

Q3 2023 News

October 19, 2023

Financial Moves to Make Before Year-End

- Review your year-end cash need
 - Consider savings and money market options to optimize excess cash
- Optimize Charitable Giving
 - Qualified Charitable Distributions
 - Appreciated Stock
 - Donor Advised Fund (bunching)
- Consider a Roth Conversion
 - Historically low tax rates that sunset in 2025
 - Market volatility lowers your opportunity cost
- Maximize Your Retirement Savings
 - Employer retirement plans: 401(k), 403(b), 457
 - Salary deferrals + catch-up contributions if 50+
- Traditional IRAs or Roth IRAs
 - No age limit if you have earned income
 - RMD rules still apply for traditional IRAs
 - Backdoor Roth
- Take Required Minimum Distributions (RMD)

Please contact your Relationship Manager if you have any questions and to plan for year-end.

Index	3rd Quarter Total Return	YTD Total Return
S&P 500	-3.27%	13.07%
Russell Mid Cap	-4.68	3.91
Russell 2000	-5.13	2.54
MSCI EAFE	-4.11	7.08
Bloomberg US Aggregate Bond	-3.23	-1.21
Bloomberg Muni Bond Index	-3.95	-1.38
Dow Jones Industrial Average	-2.10	2.73

*Index return data as of 9/30/2023 provided by Morningstar DirectSM

Market Review: Are we finally cleaning up after the flood of liquidity?

We have spent most of the last 6 months wondering how the stock market has managed to rally in the face of stagnant earnings, increasing interest rates, and an apparently slowing economy. The answer to this inconsistent set of circumstances is similar to cleaning up after a flood. It takes a long time to remove the excess water and an even longer time to dry out the impacted areas. Beginning in 2022, the Federal Reserve (and to a lesser degree, fiscal policy) has embarked on the difficult task of cleaning up the flood of liquidity that hit the economy during the pandemic.

Over 5 trillion dollars was injected into the economy during the period from Spring 2019 through Winter 2021. This liquidity, combined with historically low-interest rates, created an unprecedented flood of liquidity into the economy. As the supply of money soared, we saw asset prices surge as well. Everything from cars to houses to financial assets appreciated as the supply of dollars exceeded the assets available for purchase.

For the last two years, we have reduced this excess liquidity. At the beginning of 2023 estimates were that only about one-half of this excess was absorbed. Thus, the economy, and particularly the consumer, was able to remain quite strong even though interest rates and asset prices continued to rise. Today, as we watch consumer balance sheets and other measures of excess liquidity it appears that we are close to having soaked up all this excess liquidity and are showing signs of normalizing.

Our best guess is that the cumulative impact of Fed tightening through higher interest rates, and the increasing government debt are close to the point where they will overshadow the ability of consumers and the economy to continue to offset these factors with the reserves accumulated during the pandemic. This is likely a positive for the goal of reducing inflation but is also likely to present some economic headwinds that will finally be felt across the economy.

We don't see this development as a cause for panic, but we should expect some pressure on our economic forecasts for 2024. There is little value in trying to predict if this confluence of events will result in a recession. The important thing is to recognize that there will be challenges that may result in increased volatility and have a negative impact on the economy and the equity market in the near term. As a result, we think clients should be defensive in their positioning and demand a higher margin of safety for purchasing equities. Investors should not be afraid to take advantage of the relatively high yields available on less risky assets.



Where Families Invest



About Us

Triangle Wealth Management is a privately owned investment advisory firm that specializes in assisting families with developing a realistic strategic plan to provide the best opportunity for achieving their long-term financial goals as prudently as possible.

We provide clients structure, clarity, confidence and reassurance as they move toward the next phase of life.

Our clients value our honesty, integrity, transparency and genuine concern for their well-being.

We are in business to serve our clients.

Reminder: Please use email or the phone to communicate with us on business matters. Social media messaging or text messages are not approved methods of communication.

For a digital version of “Market News” update, please visit TriangleWealth.com



Don't Miss Medicare Open Enrollment: Oct. 15-Dec.7

Open enrollment is the time to compare your current coverage to the choices available for 2024 and to make your selection based upon your needs and your budget. Medicare health and drug plans can change their cost, coverage, and which providers and pharmacies are in their networks each year. By comparing all your options, you could find a plan that offers you better coverage, saves you money, or both.

Visit [Medicare.gov](https://www.Medicare.gov) to see a side-by-side comparison of plan coverage, costs, and quality ratings. This will help you see the differences between plans and feel confident in your choice. If you decide to choose a new plan for 2024, you can enroll right on the website. If you are happy with your current coverage, you don't need to do anything.

If you prefer to speak with a Medicare specialist, contact the Centers for Medicare and Medicaid Services at 800-633-4227, or your local State Health Insurance Assistance Program (SHIP). Visit shiphelp.org for locations near you. Many SHIPs offer virtual counseling too. Be prepared with your drug information and the list of doctors you see.

If you have a Medicare Advantage plan, you'll have one last chance to switch plans from Jan 1 to March 31 during the Medicare Advantage open enrollment period.

Medicare ABCs

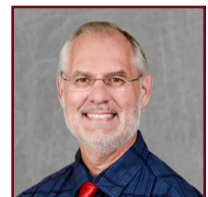
- Part A (Hospital Insurance): Helps cover inpatient care in hospitals, skilled nursing facility care, hospice care, home health care.
- Part B (Medical Insurance): Helps cover services from doctors and other health care providers, outpatient care, home health care, durable medical equipment, many preventative services.
- Part D (Drug Coverage): Helps cover the cost of prescription drugs.
- Original Medicare: Includes Medicare Part A and Part B. You will need to join a separate Medicare drug plan for Part D coverage.
- Medicare Advantage (Part C): Plan from a private company that includes Part A, Part B, and usually Part D.
- Medigap: Medicare Supplement Insurance that helps fill “gaps” in Original Medicare and is sold by private companies.

Source: *Medicare & You*, 2021

Save the Date: Year-End Economic Review with Dr. Michael Walden, Ph.D.

December 7, 2023 — 12:30 pm - 1:30 pm

Save the date for our annual special event with Dr. Michael Walden, Ph.D., William Neal Reynolds Distinguished Professor Emeritus from North Carolina State University. Dr. Walden will share his 2023 Economic Review and answer your questions.



TriangleWealth.com

1301 Annapolis Drive • Raleigh, NC 27608

Local: 919.838.3221 • Toll Free: 877.678.5901