



Financial*freedom*[™]

WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE **WINTER 2022**

The start of a new year can often mean a fresh start with goals and ambitions.

Our hope is that your year includes letting go of past challenges and embracing new opportunities and experiences. No matter what this year holds for you, our commitment is to care deeply about you and your financial life. Let us help alleviate any worries you have about your financial situation.

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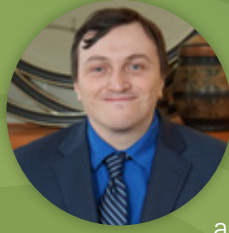
MEET OUR NEW TEAM MEMBERS

MARKET UPDATE



**Andrew Forquer
(Drew) – Client
Services
Associate**

In an administrative role, Drew assists wealth advisors in delighting our clients. His past experience in the healthcare and customer service industries has given him the knowledge and tools to help execute his passion for taking care of people. When not at work, you can find Drew at the piano composing and singing his latest music creation, attending sporting events, or camping in the beautiful Pacific Northwest.



**Sam Butler
– Marketing
Coordinator**

As our Marketing Coordinator, Sam assists with the execution of marketing projects and manages the company's social media accounts. He received his bachelor's degree in Public Relations from California State University, Northridge. He has also worked as a social media coordinator for a gelato shop as well as a writer for a video game website. In his leisure time, Sam is playing video games, watching wrestling, cheering on his favorite sports teams and hanging out with his friends and family.



Our economy grew over 5% in 2021. The current economic recovery, which started in May 2020, has benefited from widespread vaccine availability and additional fiscal stimulus. While the economy continues to move forward, we're still feeling the aftershocks of the COVID-19 variants, whether through elevated inflation, supply chain bottlenecks, or an imbalanced labor market. But 2021 also saw positives beyond economic growth, with schools opening their doors and people participating in activities that were far less common in 2020.

TAX UPDATES

When will my 2021 tax statements arrive?

- IRS 1099 tax forms will generally be mailed by January 31, 2022. Some statements for reclassified investments, such as REITs or municipal bonds, may be sent as late as March 16.
- IRA Contribution Statements (IRS Form 5498) will be mailed by June 1, 2022. Yes, JUNE! But don't worry, your December 31 statement will show your contributions for the year. You'll need to keep track of anything you contribute up to April 18, 2022. Call us if you need assistance.

When is the last day to make a 2021 IRA contribution?

- If you have not already contributed fully to your retirement account for 2021, April 18 is your last chance to fund a Traditional IRA or a Roth IRA.
- Note that the contribution limits for 2021 and 2022 are \$6,000 (\$7,000 if age 50+).

Can I access my tax statements online?

- Yes! When statements are mailed, they are posted to your online Account View. Contact us if you need help with Account View.

As the U.S. economy gathers momentum, our 2022 forecast is for 4.0–4.5% gross domestic product (GDP) growth in 2022.

At the same time, the S&P 500 Index continued to advance as corporate America faced this challenge with resiliency and saw earnings growth that surprised even the most optimistic pundits.

Economy

As the U.S. economy gathers momentum, our 2022 forecast is for 4.0–4.5% gross domestic product

Our sister company, Freedom Tax LLC, can review the elements of your tax situation, help you limit your liabilities and file your taxes.

Contact:

Marie Vinson, EA, 971-283-4452 or freedomtaxservices@outlook.com

Oregon Tax Consultant License: LTC#32852

Business Registration Number: 1744110-9



Disclosure: Freedom Tax and Marie Vinson are not affiliated with Financial Freedom Wealth Management Group LLC or LPL Financial. Financial Freedom Wealth Management Group and LPL Financial do not provide tax advice.



(GDP) growth in 2022. Fiscal and monetary policies played big roles in the economic recovery in 2021, but we see 2022 playing out as a handoff—from stimulus bridging a pandemic recovery to an economy growing firmly on its own, with consumers, productivity, small businesses and capital investments all playing a part in the next stage of economic growth. As we move past COVID-19 globally, Europe and Japan could be ripe for potentially better economic growth in 2022. Meanwhile, emerging market economies may disappoint as growth in China could be constrained by regulatory crackdowns.

Inflation

2021 was the year nearly everything was in a shortage and it all translated to added inflationary pressures. Record numbers of ships waiting at ports, a lack of materials, unfilled job openings, higher commodity prices and a myriad of supply chain disruptions have added to price pressures. While we believe these pressures will steadily decrease over the next year and we will eventually settle back to 2–2.5% inflation, it will likely be a gradual process.

Stocks

We expect solid economic and earnings growth in 2022 to help U.S. stocks deliver additional gains next year. If we are approaching—or are already in—the middle of an

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economic cycle with at least a few more years left (our view), then we believe the chances of another good year for stocks in 2022 are quite high. A double-digit percentage increase in S&P 500 earnings per share (EPS) in 2022 is possible, but COVID-19-related supply chain issues, combined with materials and labor shortages, could lead to higher costs and constrain profit margins. We believe the S&P 500 could be fairly valued at 5,000–5,100 at the end of 2022, based on an EPS estimate of \$235 and an index P/E between 21 and 21.5. We favor U.S. over developed international, value over growth and cyclical sectors over defensives.

Bonds

We expect interest rates to move modestly higher in 2022 based on near-term inflation expectations above historical trends and improving growth expectations once the impact of the COVID-19 Delta variant recedes. Our year-end 2022 forecast for the 10-year Treasury yield is 1.75–2.00%. However, an aging global demographic that needs income, higher global debt levels and an ongoing bull market in equities may keep interest rates from going much higher over the next year. Nonetheless, with starting yields still

low by historical standards, returns are likely to be flat to the low single digits in 2022. With credit spreads as low as they've been in years, we remain neutral on investment-grade corporate credit. We think equities continue to offer better return potential than high-yield bonds, while bank loans may make sense for appropriate income-oriented investors willing to take on more risk.

Commodities

One of the more surprising things about 2021 was that it saw both commodities and the U.S. dollar advance significantly. We don't expect this same dynamic to continue into 2022. We remain positive on industrial metals like copper and expect continued gains. Our precious metals view is neutral and we see limited near-term upside for oil prices after such a strong rally along with rising risk of increased supply.

Based on this positive outlook, we expect 2022 to be a year that can help you make progress toward reaching your financial goals. We will continue to monitor the changes in the markets for anything that significantly affects your investment portfolio.

5 TIPS TO HELP YOUR FINANCIAL RESOLUTIONS LAST THROUGH 2022

Many New Year's resolutions focus on being smarter with money. However, studies show that 20% of Americans keep to their resolutions past February and only 8% make it all year. It has also been said by clinical psychologist Joseph J. Luciani, Ph. D, that most resolutions fail due to sabotage caused by a lack of self-discipline. Based on these findings, we've compiled five practical tips to help ensure that you stay committed to your resolutions for a strong financial future and build self-discipline.

1. Define your resolution Make your resolution realistic and specific. For example, making a resolution to pay off debt or save money can leave a lot open for interpretation and is not specific enough to keep you motivated. However, to pay off a \$2500 credit card by March or save \$3000 in your emergency fund by July is a way to define your resolution with the potential for success.

2. Create your action plan. If you keep doing what you've always done, you'll get what you've always gotten. Let the achievement of this year's financial resolution be different. For example, if your resolution is to save \$3000 for your emergency fund by July, you could start by creating and implementing a budget and then tracking your spending. By creating this action plan you are better

able to measure how much money you can save each month. You can clearly see if your actions will lead you to the goal. Being able to check the progress of achieving your resolution is essential to staying motivated and committed.

3. Discover the reasons for your resolution. This is essential to staying disciplined. This is because your resolution will often include changing a behavior or taking a new action. When times get tough or an unexpected event occurs, it's easy to revert to old habits. If the resolution of saving \$3000 is based on wanting to feel secure in being able to handle unexpected events, then this reasoning will help you to stay motivated. Discovering the "why" behind your resolution is a key to staying disciplined on your action plan.

4. Be determined and disciplined. Once you decide to take action, momentum sets in and it feels good. Inevitably, life happens and unexpected events occur. A medical emergency happens, your car needs new tires, the washing machine quits. This will test your discipline and it can leave you feeling defeated. We've all been there. This is where discipline and determination come in. You must remember the reasons for your resolutions and not stop moving forward. When you stay committed

and disciplined during these unforeseen financial events, new behaviors and habits are strengthened and you are well on your way to achieving your goal.

5. Practice forgiveness. Often, past money experiences and thoughts around money get in the way of achieving your financial resolutions. It may not seem obvious, but the act of forgiveness can help you get back on track. In order to forgive either yourself or partner, you have to acknowledge the situation and the pain caused by the experience. For example, your partner spent too much at Costco, depleting your food budget prematurely. The emotions you may be experiencing can lead to you derailing the whole plan. Forgiveness is realizing this can be seen as an isolated event. If we can truly forgive, then we can be healed and move forward, living in the present and taking action towards our goals.

These five tips provide a practical guide to achieve your resolutions and be part of the 8% of Americans who keep them all throughout the year. Your successes this year and subsequent years will help propel you towards accomplishing your long-term financial plan. Why not get started today?



Complimentary Consultation!

If you are not a client with us, 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!

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