



2023 Outlook

“Windows of Time”

The magic and talent of director Steven Spielberg is on display with the recent release “The Fabelmans.” Loosely, the theme of the movie centers around the threads that weave the people and events that occur throughout our lives with how we view and remember those “windows of time.”

It is understating the fact that the events of the last few years will be viewed by historians as a period with significant highlights as well as a window of time with troubling low points.

We recall these significant events and accomplishments during our lives through the “lens” of these windows of time. I remember when . . .

For example, for many of us, the lens focuses on fond memories of family and children. For instance, the periods of time that apply towards the challenges of raising and educating children. During childhood and early teens—the parental stress of balancing sporting and extracurricular calendar events with the commitments of schoolwork or driver’s ed and the stress of the learner’s permit, higher education expenses, transitioning children to careers that they seek to enjoy, wedding planning and grandchildren etc. etc. etc.

There is also a “healing” factor when we view or remember these events over a period of time. The immediate pain of the passing of a family member or friend is gradually replaced with the fond memories that occurred during the relationship.

This “healing” benefit will also apply when evaluating our current market and investment climate with the thought of extending time horizon and measurement of expectations for investments returns over a longer “window of time.”

For those of us who are old enough, we painfully remember the geopolitical, oil price, stock market, inflation and corresponding interest rate challenges of the 1970 and 80’s. Or the Fed fund increases (six times) of 1994, internet tech bubble bursts of early 2000’s, credit and liquidity crisis and recession of 2007-08—all of these events (and others) with time and patience, the “healing” eventually occurred and as investment history has demonstrated, expectations for more favorable equity and fixed income returns materialize.

Darrell Cronk, our Wells Fargo Investment Institute (WFII) Chief Investment Officer and colleague is forecasting a decline in GDP in early 2023 as the economy dips into a recession before easing sometime mid-2023.

According to Darrell and his WFII team, “Inflation is expected to cool, and the corresponding easing Fed policy should lead to improving investment sentiment. . . Investors should anticipate the late 2023 to 2024 economic and earning recovery to send equity prices higher.”

More details and additional commentary on U.S and global economic and market forecasts are highlighted in the Wells Fargo Investment Institute (WFII) 2023 Outlook: “Recession, Recovery and Rebound.” Copies of the report are available on our website (www.abelesflurie.com) and hardcopies are available by mail or email upon request.

We urge you to use this “window of time” to leverage us to discuss any questions or concerns you may have.

As always, we will review the Envision or E-money plan we have in place and use it as a tool to review your goals and your specific window of time for accomplishing those goals. Upon which we review your overall investment allocation and individual account management structure for any fine tuning that might be in order.

As mentioned in previous Outlook letters and with the probability that at some point, we will look back at this “window of time” and we will have worked our way through the economic and investment challenges of today, there are some action steps that should be reviewed now that may be of benefit down the investment road:

- 2023 IRA, 401(k), 403(b) and TSP plan contribution limits were significantly increased, and we strongly urge consideration to at minimum increase in your level of plan savings 1-2% and if affordable, maximize contributions to the \$22,500 (< age 50) or \$30,000 (> age 50) levels. Remember, to consider the Roth savings tool (Roth 401(k) and/or IRA) strategy as well.
- Softer investment climates also give an opportunity to explore the “Roth Conversion” strategy for your retirement savings. We are glad to assist in this strategy assessment, but income tax commitments are required here so please seek some guidance from your accountant as well.
- With the uptick in interest rates, fixed income yields have improved, and tax-exempt municipal bonds * have emerged again as a tool to consider for investors, particularly those in higher income tax brackets or residing in states with state income tax.
- 2023 standard deduction for married couples have increased to \$27,500 (\$13,850 for single taxpayers). Remember to consider the standard deduction and your charitable activities. Donor Advised Funds may allow a tax-deductible option to fund towards future charitable commitments.
 - If age 70 ½ or older, the Qualified Charitable Distribution from your IRA may be a better, tax advantaged tool to fund your charitable activities.
- Keep saving money! And if the bucket of money is long term oriented (i.e., retirement, 529 plan for education and/or personal investment savings), remember “Dollar Cost Averaging” is a time-tested, long-term investment strategy designed to take advantage of difficult investment conditions. **

Please mark your calendars for the evening of Wednesday, February 15th. By popular demand, we will again be hosting internationally recognized brain health speaker, Dr. Marc Milstein. Dr. Milstein presents a serious subject regarding aging and mental decline in a light, engaging fashion with helpful takeaways steps for boosting short- and long-term mental health and hopefully lowering risk of dementia.

Dr. Milstein’s presentation will be available either virtually (on your home system) or we will virtually present on the “big screen” at HCC’s Kepler Theater.

Invitations will be distributed shortly, and we encourage you to invite family members and friends you believe may enjoy Dr. Milstein’s topic. Space will be limited and virtual as well as in person reservations will be required.

Finally, a note of Thank You!!

Forbes in partnership with Shook Research recently announced that the Abeles Flurie Wealth Management Group of Wells Fargo Advisors was acknowledged as one of the Top Wealth Management teams. ***

Our team strives to be of service to you and your relationship with us and acknowledge that without your trust and loyalty, recognitions such as Forbes would not occur—we humbly thank you for the opportunity to receive this recognition.

We wish you and your family good health and happiness in 2023 and as always, if we can be of any service, please do not hesitate to reach out to us.

*Tax free municipals bonds may be subject to state, local or the Alternative Minimum Tax (AMT)

**Dollar cost averaging does not guarantee a profit or protect against losses in a declining market. Investors should consider their ability to continue investing through periods of low-price levels.

*** The Forbes Top Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC, which does not receive compensation from the advisors or their firms in exchange for placement on a rating. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investments advice and based solely on the disclosed criteria. High Net Worth designates advisors whose account sizes are typically under \$10mm, though may have accounts with higher amounts.



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