BUILDING AND PRESERVING WEALTH

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Quarterly Update
April 2023

We are excited to announce a new software solution for our firm and our clients expected to roll out the fourth quarter 2023.

Advyzon is an all-in-one software solution that is rated at or above best-of-breed in categories that integrate with our risk management and financial planning software including:

- Client Reporting
- Client Portal
- Mobile App
- Secure Document Management
- Account Management
- Onboarding

More to follow on this exceptional technology

2023—A Time Of Uncertainty Yet Again

Michael Bischoff, CFP®

In the January 2009 Webb Financial Group newsletter, I wrote an article addressing the last time the US was worried about bank failures. Here is how the article started "We understand that these are stressful times, with the economy in a recession and markets down dramatically. Workers are worried about job security, and those in retirement are fearful about financial security. Many families have cut back their spending. There haven't been many positives in the economy in the last six months; however I feel this will improve. Historically, the markets have followed a cycle. I strongly believe the cycle will change and begin to work its way upward."

What we are seeing now is nothing close to the performance of the 2009 economy despite what is reported by the media. In fact, it's the mirror opposite. The Federal Reserve is trying to prevent inflation by raising interest rates to slow consumer spending. We are likely already in a minor recession but won't know until the end of the year. This is where the story is different now. Very few people are worried about job security since the unemployment rate is low and most businesses are hiring because they don't have enough employees. The 2009 unemployment rate peaked above 10% but currently we're only in the mid 3%. At present, families are **not** cutting back on their spending. In fact, they are spending more than at any time in the past three years. There is no shortage of business at restaurants, car dealerships or the airport. I can't believe the price of a vacation for a flight, hotel and car rental, which costs a small fortune and yet no one is staying home. We strongly expect the cycle will begin to work its way upward this year.

In March, we saw a volatile ride for both the stock and bond markets as the news of the Silicon Valley Bank failure was digested, the subsequent response by the government and concerns regarding several other banks. To support businesses and households, the Federal Reserve Board announced it will make additional funding available to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. This action will bolster the capacity for the banking system to safeguard deposits and ensure the ongoing provision of money and credit to the economy. Here is an example of information from a local bank sent to address current concerns:

- We are well capitalized
- We have a large amount of liquidity
- We are very profitable
- Our business model is 100% opposite of the SVB and crypto bank model

Investors are now questioning what this means for their portfolios. Recently, the Federal Reserve revealed a cautious but steadfast move with an additional 25 basis points rate hike but gave guidance signaling forthcoming conditions. They also said the banking industry is strong and resilient but needs stronger regulations and more supervision. On the inflation side, goods inflation is coming down with wage inflation also showing signs of slowing. They look to lower interest rates later this year and into 2024 which will help the housing and manufacturing markets.

By no means are we looking at clear skies yet, but after a tumultuous March, calmer waters could provide support for balanced portfolios in the remainder of the year. Most financial markets are positive with the S&P 500 up 7.36% as of the end of March. Don't worry, live your life, travel, go out with family and friends, do the things you love and enjoy yourself.

"***Uncertainty is the only certainty there is!***" *by John Paulos*

WEBB FINANCIAL GROUP
WEALTH MANAGEMENT

Navigating Market Volatility

Gary Webb, *RFC®*

After a rough 2022, the markets took off like a rocket in 2023 and now volatility has picked-up again, with corrections across major indices. What's driving this market volatility? The war in Ukraine is causing surging commodity prices and 40-year-high inflation has prompted the Fed to tighten monetary policy. These dynamics are creating uncertainty about future growth. It is important to note that the U.S. consumer has been resilient, the labor market is still strong but weakening and profit growth is shrinking.

Volatility is normal. Booming consumer spending, robust profits, and ample fiscal and monetary accommodations drove a 27% gain in the S&P 500 in 2021 with only a 5% drawdown in that year. Yet the S&P 500 falls -14% on average each year, so 2021 was far from normal while last year and this year are in-line with historical drawdowns. Annual returns have been positive in 32 of the last 42 years, **underscoring the need for patience.**

It's about time in the markets, not trying to time the markets. Being invested in the equity market for any one calendar year since 1950 could have yielded a 47% return or a -39% return. However, over time, the range of outcomes is compressed significantly and overwhelmingly skews positive, particularly if diversified with bond exposure.

Investors are often tempted to time the markets and get out when they get choppy. If an investor were to miss the 10 best days in the market, they would have cut their return from 9.5% to 5.3% annualized over the last 20 years. Stay invested when you feel the worst. Sentiment is not a great guide for investor behavior.

Through multiple wars, recessions, pandemics, and crises, the S&P 500 has never failed to regain a prior peak and then surpass it. The best strategy during volatile times is to maintain composure, and stick to your investment and customized financial plan.

Retiring In A Down Market

Tim Greife
Financial Advisor

It is important to keep in mind that you created a retirement plan designed to get through many years of economic need. A good retirement plan will factor in that markets rise and fall with regularity. Those with retirement plans have more confidence when navigating market ups and downs.

There are, however, some steps to consider when approaching retirement:

1. **Confirm your liquid assets.** If you have enough cash reserves on hand for the moment, you may not need to withdraw funds during the downturn.
2. **Consider your taxes.** There are a number of ways to optimize your tax reporting especially when it comes to converting some assets (for example: converting a traditional IRA to a Roth IRA).
3. **Evaluate your expenses.** If you're able to define your exact spending needs, you might find you can do with less as you embark on your retirement.
4. **Bide your time**. Retirement can be attractive, but delaying it while the market readjusts could mean better long term financial confidence.

If you are concerned about retirement, we are happy to meet in person or virtually and discuss recommendations based on your unique financial situation. It is still possible to retire during a recession. We are here for you during this period of economic volatility.

Spring Rice Krispie Eggs

Ingredients for five batches

- 15 cups Rice Krispies Cereal
- 15 tablespoons salted butter
- 15 cups mini marshmallow
- Food coloring

Directions for a single batch

1. Melt 3 tbsp. butter in pan
2. Add 3 cups of mini marshmallows and stir until melted
3. Take pan off heat
4. Add food coloring and mix
5. Add 3 cups of Rice Krispies and mix
6. Allow to cool slightly
7. Grab a handful of the mixture and form the eggs
8. Allow Rice Krispie eggs to cool

Repeat for the other four egg colors—place in egg carton

Attention Snowbirds:

Be sure to call us with your summer address so you are able to receive your mail during the summer months.

Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over forty years, we have helped our clients achieve financial security.

Michael Bischoff, *CFP® & COO*
Gary Webb, *RFC®, CKA® & CEO*
Dave Verbeke, *Financial Advisor*
Tim Greife, *Financial Advisor*
Michelle Brennan, *FPQP®*
Financial Paraplanner
Kristi Mattiuz, *Controller*
Taylor Fish, *Executive Assistant*

Webb Financial Group
Southtown Office Park
8120 Penn Avenue South, Suite 177
Bloomington, Minnesota 55431
www.webbfinancial.com • 952-837-3200 • info@webbfinancial.com
1-800-927-9322