indices			
Bloomberg US Agg Float Adj. Index	U.S. Bond Market	6.72%	5.60%
Current Yields			Yield
Treasury 1 Year	U.S. Treasury		4.79%
Treasury 5 Year	U.S. Treasury		3.88%
Treasury 10 Year	U.S. Treasury		3.84%

2023 Year in Review

"For reasons I have never understood, people like to hear that the world is going to hell."

- Deirdre McCloskey (Economics professor; University of Illinois at Chicago)

Coming into 2023, investor pessimism was high. The markets had performed terribly in 2022, with the S&P 500 index ending down 18.1% and the traditional retirement portfolio (60% Stock and 40% Bonds) ending down 15.8%. Major Wall Street financial institutions predicted a recession in 2023 and held low expectations for market returns; in the 6% range for the S&P 500.

Additionally, media headlines throughout 2023 were enough to make any investor nervous:

- » **1st Quarter** - banking crisis headlines (Silicon Valley Bank, First Republic, Credit Suisse, etc.);
- » **2nd Quarter** - debt ceiling package passed to prevent 'catastrophic' default of U.S. debt;
- » **3rd Quarter** - housing market sales down 16.6% and mortgage rates at a 22-year high of 7.23%;
- » **4th Quarter** - student loan repayments begin & geopolitical tensions at home and overseas.

Despite negative media coverage and bearish predictions, the stock and bond markets produced impressive positive returns in 2023. The S&P 500 returned 26.29% for the year and the Bloomberg U.S. Aggregate Bond Index returned 5.60%.

As an investor, it is easy to find “reasons not to invest” via scary headlines or bearish predictions from market ‘experts.’ The reality is 1) forecasts are more often wrong than right, and 2) no one can time market returns. It is important to stay focused on what you can control – asset allocation and location (risk level in the portfolio) and savings vs. spending. We strive to help our clients maintain portfolio discipline in conjunction with a financial plan.

Tax Time is Upon Us

April 15th is right around the corner. Below are a few upcoming deadlines:

- » **January 16, 2024** – deadline to make the final estimated tax payment for 2023;
- » **April 15, 2024** - deadline to make an IRA or Roth IRA contribution for 2023;
- » **April 15, 2024** – deadline to make the employer contribution for your solo 401k for 2023;
- » **October 15, 2024** – deadline to make your SEP IRA contribution for 2023 (if your tax filing is extended to this date as well).

Fidelity and Charles Schwab will begin issuing tax documents in January and for some accounts will continue issuing corrected tax documents through April. Corrected 1099 forms are issued if the underlying companies (of the stock you held) change the income classification of the gain or loss.

If you would like for us to provide your tax documents directly to your CPA, please let us know and we will send you the Information Sharing Authorization Form for your signature via DocuSign.

When it comes to tax planning, we are keeping the potential 2026 TCJA sunset top of mind. The Tax Cuts and Job Act (TCJA) was passed on December 22, 2017. The Act lowered tax brackets, increased the standard deduction, raised the ceiling on charitable deductions and roughly doubled the estate tax exemption. Currently, the TCJA is set to expire December 31, 2025.

What does this mean for you?

Potentially higher taxes in 2026. We will examine each client’s individual situation to determine if there are tax planning opportunities over the next two tax years to help reduce the tax impact of the TCJA sunset.

Until next time....

The Trio Wealth Management team is excited for 2024! We look forward to seeing you throughout the year to accomplish this year’s objectives. Most importantly, we seek to provide you with the Clarity, Confidence and Control in your financial lives.

Our best clients are often those who were referred from existing clients. We welcome any introductions to friends and family that you believe would benefit from our team and services. We promise to provide them with the attention and care you have come to expect.

Trio Wealth Management

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