CLIENT Memo

CARVER FINANCIAL SERVICES

In This Issue

Can You Believe It's September Already?

Just like a riveting novel, 2023 has been a page-turner, full of unexpected plot twists and suspenseful turns of events. It feels like we just toasted to the New Year, and now we're already nine chapters deep.

Remember how the year started, with the backdrop of media clamor about Federal Reserve rate hikes, potential recessions, and whispers of inflation? And who can forget the plot twists of potential U.S. sovereign default, looming bank failures, and the dollar's status as the world's reserve currency hanging in the balance?

It's been quite the thriller, hasn't it? The previous novel featuring Covid, War in Eastern Europe and sky-high energy prices seem like a distant memory.

The plot twist in the tale of the first half of 2023 wasn't what happened, but what didn't. Despite the dire predictions by pundits and the media the markets have moved up - as is generally the case.

As in the past we didn't react to the noise. We followed the two guiding principles that have led us for the last 3 decades. Our commitment to these principles continues to pave the way towards helping you live your best life and achieve your Personal Vision – whatever that is.

Welcome continued...

1. Plan and stick with the plan: We believe in planning ahead rather than sporadically reacting to the latest headline or market twitch. We understand that the unexpected will happen and take that into account so we can consistently act on our plan,

2. Understand what can be controlled and what can't : Predicting the economy or timing the market perfectly is impossible. Instead, we focus on having enough cash and income to meet near term needs while taking advantage of the market's inevitable ups and downs for the long term. Not sitting passively or trying to time markets; rather, always looking for ways to better position portfolios given changing economic, market, and legislative conditions.

As we get closer to election season, we will no doubt hear more dire news. There will be crisis that nobody has thought of yet and both markets and portfolios will react.

With our expectation for increased volatility in the markets and fluctuations in your portfolio throughout the rest of the year, your willingness to stay patient and focused on your long-term goals regardless of short-term events can continue to benefit you as we move forward.

Our entire team is committed to proactively helping you simplify your life, while enhancing your lifestyle so you may live intentionally, with both a plan and a purpose. Your vision is our priority, and your success is our mission. As 2023 draws to a close and we look forward being your partner.

I hope you enjoy this Client Memo and look forward to speaking soon. Our entire team is here for you!

Best,
Randy Carver

President and Founder, Carver Financial Services, Inc.
RJFS Registered Principal

Planning Meetings – Your Way

Our team approach allows us to deliver individualized service at the absolute highest level.

We understand that life is busy and will work to accommodate the day and time for your planning meeting. Contact our concierge to schedule a meeting with a advisor.

Awards

Forbes

April 4th, 2023

Randy Carver named to America's **Top 250 Wealth Advisors** in 2023 by Forbes

BARRON'S

April 2023

Randy Carver Ranked #65 Among Barron's 2023 Top 100 Financial Advisors

BARRON'S

March 16, 2023

Barron's names Randy Carver to its **Top 1200 Financial Advisors** List for 2023

Forbes

January 2023

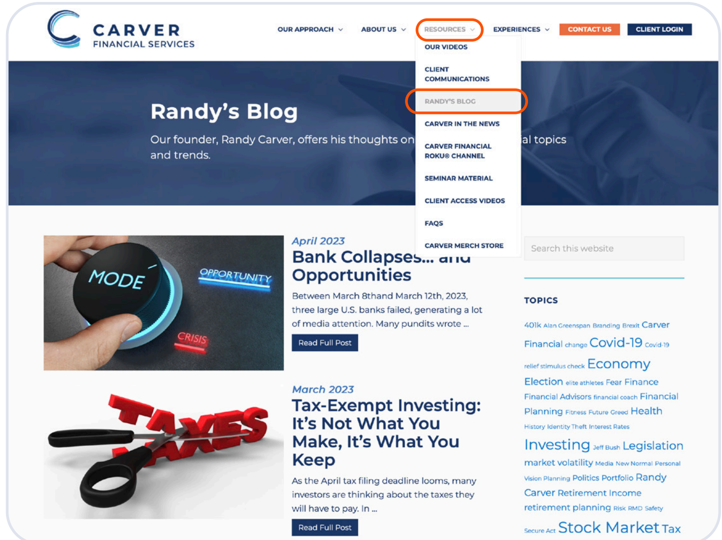
Carver Financial Services named to **Forbes' 2023 Best-In-State** List of Top Wealth Management Teams

**Please see back page for full awards disclosures.*

Resources for You

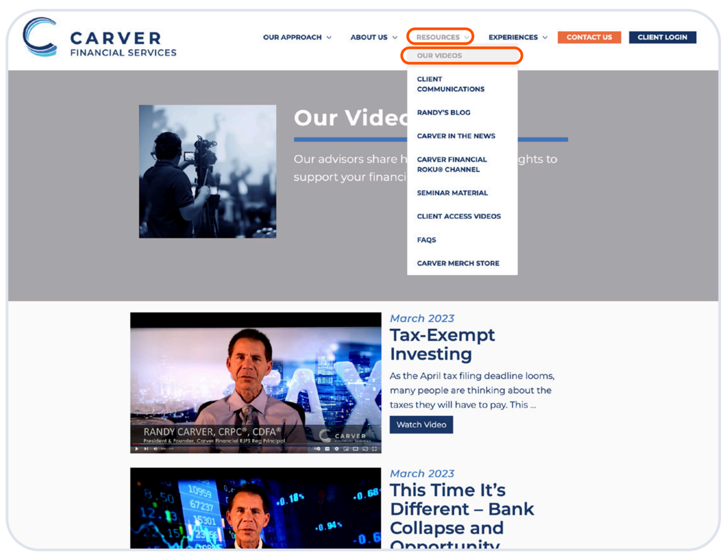
Randy's Monthly Blogs

Can be found under the **Resources Tab > Randy's Blog**



New Weekly Videos

Can be found under the **Resources Tab > Our Videos**



For more information about our process and team, please visit:
www.CarverFinancialServices.com,
or feel free to contact me personally at:
Randy.Carver@RaymondJames.com.

Save the Date!

2023/2024 Upcoming Events

For more information on our upcoming events please visit our website and navigate to the **Experiences tab** and click on **Our Events**.

Tuesday, September 19th, 2023
A Caregivers Guide to Planning for those with Dementia
The Everly : Registration : 6:30 - 9:00 PM

Thursday, October 5th, 2023
Client GPM Event
Mentor Harbor Yachy Club : 7:00 - 9:00 PM

Tuesday, October 24th, 2023
36th Annual Accredited CPE Update
The Carver Office : Presentation 8:00 - 10:30 AM

Thursday, November 2nd, 2023
Navigating the Financial Landscape Town Hall
The Everly : 7:00 - 9:00 PM

Thursday, December 7th, 2023
36th Annual Accredited CLE Update
TBD : 8:00 AM - 5:15 PM

Saturday, January 13th, 2024
Annual Resource Breakfast
Mentor Fine Arts Center : 7:00 PM

Tuesday, February 13th, 2024
Navigating Intergenerational Friction
The Everly : TBD

A Caregivers Guide to Planning for those with Dementia
and Discussion of Long Term Care Asset Protection

As our population ages, the question isn't "if" but "how many" people you know will be impacted by Alzheimer's and other forms of dementia. This presentation, based on the Transamerica-Massachusetts Institute of Technology AgeLab's provides insights into helping families prepare for future challenges, caregiving, and having a plan for the unexpected. Today, more than one in five Americans are caregivers. And over half are employed while providing more than 24 hours of care per week. The presentation will include a discussion of long term care asset protection strategies available today.

Details

Registration : 6:30 - 7:00 PM

Discussion starts at : 7:00 PM

The Everly : 8200 Norton Pkwy. Mentor, OH 44060

Desserts and coffee will be provided.

Speakers

Ryan Bertrand, CFP®, CLU®,
Transamerica

Randy Carver, CDFA®, CRPC®,
President & Founder Carver Financial Services Inc. RJFS Registered Principal

Scan QR to Register

Bespoke Disney Experience

October 20th - 24th, 2023

www.disneytravelcenter.com/eb6fc09951/

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- Discounted theme park tickets when combined with an on-site resort
- Custom magical extras for guests of Carver Financial

CALL TRISH SCHLACHT • 440.376.2434
EMAIL Trish@brightwishestravel.com
Info@brightwishestravel.com

www.brightwishestravel.com

Costa Rica Client Trip

www.maritzglobalevents.com

February 17th - 22nd, 2024

Join us for an unrivaled experience at Hacienda AltaGracia, which is listed among Condé Nast Traveler's top 50 resorts in the world. Each visitor will receive a personally curated itinerary for this luxurious all inclusive stay!

To book space or with specific questions you can contact our travel coordinator for this trip Jennifer Veselko. If Jennifer is unavailable Stacy Zgonc is working with Jennifer to help coordinate.

PRICING: **All inclusive pricing starts at $3,800 per person based on double occupancy.** *Includes all meals, local activities, private house, etc. (excludes air).*

AGENTS JENNIFER VESELKO
440.254.4314 • cell 440.488.3537
jennifer.veselko@maritzselect.com

STACY ZGONC • 330.416.4873

Visit https://carverfinancialservices.com/experiences/client-getaways/ for more info!

** Raymond James is not affiliated with and does not endorse the services of Bright Wishes Travel or Martiz Global Events.*

Travel Experiences 2024

We began offering the opportunity for clients, their family and friends to join Randy on once in a lifetime travel experiences since our firm was founded in 1990.   The goal has been to offer unique travel experiences that people wouldn't or couldn't do on their own.

Over the last three decades we these trips have taken our guests to exotic and breathtaking locations such as the Amazon, Alaska, Africa, Europe and The Middle East.

Our team works to find destinations that are unique, exciting and unforgettable while providing a turn-key experience. Each trip has been planned down to the most minute detail, to allow you the opportunity to enjoy your travels and not have to worry about all the planning and details.

For 2024 we are going to the very exclusive Hacienda Altagracia in Costa Rica from February 17th – 25th, 2024 (Presidents Day week. Hacienda AltaGracia is named one of the 50 Best Resorts in the World by Conde Nast Traveler and has everything from white water rafting to a world class spa – gourmet culinary experiences to jungle canopy walks! Celebrities from Reese Witherspoon to Oprah have enjoyed this amazing place! With only 50 Casitas (private houses) space is very limited.

To book space or with specific questions you can contact our travel coordinator for this trip -

Jennifer Veselko

Jennifer.Veselko@MaritzSelect.com
(440) 254-4314 office
(440) 488-3537 cell

Stacy Zgonc

Stacy is working with Jennifer to help coordinate

330-416-4873

Both are with Maritz Global Events.

Private Client Group members are invited to embark on exclusive excursions in a small group setting or use our expert travel partners to arrange your perfect trip, including private air travel.

PRIVATE AIR TRAVEL

Private air travel allows you to travel on your schedule without the hassle of airport lines or delays. Often, you can fly into locations not serviced by larger airports. As a member of the Carver Private Client Group, you have a unique opportunity to utilize private air travel.

Instead of the large commitment to fractional ownership of a plane or jet card, you have exclusive access to more than 100 jet aircraft with no upfront cost or obligation.

For more information reach out to Randy Carver personally.

GROUP EXPERIENCES

We have offered once-in-a-lifetime VIP travel experiences for select clients, their family and friends since the 1980s. Every detail is taken care of as you join other like-minded individuals for curated experiences. Our trips have taken guests around the globe to breathtaking locations in the Amazon, Alaska, Africa, Europe and Asia. We often coordinate private air travel for group trips to maximize comfort and time.

Learn more about current and upcoming trips at www.CarverClientTrip.com

Why Was I Invited – or Not?

Carver Financial Services is committed to providing its clients with an extensive range of educational, inspirational and networking opportunities for clients and the community. Throughout the year, we organize more than a dozen seminars, events, and trips.

THERE ARE SOME EVENTS OPEN TO

All Clients | **The Public** | **Specific Groups**

The selection process is driven by various factors, such as **relevance, applicability, and past engagement.**

We strive to cater to the diverse needs and interests of our clients. Some events are open to all clients. On the other hand, some events are open to the public, reaching out to a wider audience beyond our client base. These events aim to educate and empower individuals who may not have an existing relationship with Carver Financial Services but are interested in enhancing their financial literacy.

Additionally, we organize events specifically tailored to meet the requirements of certain groups. For instance, we may host events focused on lending programs for clients with assets exceeding $25 million. In such cases, clients who do not meet this criterion would not be invited. Similarly, an 80-year-old client would not be invited to a first-time home buyer event, as it may not align with their current financial needs.

The decision to invite one client over another is influenced by a combination of factors, including relevance, applicability, and past engagement.

We carefully evaluate these elements to ensure that each event is tailored to the specific needs and interests of the attendees. Our ultimate goal is to create a successful and meaningful event experience for all parties involved.

If you happen to hear that a friend, relative, or neighbor has been invited to an event that you were not, please understand that it does not reflect any personal bias or preference. It simply means that the event may be more applicable to their financial situation or that they belong to a specific group for whom the event is designed.

We value open communication and encourage you to reach out to your advisor or directly speak with Randy Carver if you have any questions or concerns regarding event invitations. We are always here to address your queries and ensure your experience with Carver Financial Services is enriching and tailored to your individual needs.

States Are Starting to Implement a Long-Term Care Tax

Just when you thought there was nothing left to tax, some states are now beginning to implement a tax on people who do not have long-term care insurance.

Whether it is to address the issue of people failing to prepare for the possibility of needing long-term care or just a way to raise funds; 13 states are currently considering taxing those without a long-term care insurance policy. Those states are Alaska, California, Colorado, Hawaii, Illinois, Michigan, Minnesota, Missouri, North Carolina, New York, Oregon, Pennsylvania and Utah.

Seniors aged 65 have a nearly 70 percent chance of requiring long-term care services in the future, and on average, the stay will be for three years. The cost of this service today can easily exceed $300,000! Yet only about 7 percent of Americans own a private long-term care policy. That represents a significant gap in care for those who need it most.

Many people think they will just rely on Medicaid if they end up needing long-term care. However, you must have little to no income and assets to qualify for Medicaid.

In *most* states, the monthly income limit is:

$2,382 for *individuals* -or-

$4,764 for *spouses*

Your countable resources must be < $2,500.

Income and resources that count toward the limit include your wages, Social security benefits, pensions, veteran benefits, bank accounts, stocks and bonds, trusts and annuities, property and life insurance. Medicare generally doesn't cover long-term care stays in a nursing home or extended home care.

Washington State Led the Way

In Washington state, those who do not have a private long-term care policy are now subject to an income tax, even though Washington does not have a regular state income tax!

In Washington, where the mandate has already passed, residents were given a grace period to purchase a long-term care insurance policy to avoid the payroll tax of 58 cents on every $100 earned. Known as the Washington Cares Fund, this legislation, signed into law in 2019, provides access to a lifetime benefit amount that can be used on a wide range of long-term services and supports. W-2 workers are expected to begin contributing to the fund in July 2023 with the first benefits available in July 2026.

Over time, nearly all Washington state residents will contribute premiums via a mandatory payroll tax, and the benefit is universal.

What happens if someone doesn't have a long-term care insurance policy? Such individuals may qualify for the state-supplied benefit, which allocates $36,500 for lifetime extended-care needs. This is just a token amount — not nearly enough to cover the full costs of long-term care needs, especially in places with a higher cost of living, like Washington, where the average cost of in-home care is around $6,700 per month. Also, the cost of nursing homes is expected to rise from $12,000 a month to an average of $23,000 per month by 2050. This is hardly enough even cover a few months of long-term care.

The Tax Is a New Way to Fund Medicaid

The new long-term care tax is intended to fund the Medicaid program, the country's primary payor of long-term health-care expenses. For this reason, other states hope that introducing the new tax will relieve some of the financial pressure on the government-run Medicaid program and provide sufficient long-term care support and services to low-income citizens.

Frankly, this is just another way for states to raise money, and we expect this trend to become more widespread.

One key question is whether states give their residents enough advance notice to obtain long-term care insurance to avoid the tax. For those who are eligible, it can take approximately six to eight weeks to apply and get approved for long-term care coverage. In Washington, many residents ran out of time to obtain long-term care insurance because they were given only a short amount of time to apply. If you are considering long term care insurance this is a good time to look at the best options for you.

Another concern is that the tax is based on a resident's earned income and does not come with a cap. This means that the more money someone earns, the more tax they pay, leaving mid-to-high-income earners worried about the high tax they will need to pay.

We Will Find the Ideal Solution for You

We believe long-term care insurance can be a very valuable tool for protecting both your assets and your lifestyle. While some people may have enough money to self-insure, the potential expense can be huge.

We view long-term care insurance as a way to avoid going to a nursing home or facility and having a way to pay to stay at home. The problem is that in many states, including Ohio, the availability of Long Term Care insurance is limited and may be expensive.

There are options, though, and our team has extensive experience in finding the ideal long-term care solution to meet each client's individual needs. For example, in addition to traditional long-te rm care insurance, there are so-called "hybrid policies," which are annuities or life insurance policies that provide home health care and long-term care benefits.

Our experienced team will work with you to determine what long-term care asset-protection strategy may make sense for you. We are happy to review options that may make the most sense for you at any time.

We are monitoring the legislative changes, and how they may impact our clients.

We will work with you to ensure that you have **optimum protection** so you can *ensure the best quality of life possible,* **now and into the future.**

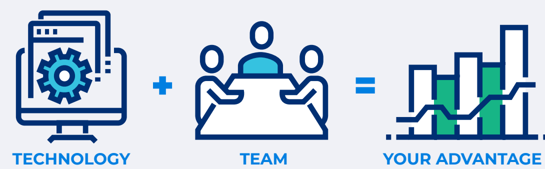
Strategic Investment Decisions:

The Role of our Internal Investment Committee

We are often asked how we select and monitor investments. Carver Financial Services Inc. has an internal Investment Committee. The primary objective of the Investment Committee is to make well-informed and strategic investment decisions regarding specific investments and overall asset allocation using a disciplined and defined approach. By conducting thorough research and analysis, the committee identifies promising investment opportunities, evaluates their potential risks and returns, and develops tailored investment strategies accordingly. This rigorous approach enables us to optimize portfolio diversification and maximize long-term value for our clients. Based on the investments the Committee has selected each client's portfolio is allocated to align with their personal goals and risk tolerance and managed based on their individual needs and objectives.

The Investment Committee also plays a pivotal role in monitoring and reviewing the performance of existing investment portfolios. By regularly assessing market conditions, evaluating investment performance, and conducting risk assessments, the committee ensures that our clients' portfolios remain aligned with their objectives and adapt to changing market dynamics. The Committee utilizes a range of state-of-the-art technology for selecting, monitoring, and reviewing investments; yet all decisions are human based.

In addition, the committee actively engages with external investment managers and experts to stay updated on emerging trends, investment best practices, and regulatory developments. This collaborative approach allows us to leverage industry insights and expertise, providing our clients with a competitive edge in the ever-evolving investment landscape. Having personal conversations with thought leaders enables us to provide clients with unfiltered information.



Carver Financial Services has made a large commitment to technology for monitoring and evaluating portfolios and investments; however, **it is the *more than* 75 years of** industry experience our committee members have that **provides an advantage to our clients.**

Ultimately, the Investment Committee acts as a fiduciary, prioritizing our clients' interests above all else. They work diligently to safeguard and enhance our clients' investments, utilizing their expertise, diligent research, and ongoing evaluation. By adhering to strict fiduciary standards, the committee strives to deliver consistent, sustainable, and superior investment results for our valued clients.

Preserving Family Wealth and Legacy: Challenges and Solutions

After years of hard work and financial success, it is important to consider the legacy you will leave behind for your family. How are you safeguarding your wealth and ensuring its longevity?

You may have come across the ancient Chinese proverb that states, "Wealth never survives three generations." This adage, like many others, still holds true today, even after centuries. Shockingly, according to the Williams Group wealth consultancy, 70% of wealthy families lose their wealth by the second generation, and an astonishing 90% by the third.

Furthermore, many individuals have concerns about whether the next generation is adequately prepared to handle their inheritance. Chris Heilmann, U.S. Trust's chief fiduciary executive, reveals that a staggering 78% feel that the next generation lacks the financial responsibility required to manage their inheritance effectively.

At Carver Financial Services Inc., we firmly believe that you can enjoy your wealth in the present while also providing for future generations. As part of our Personal Vision Planning®, our team places significant emphasis on preserving your family legacy. When properly managed, wealth should be an instrument for future investments rather than disintegrating over time.

There are several common reasons why we fail to pass on our wealth and family legacy. These include a lack of meaningful communication, family discord, and a mentality of entitlement. Fortunately, we can assist you in overcoming these challenges.

However, we believe that passing on wealth is not just about transferring assets; it is also about passing on the values and legacy that enabled the accumulation of wealth in the first place.

Four Reasons We Lose Our Family Legacy & Wealth

1. LACK OF MEANINGFUL COMMUNICATION:
It is easy to get caught up in discussions about money. However, engaging in structured and productive dialogue about the components of a lasting family legacy requires careful planning and preparation. At Carver Financial Services Inc., we encourage conversations about the intangible values that contribute to a family legacy. We often facilitate these conversations by inviting multiple generations to the table at once.

2. LACK OF SHARED VISION:
Without establishing a shared vision for your wealth, each family member may spend the money according to their own plans. However, such aimless spending can lead to the gradual deterioration of the family legacy and wealth over time. In our practice, we help each family member understand the purpose of their wealth so that decisions can be made collectively, ensuring the protection of the family's legacy.

3. DISREGARD FOR INTANGIBLE WEALTH ASSETS:
Many families fail to recognize the importance of intangible assets, such as philanthropy, higher education, community involvement, a perspective of gratitude, and impactful life experiences. These assets cannot be easily measured in numbers, but they play a crucial role in family legacy planning. At Carver Financial Services, we believe that considering these intangible assets is essential for preserving your family legacy.

4. EROSION OF TRUST:
When wealth is involved, trust becomes a critical factor. Communication and transparency are vital in building trust that strengthens family bonds, rather than secrecy that tears them apart. Although it is not necessary to disclose everything immediately, having conversations about the future plan instills trust in family members and increases the likelihood that they will honor it. We are committed to working with your entire family while respecting your privacy. These discussions can help communicate your values and involve future generations in family planning.

Start Protecting Your Family Legacy

If you are facing challenges related to communication, trust, and the transfer of values, our team at Carver Financial Services Inc. is here to help. We can assist you in initiating a new dialogue and establishing a framework that protects these meaningful conversations for generations to come. Please feel free to contact us at **(440) 974-0808 or randy.carver@raymondjames.com** to discuss your goals and objectives. There is no cost or obligation, and we look forward to assisting you in preserving your wealth and family values for future generations.

The Media:

A Grim Outlook and Terrible Headlines

Despite all of the hype we seem to have moved past the Banking Crisis and Government Debit Crisis of 2023. Yet the economic outlook is grim, according to the media — as usual. Here are just a few gloomy and foreboding headlines from published articles that reflect this pessimistic outlook:

"Bank Failures, Unemployment and Economic Collapse"

"The Death of Equities"
- Cover of Businessweek Magazine

"The Great Stock Illusion: Why the Stock Market Has Peaked"
- Forbes

These headlines are nothing new; they have been the norm for more than a century. The first article listed above, titled "Bank Failures, Unemployment and Economic Collapse," appeared in the media in 1857 — more than 150 years ago! The 'Death of Equities was on the cover of Businessweek magazine om August 1979) and the last headline was in Forbes in 1982!

It's no wonder the public is perpetually concerned about the economy and that people resist investing or move funds out of markets and fail to grow their wealth. It's no wonder that Americans are pessimistic about their futures.

In a March 2023 Wall Street Journal–NORC Poll, a majority of Americans showed pervasive pessimism about the U.S.'s current financial state — and growing skepticism that things will improve in the future. Four out of five people surveyed said the economy is doing "not so good" or "poor." Nearly half, according to The Wall Street Journal, expect it will get worse in the next year. As a result people miss the opportunity to grow their wealth faster than inflation and taxes can take it away.

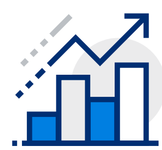
What About "Balanced" Journalism?

Now, I'm not saying that negative events never happen; they do, but often, the media paint only the worst-case-scenario and leave out the best-case scenario.

FOR EXAMPLE

Since 1979,
when the second headline listed before appeared on the cover of Businessweek,

"The Death of Equities"
the Dow Jones Industrial Average has moved from
885 to just over 33,000 —



***that's a return of* 3,654%!**

An amount of **$10,000 invested in 1979** would be worth just over **$3.8 *million today!***

That reality certainly isn't congruent with the doomsday economic picture the media paint for us.

Our Dedicated Partner –

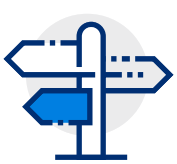
We're Proud to Offer a Breadth of Service Capabilities from a Premier Financial Services Firm

Here for you

We chose to partner with Raymond James because the firm is known for doing business differently. Driven by a client-first approach, it values the importance of preserving financial advisors' independence which, in turn, gives us the freedom to do what's right for you. With the support of a respected financial services firm behind us, we look forward to providing you, your family and your business with the high level of personal service and professional attention you deserve. Today, tomorrow and for many years to come.

Life Changes – your Financial Plan Should, too

Our lives are filled with milestones and moments, from the exciting to the mundane to the challenging. To help you prepare for whatever life has in store, we take into account your comprehensive financial picture to craft a financial plan designed to align with your goals. As your life evolves, we'll review your strategy, making adjustments where needed. With the support of Raymond James, we are equipped with the full-breadth of service capabilities to help you navigate every chapter of your life, even the surprises.



ANTICIPATING MILESTONES AND CHANGES

From first homes, to marriage to graduations, we all experience life events we expect – and some we don't, such as a career change, the loss of a loved one or divorce. We'll help you plan for each, while accounting for potential obstacles along the way.

BUILDING YOUR PORTFOLIO

Whether you're looking to grow your money over time, generate income in retirement or preserve your wealth for future generations, we'll help you build and manage your portfolio along the way, taking into account your time horizon and comfort level for risk.

PLANNING FOR A FULL RETIREMENT

Whether you're looking to grow your money over time, generate income in retirement or preserve your wealth for future generations, we'll help you build and manage your portfolio along the way, taking into account your time horizon and comfort level for risk.

PLANNING FOR YOUR BUSINESS

Like personal financial planning, business planning involves the daily management and balance of investments and risk, as well as planning for the future. Raymond James offers the investment banking expertise we can rely on to guide your company through every phase of growth and can even help us when the time is right to sell.

SHARING YOUR WEALTH

We have the resources to help you preserve your assets to benefit the people and charities you care about most. We'll also collaborate with your other professional advisors to help ensure your wishes are carried out smoothly. And as needed, we'll revisit your estate plan regularly to reflect any changes in your life.

Why Benchmarking to Indexes Doesn't Make Sense for Most Investors

We all want to know "how we are doing" with our investments. Investors want some sort of guideline to compare their own portfolios' performance with, so they tend to compare their performance to the performance of a market index.

Many people don't realize, however, that benchmarking to an index doesn't make sense for most investors. Also, the indexes may not represent the overall market or economy. Right now, for example, even though the S&P is up, this is due to just a few stocks. If you were to take these stocks out, the market is actually down year to date!

Here are FOUR reasons why we do not recommend looking at the indexes to assess the performance of your own portfolio.

1. Your Portfolio's Holdings Don't' Match the Indexes' Holdings

Still, investors want some sort of benchmark when assessing the performance of their personal investments, so they tend to compare their portfolios' performance to that of an index, such as the Dow and the S&P 500.

The Dow Jones Industrial Average (DJIA) is a stock market index that tracks 30 large, publicly owned blue-chip companies trading on the New York Stock Exchange (NYSE) and Nasdaq. The Standard & Poor's 500 (known as the S&P 500), is a stock market index that includes the 500 largest companies (in terms of total market capitalization) listed on the New York Stock Exchange or NASDAQ.

Although these indexes provide us with useful information about how the broader market is performing, they are not so useful for understanding how your own personal portfolio is performing. This is because the holdings in your portfolio are not necessarily the same as those in the index.

For example, if your portfolio consists of 75 percent stocks and 25 percent bonds, you cannot make an "apples-to-apples" comparison with either the Dow or the S&P 500 because both of those major indexes consist entirely of stocks. Even if you had an all-stock portfolio, you likely would own some small-company stocks, which would not be represented in the Dow because it contains just 30 large-company stocks. And if you owned stocks of non-U.S. companies, these would not be included in the S&P 500, which is made up of 500 large U.S. companies.

Your portfolio may include fixed income, international or small-cap equity stocks that are not part of these indexes.

The diversification in your portfolio may be of benefit to you over the long term in reducing volatility; but it will produce differences in the relative performance of your portfolio in the short term.

2. Different Companies Make Up the Indexes Over Time

Another reason why investors need to be careful about comparing their own portfolios' performance to an index is that the companies that make up the indexes are always changing, based on performance. The 30 companies that compose the Dow are not always the same ones. Similarly, the 500 companies that compose the S&P 500 are not always the same ones.

In fact, if you compare the list of the top 10 companies names in the S&P 500 now versus 20 years ago, do you know how many companies made both lists? Just one — Exxon Mobil. It's the only corporation in the United States that made the list in both 2003 and 2023.

However, even though most of the names on this index have changed, most investors are still allocating to a cap-weighted S&P 500 fund. This means they are, in essence, betting on the continuance of existing trends in the market — betting that the same large names will continue to generate strong returns.

3. The Markets Have Become Concentrated

A third reason why benchmarking doesn't make sense for most investors is that the S&P 500 is now more concentrated than it has been in decades. For example, Apple and Microsoft now represent more than 15 percent of the overall S&P 500 index. If you add Nvidia, Facebook, Google and a few of the larger technology companies, fewer than 10 stocks represent more than 30 percent of the market cap of the entire index.

All the indicators — including the advance/decline line, the new highs and new lows list and stocks above or below relevant moving averages — show there is not a lot of participation.

Overall, the top 10 companies in the S&P 500 have accounted for as much as 35 percent of the index's market cap in recent months. This concentration can leave your portfolio vulnerable to potential losses if interest rates remain high and stock values decline.

The market has been very narrow in terms of performance. The S&P 500 is market cap weighted. It is up approximately 9.5 percent year to date, but the equal weight S&P index is actually negative year-to-date.

We constantly screen the underlying holdings within our investment committee. The funds and index shares are doing well relative to their peer groups for the most part, but not necessarily well relative to the S&P 500, when so few companies are responsible for most of the gains. The S&P is generally a good index to compare the stock portion of your portfolio over time, but the comparison will lose some of its relevance in a portfolio that is composed of both stocks and bonds. Historically, reducing bond market exposure will increase performance, but it will also increase volatility.

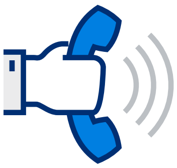
4. Market Indexes Aren't Relevant to Your Personal Vision

Finally, benchmarking to market indexes doesn't make sense because market indexes do not take into consideration your personal vision, lifestyle and financial goals.

The most important benchmark is whether you can maintain and enhance your standard of living, not some market index. Your investment strategy needs to focus on your needs, wants and vision — not a random number or value. Moreover the index performance does not take into consideration your tax status.

We focus on you and achieving your vision. Rather than taking an investment-centric approach that looks at the portfolio and tries to determine how your life can be, we want to understand what your personal vision is for the future and then develop a holistic plan to achieve it. The investments themselves are simply a means to an end. We call this Personal Vision Planning®.

Why are you investing? Is it to beat an index or to achieve a personal goal? Is it to select the newest investment or to live your dream? As we face volatile markets, portfolio fluctuations and dire news, we often focus on the value of our accounts, not the value they bring. If we can meet our goals today and tomorrow, then the absolute numbers really don't matter. Our team is here to help you do just that — meet your personal goals now and in the future.



Please reach out to your advisor with any questions regarding performance, your portfolio, your goals or anything else!

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