

Disaster Preparedness *By Sandy*

We are talking about disasters today. Yes, the stock market is a disaster but we are going to cover natural disasters such as the hurricane that hit Florida, South Carolina and the devastation in Puerto Rico.

Asset Planning has clients in twenty different states so the same preparedness applies to earthquakes, tornadoes, tsunamis, and fires. Have you created a list of resources you would need to access if faced with a disaster where you had to evacuate? A copy of your deed to your home, your homeowners and car insurance, copies of trusts, contact list of who to notify, current photos of rooms of your home and furnishings. If a fire consumed your home, would you have photos of what can be covered with replacement coverage?

You should review your homeowner's insurance for the limits to rebuild and make sure the coverage is adequate. If you have current photos, you have proof of furnishings if the receipts were damaged. You can email copies of documents and photos to your own email address to keep and they can be accessed from anywhere.

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Facts about Bear Markets *By Erin*

1. A bear market is defined as a decline of at least 20% in a major stock index such as the S&P 500 or DOW. Declines between 10-19.9% are considered corrections. A new bull market is considered to have emerged once the stock index rises 20% above its bear market low.
2. Bear Markets are normal. Over the last near 100 years, there have been 26 bear markets and 27 bull markets. While the media is very good at instilling fear in people and convincing us "this time is different", the odds are in our favor that the market's long-term trend will continue upward eventually as this has happened 100% of the time in our history.
3. The average S&P 500 bear market decline has been 33.5% since 1929. Conversely, bull markets have gain 114% on average.
4. Bear markets don't always indicate a recession, 42% of them have been caused by other factors.
5. Historically bear markets have happened every 3.6 years but since 1945 the frequency of them has been dropping.
6. Bear Market's average run is 9.6 months historically.
7. Rallies happen on average 6.5 times during a bear market with an average return of 17.8% before the market makes new lows. When the new bull market, on average the greatest returns have happened in the first two months which is why so many fail at market timing.

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"Do not save what is left after spending; instead spend what is left after saving"- Warren Buffet



Market Review *By Carol*

The 3rd quarter started with a solid rebound of stocks and bonds that was driven by decent corporate earnings and "hope" that we reached peak inflation, and the Fed would end aggressive interest rate increases. This wishful thinking was quickly extinguished by September – the Fed increased rates another 75 basis points and stated that interest rate increases would continue to be aggressive until their target inflation rate is at 2%. After the Fed statement the stock market went into a tailspin and the last week of September was ugly. Up until mid-September, it looked like we would end the quarter about the same as Q2, but instead all the stock market indexes ended 5% lower than Q2.

In the chart are the market returns as of September 30, 2022 YTD and September 2021-2022. Please note, each client's portfolio is individually constructed, and the benchmarks are presented as a comparison tool.



Benchmarks:	YTD Sept. 2022
60% Equity/40% Fixed	-21.30%
50% Equity/50% Fixed	-20.57%
40% Equity/60% Fixed	-19.07%
Barclays US Agg Bond	-15.55%
S&P	-24.77%
DOW	-20.95%
iShares (EFA)Foreign	-28.81%
Benchmarks:	Sept. 2021- Sept. 2022
60% Equity/40% Fixed	-18.24%
50% Equity/50% Fixed	-19.10%
40% Equity/60% Fixed	-17.26%

Market Outlook By Carol

As I write this, the stock market has increased 5% since the September 30 quarter end closing. Why?

There have been several economic reports that show that the economy is slowing down (job openings are down slightly, home sales are slowing due to 30-year mortgage rates at 6.5%+). Why is the stock market rallying on this news? Because it means that inflation might have peaked, and the Fed might stop aggressively hiking interest rates. There is a risk that the Fed will let the economy go into a recession because there is a lagged response of 6-12 months to interest rate hikes. One thing is clear: The uncertainty surrounding when the Fed will stop hiking interest rates is a primary catalyst for market volatility.

Another catalyst driving the stock market up this week is that the Australia central bank surprised everyone and slowed their pace of interest rate hikes. This provides hope that the US Fed will do the same. While this might be true there is a major difference between the US and Australia in that there are no 30-year fixed rate mortgage loans in Australia and most mortgages are variable rate loans. This means that with every rate increase the Aussie's mortgage payments were increasing immediately and the economy slowed at a faster pace. Bottom line – we need to stay cautious and not react too quickly at every news story as it might affect the United States much differently.

Medicare Updates By Erin

In case you missed our Medicare Webinar, a video replay of the event can be found on the front page of our website www.assetplanninginc.com. Bob Bernardo was our host, who is available to our clients to consult on evaluating Medicare options if you are switching plans or signing up for the first time. It does not cost you anything additional to sign up for Medicare with an insurance agent. Our laws dictate that you get the same plan cost with or without an agent so I recommend using Bob's help at the insurer's cost.

Bob's webinar touched on the basics of Medicare plus many tips to avoid costly mistakes. I personally learned some important information about the differences between Medicare Advantage plans and traditional Medicare/Medigap plans.

Since our webinar, an unfortunate report about Medicare Advantage plans has surfaced. A study from the US Inspector General shows that Advantage plans, which are run by private insurers, are denying claims and authorizations for care more often than government run Medicare. However, the study also found that patients that did challenge their denials did win on appeal. I would just caution clients that, while the Advantage plans are enticing due to cost and extra perks offered, a traditional Medicare with Medigap plan might be the better choice especially if you have serious health issues or family history that could result in issues later.



Carol's granddaughter Saige visiting the office!

Planning Ahead...

Now it is more important than ever to notify us of any future distributions you may need. This will allow your advisor to have a plan in place so that the portfolio is not negatively impacted by short notice sales in order to make the cash available.

Disaster Preparedness By Sandy Continued...

We should all have a "go bag" ready at all times. A go bag can be a backpack, duffel or suitcase. I recently reviewed my bag, washed all the clothes I had stored in it and restocked it. I had work (garden) gloves, masks, food for my animals, list of medical prescriptions, hat, shoes, flashlight and backup batteries, small toiletry kit, cell phone chargers, tablet of paper and pen, duct tape, extra glasses, toilet paper, first aid kit, whistle, gallon bottles of water, and non-perishable food (snacks and bars) for a few days. It is also recommended to have another bag of waterproof containers, matches, candles, lighter, tools, rain gear, trash bags, paper towels and soap and towels. I have a 30 gallon plastic drum water container that is on the side of my house and water purification tablets. These items are stored outside in case I could not access my home.

If you have advance notice of an impending disaster, you also need money, checkbook, credit cards, cash in small bills if credit cards can only be used with electricity, jewelry, larger supply of medications, passport, photo albums and other important items or family heirlooms.

Reminders By Melani

- Open enrollment for Medicare is October 15 to December 7th.
- Medicare part B price is decreasing from \$170 per month to \$165 per month. IRMAAs are also being reduced.
- The Social Security COLA should be announced on October 13th and is expected to be between 8-9%.
- If you have not taken your RMD (required minimum distribution) from your IRA yet, we will be contacting you soon to set it up. If you make charitable contributions, please start organizing which charities you would like to give to as all RMDs must be distributed by December 31st.

