



Year-End Financial Planning

“The days are long, but the years are short”

- Gretchen Rubin

This quote does an amazing job encapsulating 2022. As of September 30th, we had already had 50 days in which the S&P 500 had fallen 1% or more. That number has only increased since then. As you can see from the chart below, we haven’t dealt with this kind of volatility since the Great Recession.

S&P 500: Number of Large Down Days (1928 - 2022)														
Year	-1% Days	-2% Days	<-3% Days	Total	Year	-1% Days	-2% Days	<-3% Days	Total	Year	-1% Days	-2% Days	<-3% Days	Total
1928	23	2	2	27	1960	16	1	0	17	1992	11	0	0	11
1929	19	10	19	48	1961	2	1	0	3	1993	6	1	0	7
1930	38	16	16	70	1962	28	4	2	34	1994	14	1	0	15
1931	42	28	27	97	1963	2	1	0	3	1995	4	0	0	4
1932	27	18	50	95	1964	3	0	0	3	1996	14	2	1	17
1933	33	15	27	75	1965	7	0	0	7	1997	25	5	1	31
1934	32	20	7	59	1966	22	3	0	25	1998	20	7	5	32
1935	31	8	1	40	1967	9	0	0	9	1999	31	9	0	40
1936	18	6	5	29	1968	9	0	0	9	2000	35	15	4	54
1937	28	17	17	62	1969	17	1	0	18	2001	41	9	4	54
1938	40	15	12	67	1970	29	4	0	33	2002	43	22	7	72
1939	29	15	8	52	1971	14	0	0	14	2003	32	4	1	37
1940	23	4	8	35	1972	6	0	0	6	2004	20	0	0	20
1941	23	3	3	29	1973	37	5	1	43	2005	17	0	0	17
1942	24	2	0	26	1974	52	13	2	67	2006	13	0	0	13
1943	13	1	3	17	1975	32	3	0	35	2007	23	10	1	34
1944	7	1	0	8	1976	14	0	0	14	2008	34	18	23	75
1945	14	7	0	21	1977	12	0	0	12	2009	27	16	12	55
1946	23	4	10	37	1978	23	1	0	24	2010	27	5	5	37
1947	25	3	2	30	1979	12	1	0	13	2011	27	15	6	48
1948	19	2	5	26	1980	30	6	1	37	2012	18	3	0	21
1949	12	3	0	15	1981	26	4	0	30	2013	15	2	0	17
1950	15	3	4	22	1982	32	5	1	38	2014	15	4	0	19
1951	16	1	0	17	1983	25	1	0	26	2015	25	4	2	31
1952	8	0	0	8	1984	16	0	0	16	2016	17	4	1	22
1953	14	1	1	16	1985	7	0	0	7	2017	4	0	0	4
1954	4	1	0	5	1986	19	4	2	25	2018	17	10	5	32
1955	14	4	1	19	1987	22	14	6	42	2019	10	5	0	15
1956	21	0	0	21	1988	26	3	2	31	2020	20	9	16	45
1957	20	5	0	25	1989	12	1	1	14	2021	16	5	0	21
1958	4	1	0	5	1990	34	7	1	42	2022 YTD	32	10	8	50
1959	13	1	0	14	1991	23	1	1	25					



Data as of 9/30/22

@CharlieBilello

While days like these were stomach-churning, and felt like they lasted forever, the year flew by. With only a few weeks left, it is important to think about what year-end planning opportunities exist and what we need to do to prepare for 2023.

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EXPENSES

Now is a great time to review 2022 expenses and put together a budget for 2023. Over the past year inflation increased spending on everything from gas to groceries. There are some positive signs that inflation should wane in 2023 but we want to prepare for the worst and hope for the best. By putting together a budget for 2023 we can ensure we don't overspend making it difficult to contribute to retirement plans and getting into credit card debt, or if in retirement, withdrawing amounts that could increase the likelihood of running out of money prior to the end of the plan.

SAVINGS

There is still a little bit of time left in 2022 to make sure you maxed out retirement plans as well as health savings accounts. If you aren't sure of your contributions amounts, contact your human resources department immediately and see what options you have. It is also a good time to make sure you have the proper amount in an emergency fund. While everyone's situation is different, a good general rule of thumb is 6-months for single people, or married couples with one earner or one earner who makes significantly more than the other working spouse, and 3-months for everyone else.

PORTFOLIO MANAGEMENT

I will be reviewing asset allocations and putting together portfolio models for 2023. This will also include tax-loss harvesting, selling positions that are down and can easily be swapped for similar investments. Harvesting these losses allows us to stay properly allocated, but lock in losses that can be used to offset capital gains, along with using \$3,000 in losses to reduce ordinary income.

CHARITABLE GIVING

The standard deduction for 2022 is \$25,900 which means that a taxpayer would only itemize their deductions if they were greater than \$25,900. This has become more difficult since state and local income tax deductions were limited to \$10,000. If you are charitably inclined it may make sense to bunch your gifts, meaning that if you plan to give away \$10,000 per year over the next 5 years, don't wait, just give \$50,000 this year. You can utilize a Donor Advised Fund, where you gift \$50,000 before year-end, receive the charitable deduction in 2022, but don't donate the funds to any charity until future years. Also, it may make sense to take a Qualified Charitable Donation (QCD). This is for those taking Required Minimum Distributions (RMDs) who don't "need" the money, you can instruct the distribution to go directly to a charity, up to \$100,000. This distribution won't be considered a charitable deduction, but you won't owe any taxes on the amount distributed.

Happy Holidays and I wish all a Healthy and Prosperous 2023!

Best,

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