

August 2024 - NEWSLETTER

The Circle of Life

by: Bill Cummings, CPA/PFS



I am proud to announce that my daughter and her husband have given a "promotion" to me and my wife, Kimberli. On June 26, 2024, we were promoted to grandparents!!!! This is our first grandchild, and her name is Charlotte Anne, aka Charlie. To say that we are excited is an understatement! She is beautiful and healthy, and let the spoiling begin! I've asked other clients and friends what it's like to be a grandparent—joy, amazement, pride, can't get enough, and we get to give them back and go home to sleep!

I started to think about my legacy and what I want Charlie to learn from me, which runs parallel to a lot of the legacy planning I do with my clients.

Of course, one of the first things I did for Charlie was to open and fund a 529 plan. The money part is important, but I want her to know that with that money, I want her to be able to gain enough knowledge to better herself and to make a difference in the world, no matter how small or big.

Nobody started a 529 plan for me, and I had to pay my own way and work full-time. I want her to have a head start and know that it takes hard work and dedication. I want her to know she can be anything she wants to be, to dream big, and not to be afraid to try new things. I want her to not take life too seriously and to know that I will do whatever it takes to help her grow so she can make an impact on the next generation. Lastly, she will always have loving grandparents.

I have been doing a lot of legacy planning with my clients lately, not only asking how they want their money to be distributed but what impact they want to make. What do they want the beneficiaries to know about them? Money certainly makes a difference in a beneficiary's life, but we need to prepare the beneficiaries for the responsibility of the new inherited wealth. I am happy to speak to you about this at our next meeting.

Charlie has really brought things full circle, and I can't wait to grow together.

An Unfamiliar Road

by: Scott Russell, CFP®



I was having a hard time coming up with a topic for my newsletter this month when it hit me. Actually, 'it' hit my rental car. Let me back up. This week, Bill and I visited two of our wonderful clients who spend their summers in Montana. The road in front of the Airbnb we were staying at was being re-graveled (that's the closest thing I can come up with to call it), which is a process where they apply a layer of tar over the existing gravel and cover that with more gravel. What I didn't know was that parking on a freshly graveled road comes with hazards. One of which is if it rains soon after said 're-graveling' and a puddle forms, a strategically aimed tire can splash tar water all over someone's stationary rental car. As I'm sure you can guess, when tar water dries it leaves very hard to remove tar. This left me as a potential victim to the infamous rental car company 'extra' fees which have no correlation to real world costs.

Fast forward, my fast-acting business partner, Bill, did some googling as I drove away from my unsuccessful attempt at a self-serve car wash (there might or might not have been some expletives being relayed at that time). His search turned up three potential cleaning remedies. First, Goo Gone. Second, peanut butter. Third, WD-40. Our obvious first thoughts were, who was the first person to try and remove tar from a vehicle with peanut butter? ...and was it smooth or crunchy? Our next thought was we had to go with WD-40 as it's as universal a remedy as duct tape. After the \$9.99 expenditure on WD-40 plus the purchase of some sponges, we set out to test our Google derived cleaning theory. To tell you it worked would be an understatement. It was magical. I emptied most of the can on the vehicle (yes, somehow the tar wrapped all the way around the car), and it wiped right off. A quick second stop at the car wash left zero evidence for the rental car company sleuths to find.

So how does any of this remotely relate to financial planning? Just like I wasn't familiar with that type of road resurfacing where I live, none of us are familiar with the road we'll travel on in retirement until we get there. There might not be any magical solutions, like WD-40, for navigating what life might throw at us during retirement, but our financial planning processes at CFO are designed to make at least the financial aspects of our clients' retirement as resilient as possible. In addition, the insight we've gained by working with hundreds of clients over the years might just allow us to help our clients avoid some of the puddles in the road altogether.

How Do Presidential Elections Effect the Stock Market?

By: Ruth E. "Robin" Delaney, CFP®, CLU, ChFC, ADPA



There are many factors that impact stock market returns, but one common concern of investors is how the stock market will be impacted by a change in America's President. In past election years, the S&P 500 Index has seen more positive performance than negative. Presidential elections historically have varied impacts on the stock market, influenced by several factors such as policy expectations, investor sentiment, and economic conditions. Here are some key points to consider:

- Election Cycle Theory:** This theory suggests that stock market performance tends to follow a predictable pattern during the four-year presidential term. Generally, the market may experience lower returns in the first two years of a presidential term and higher returns in the last two years, especially in the election year.
- Incumbent Advantage:** When the incumbent party wins, markets often react more favorably due to perceived policy continuity and stability. Conversely, when the opposing party wins, there might be initial volatility as markets adjust to potential policy changes.
- Policy Expectations:** Markets react to anticipated policies of the candidates. For example, candidates favoring lower taxes and deregulation might boost investor confidence, leading to market rallies, while those advocating for higher taxes or increased regulation might cause initial market declines.
- Volatility During Election Years:** Uncertainty during election years, especially close races, can lead to increased market volatility. Investors may react to news, polls, and debates, causing short-term fluctuations.
- Post-Election Performance:** Historically, the stock market tends to perform well in the year following a presidential election, often referred to as the "post-election rally." However, this is not a guarantee and can vary based on economic conditions and the president's policies.
- Historical Patterns:** Analyzing historical data shows mixed results. For instance, since 1900, the stock market has had an average annual return of about 9% during Democratic presidencies and about 6% during Republican presidencies. However, many factors contribute to these outcomes, making it difficult to attribute performance solely to the president's party.
- Sector-Specific Impacts:** Certain sectors may be more affected by presidential elections depending on the candidates' platforms. For example, healthcare, energy, and defense sectors might experience significant movements based on anticipated regulatory changes.

While these points provide a general overview, it's important to note that the stock market is influenced by a multitude of factors, and election outcomes are just one of many elements affecting market performance.

Which party is in power hasn't made a meaningful difference to stocks either. Since 1933, there have been eight Democratic and seven Republican presidents, and the general direction of the market has always been up. What should matter more to investors than election results is staying invested.

Update on CFO Support to University of South Florida St. Petersburg Office of Veteran Success

By: Tim Keepports, MBA



(From left): Bill Cummings, Scott Russell, Todd Post, Tim Keepports, Howard Rutherford

The CFO staff recently connected with the Office of Veteran Success (OVS) to learn about program enhancements and upcoming expansion plans. USF is home to an expanding cadre now totaling over 1,500 student veterans. CFO is continuing to stock the "OVS Coffee Bar" with meals, snacks, and coffee to help ensure students are ready for their classes, can comfortably study in small groups, and to help build camaraderie at the VSO center. Below is an update by program coordinator Todd Post:

The University of South Florida St. Petersburg received a state appropriation of \$6 million to replace the current on-campus Veterans Center to support our growing population of veterans and military-connected students. The new center will provide comprehensive wrap-around services, including academic, career, and wellness support, in welcoming physical spaces designed to foster a sense of belonging and appropriately honor the service of our students. A new architect is drawing up plans and potential locations on campus are currently being evaluated. With plans moving forward quickly, we anticipate having more detailed plans available early this fall.

William Cummings

bill@ourcfo.com

813-374-9676

Concierge Financial Organization

Wealth Advisor

<http://www.ourcfo.com>