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WHAT DO EVENTS IN UKRAINE MEAN FOR YOUR PORTFOLIO?

U.S. stock markets have been declining since the beginning of January and fell further into correction territory after the Russian invasion, though markets recovered from their lowest levels since then. During this correction, the S&P 500 declined nearly 15% from peak to trough, while the Russell 2000 Index and the Nasdaq Composite both briefly entered bear market territory (down 20% or more).

While we recognize that the current geopolitical landscape in Eastern Europe remains highly uncertain, we believe history may be a reasonable guide for what to expect from financial markets.

If history is any guide – and by history, we mean Iraq's invasion of Kuwait and N. Korea's invasion of S. Korea, since these are the most recent and similar events – financial markets tend to peak before the actual conflict date, as tensions rise, and the overall S&P 500 decline has historically been 14-21%. Therefore, equity markets may have more downside in the short term, but we may be closer to the end of this correction than the beginning, based on current geopolitical circumstances. However, we do expect financial markets to continue to experience heightened volatility in the short term.

In our experience, sometimes individual investors tend to make emotional and often irrational decisions during periods of financial market volatility. Your emotions in situations like these can be your greatest enemy when it comes to making the right financial decision. That's where a team of professionals who have experienced this before and depend on a range of indicators and analysis can be invaluable to investors.

Investor sentiment has declined to very pessimistic levels, reaching similar levels of negativity to those experienced during the March 2020 pandemic driven sell-off, the 2008 Lehman Brothers' bankruptcy sell-off, and the March 2009 Financial Crisis bottom. Each of these previous events frightened investors, yet also presented good buying opportunities for those with longer time horizons. For example, more and more people moved to bonds as we saw the approaching combined headwinds of rising inflation and interest rates.

These headwinds are here now, and the Federal Reserve has raised its benchmark, and indicated it will raise rates 6 more times this year. But, these headwinds are likely already reflected in current market prices and that means valuations have improved in many sections of the markets, especially the bond markets.

Preferred stocks are also showing some opportunities as we see these latest shifts in the markets.

The two main takeaways here are 1) don't let your emotions get the best of you and 2) even in times of crisis, there are opportunities for savvy investors.



TAX TIPS FOR 2022

by Jim Lineweaver, CFP®, AIF® President and Founder

Most of us have already filed our taxes for 2021, but that doesn't mean we're happy about it! As we saw our tax bills this year, many of us may have wished we would have planned differently last year. While there aren't many strategies that still apply for 2021, we want to remind everyone that planning for next year's taxes starts now.

In 2021, many people started their own business or added consulting to their list of services. If you find yourself in this situation, there are a wide variety of tax deductions you can take advantage of, such as writing off a lease or mileage on your car, your home, and computer equipment you might have previously owned. For your new venture, there are also a wide variety of retirement plans available.

Another common question we get each year is about gifting – whether it's to a friend, family member, or a favorite charity. I always recommend that clients consider gifting appreciated securities rather than their hard-earned cash. Gifting an appreciated security means getting a write-off for its current full value. So, even if you only paid \$10,000 for a security, and it's now valued at \$20,000, you can write off the whole \$20,000 when you donate or gift it. And you can even gift appreciated property or real estate.

This year, the IRS has also increased the "above the line" deduction that came about in 2020, to \$300 a person for 2021, and it may be higher next year. By itself, it isn't much, but they've also increased the amount you can donate. As part of that same law, Congress increased the amount of your Adjusted Gross Income that you can donate from 60% to 100%.

You can also use a Qualified Charitable Deduction, or QCD, to give your Required Minimum Distributions to charity if you don't need them. That can lower your tax bill significantly, while still allowing you to do good work for your favorite charity.

Finally, one strategy that hasn't changed in years is bunching your deductions. Essentially, bunching deductions – whether to pay state and local or income taxes, along with things like charitable contributions into a single year, rather than spreading them out over two or more years – can help get you over the higher annual deduction, and can save you some on your tax bill.

These are just a few of the strategies you may want to consider as you plan for next year. If you have questions, or want to explore strategies, we're always here to help.

THE WEALTHWATCH

PROTECTING YOUR LEGACY FOR FUTURE GENERATIONS

Most of us spend our whole lives building wealth, and we want our families and the next generation to benefit. But without planning, it doesn't work out that way. For example, one study found that most wealth is lost in America within three generations. The biggest concern we hear from clients is, "how will our children (or grandchildren) be spending their inheritance?" It's not uncommon for an entire inheritance to be spent within a couple of months – which is fast when you consider that these inheritances are often substantial. Sometimes, it's simply due to reckless spending. But more often, we see it caused by one of three issues: emotion-based decision making, pressure from family and friends, and/or a lack of professional assistance. Let's look at each of these a little more deeply.

1. Emotion-Based Decision Making

While we can understand grief and emotion in the wake of losing a parent or grandparent, we never make good decisions when we're making decisions based on our emotions. And sometimes it is the impulse purchases that are the issue – like buying a car, or house, or taking a vacation. But, more often it involves making major life changes, like quitting a job, or sinking an entire inheritance into a new business venture that eventually fails. In the case of starting a new business, people often have a passion for a specific type of business, but don't have the education or experience with the kind of business that they have always wanted to start or the background to run it properly.

2. Pressure From Family and Friends

We've seen many family and friends steer people toward questionable life changes and investments over the years as well. Often uninformed advice – including bad investment advice – comes from well-intentioned friends and family. Or sometimes we see spouses creating pressure to spend. And of course, we've all heard stories about family and friends asking for loans and not paying them back.

3. A Lack of Professional Advice

Professionals can provide you with experience and insight because they've been through all this many times with a range of situations and clients. They can help provide avenues to help protect your wishes - like provisions in your will or trust that before a child receives their inheritance, they must receive education from financial or tax professionals, or even have a written financial plan in place. In our experience, you need to think about your children as they are, not how you hope they will be. Then, customize your estate plan for the unique needs of each of your children or grandchildren. Clients are often so preoccupied with treating their children equally that they fail to plan for the unique needs of each child. There are many, often complex, strategies that can help protect your legacy, and help set kids and grandkids up for success. But it's important that you use a team approach – make your plans with both your attorney and advisor working together. As a team, they'll be able to customize a plan for your family's success.

HEALTHWATCH

WHAT ARE SOME FOODS TO EASE YOUR ANXIETY?

People can make a variety of lifestyle changes to help manage their anxiety. Eating a diet high in vegetables, fruit, legumes, whole grains, and lean protein can be helpful.

Anxiety is a widespread condition, affecting millions of people globally. Symptoms vary, and some people only experience them now and then. However, someone who experiences symptoms for 6 months or longer may have a generalized anxiety disorder (GAD).

Doctors often treat GAD with a combination of treatments, including talking therapies, such as cognitive behavioral therapy (CBT), alongside medications. Sometimes, these conventional treatments do not work long-term. However, some research suggests that proper nutrition can help improve symptoms.

NINE FOODS TO EAT TO HELP REDUCE ANXIETY

1. Brazil nuts
2. Fatty fish
3. Eggs
4. Pumpkin seeds
5. Dark chocolate
6. Turmeric
7. Chamomile
8. Yogurt
9. Green tea

Eating a healthful diet should provide all the nutrients needed for healthy brain function.

A healthful diet that contains antioxidant and anti-inflammatory compounds, as well as vitamins and minerals might help reduce inflammation and oxidative stress.

Reducing foods that are high in added sugar, salt, and fats - especially trans fats - may help reduce inflammation. Reduce alcohol, sugar, and coffee as these may increase episodes of anxiety and the associated symptoms.

One report states that participating in enjoyable physical activity may also have a positive effect on mental health.

Source: Medical News Today





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Source: Breakthrough Visuals

DID YOU KNOW:

McDonald's is always introducing new items for their loyal customers. And obviously, some are more successful than others. But their bubblegum-flavored broccoli, which the fast-food chain developed in 2014 as a tastier version of the leafy green for children, was a complete failure. McDonald's CEO Don Thompson admitted that kids were confused by the taste.

Source: Business Insider

A promotional image for 'The Financial Quarterback' featuring Jim Lineweaver, CFP®. He is a man in a dark suit and yellow tie, holding a Wilson football. The background is a dark, stylized image of a football field. Text on the image includes: 'THE FINANCIAL QUARTERBACK WITH JIM LINEWEAVER, CFP®', 'LEADING INTO FOX NEWS SUNDAY ON FOX8', '216-520-1711 | Lineweaver.net', and the Lineweaver Financial Group logo.

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