Financialfreedom™
WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE
FALL 2022

Sometimes finances can be scary, especially in a down market.

Let's face it – we don't like to see the value of our investments decrease. However, smart investing is a marathon, not a sprint. It is important to stay patient and stick to the plan that we have made with you to endure these down markets. Rest assured that our entire team remains dedicated to helping you confidently navigate this market environment and reach your financial goals.

With all this in mind, we hope this puts you at ease so you can enjoy the holiday season.

TEAM MEMBER UPDATES

Ethan Fischel
Administrative Operations Assistant

As an Administrative Operations Assistant, Ethan assists wealth advisors by working to delight clients. Ethan graduated from Willamette University with a major in Environmental Science and a minor in Economics and is currently studying for his MBA. When he is not at work, you can find him at the baseball field playing for Willamette University. Ethan is a self-proclaimed foodie, always finding new ways to make his stomach happy. He also enjoys hiking the Pacific Northwest with his beautiful fiancée Martina.

Jennifer Webster
Director, People & Operations

Jennifer is passionate about helping our organization shine by supporting our team. She also helps implement and streamline processes to enhance the client experience. She holds a PhD from Oregon State University, an MBA from Webster University, and a B.S. from George Mason University.

Jennifer has multiple certifications in her field such as the Society for Human Resource Management (SHRM) and the Association for Talent Development (ATD). She plays an active role in her community and serves on the boards of a state-wide organization and a K-12 school in Salem, Oregon. She has lived in the area since 1995 with her husband and 2 children. In her spare time, you will find her attending baseball games, traveling, exercising, and enjoying the many surprises Oregon has to offer.

Angela Pieti
Client Relations Assistant

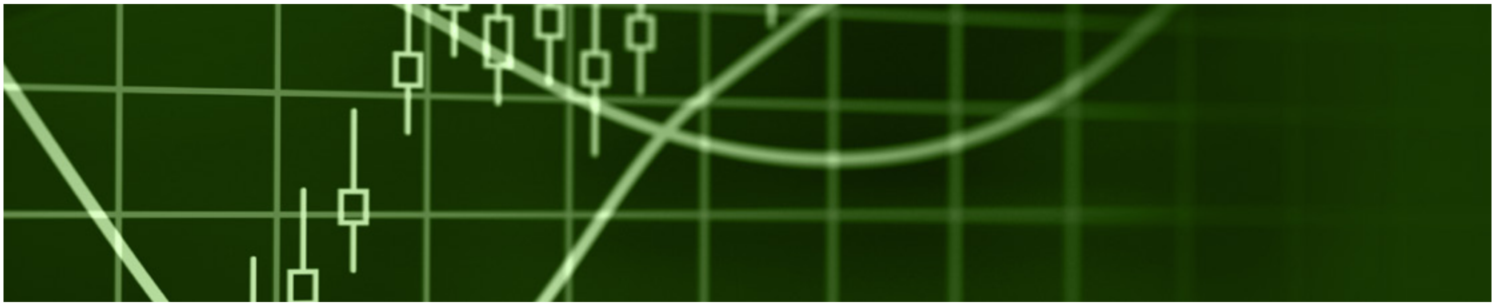
Angela provides support to clients, advisors, and staff in her role as Client Relations Assistant. She loves greeting and assisting clients from all walks of life and is an empathetic support agent. Her educational background and passion is in digital communications. She has a creative, hard-working approach, and is inspired to find solutions to complex challenges. Before joining the team, she spent 18 years working in administrative positions for a national organization. She grew up in the Midwest but found her home in Oregon. Outside of the office, she likes reading, spending time with family, traveling, and learning new things. She volunteers in her community and loves cuddling with her two dogs.

Allison Forman
Client Services Associate

As a Client Services Associate, Allison uses her experience in customer service to thoughtfully connect with clients and support their needs. Allison has found that often the most unexpected connections can become the most rewarding and treasured. Allison graduated with a Bachelor of Arts in Communications Studies from Western Oregon University (Go Wolves!). If she's not out hiking with her dog Hank, she is probably in the kitchen trying a new recipe or heading over to Central Oregon to visit the family farm.

William Houston
Client Service Associate

William assists clients and wealth advisors in an administrative role as a Client Service Associate. He contributes his many years of customer service experience to help the team with delighting clients. William hails all the way from Austin, Texas. In his free time, William loves playing video games and going outdoors when the weather isn't too hot. He enjoys learning new things and one of his favorite pastimes is watching YouTube documentaries about space.



As we enter the last few months of the year, we continue to face elevated uncertainty in financial markets due to high inflation and rising interest rates. So far, it has been a difficult year, not only for investors, but also for households and businesses as we all navigate higher prices and borrowing costs. There will be some challenges ahead for the economy as the Federal Reserve (Fed) continues to raise rates to control inflation. We believe the Fed is doing the right thing for the long-term health of the economy, but it does increase near-term economic risks.

Given these risks, there may be concerns about stagflation, which occurs when there is high inflation and moderate economic growth. It may recall the investment environment of the 1970s. But this is not your 1970s style stagflation. While growth has stalled and inflation has been high, the unemployment rate has remained very low. The average unemployment rate during the stagflationary years in the 1970s and early 1980s was 6.7%, compared with just 3.7% in August of this year. Unemployment will move higher, but it's likely to remain low by comparison, giving the economy more resilience than in the 1970s.

At the same time, inflation is decelerating. Gas prices and agricultural commodity prices, for example, have declined throughout this summer. Moreover, rents in some areas of the country are dropping, durable goods prices are declining, and many import prices are falling. When the Fed feels like certain conditions are met, they can slow the pace of tightening as inflation moves closer to their long-run target. Some of the recent market volatility came from mixed inflation signals, so as the signals become more aligned, we expect volatility will fall and investor sentiment will improve.

It's important to remember that historically extreme negative sentiment has often been followed by strong market performance. To take just one example, the American Association of Individual Investors (AAII) has been doing a weekly survey since 1987. The survey at the end of September had a level of bearishness, or fear of lower market values, seen only four other times. History has shown S&P 500 (large US companies) returns a year later in those cases averaged over 30%. We don't know whether that will happen again, but this is still an important fact to remember. As we had experienced in 2020, when a lot of negative sentiment was being priced into markets, it may set the bar low for stocks to outperform expectations.

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We also have some positive seasonal patterns ahead. November through April are historically strong months for equities. Stocks have also done well after mid-term elections. And the third year of the four-year presidential cycle (which we will enter in 2023) has historically been the strongest for stocks.

Although the recent declines are concerning, and we can't be certain when the volatility will end, we do know that conditions continue to indicate that better times are ahead. Market volatility and negative sentiment can make it harder to make investment decisions, but we believe the surest path forward remains staying confident in your plan and adjusting for any life changes.

3 WAYS THE INFLATION REDUCTION ACT COULD IMPACT YOU

The Inflation Reduction Act was signed into law on Tuesday, August 16, 2022. While the $430 billion package includes many provisions, here are three key areas where you may benefit the most:

1. Tax credits for energy-related home improvements

The bill includes a 30% tax credit for installing energy-efficient windows, heat pumps, or newer appliances. There's another tax credit for installing solar panels, and up to $14,000 worth of rebates for upgrading to new, energy-efficient appliances.

2. Expanded electric vehicle (EV) tax credits

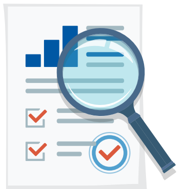
If you are purchasing an electric vehicle, new tax credits may be available for certain vehicles with up to $4,000 offered for used EVs and up to $7,500 for new EVs. There's also a tax credit for installing an electric charger in your home. There are many qualifying factors for this tax credit. Some details can be found here: **fueleconomy.gov/feg/taxevb.shtml**. Certain income limits may also apply.

3. Medicare Part D plan changes

Changes to maximum prescription drug prices are on the horizon. For example, insulin payments will be limited to $35 per month for Medicare Part D beneficiaries starting in 2023. In 2024, overall out-of-pocket drug costs will be limited to $4,000 annually, dropping to $2,000 in 2025.

New legislation often comes with new benefits as well as new complexities. If you have questions about this new Inflation Reduction Act, contact our team.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific situation with a qualified tax professional.



Complimentary Consultation!

If you are not a client with us yet, we would like to offer you a one-hour, complimentary, private consultation with one of our Wealth Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!
