



STRATEGIC CLIENT NEWSLETTER

FIRST QUARTER 2023

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Market Performance www.bloomberg.com

Dow Jones Industrial Average

This Quarter	+34
Year-to-Date	+34

S&P 500

This Quarter	+7.02
Year-to-Date	+7.02

Nasdaq Composite

This Quarter	+16.75
Year-to-Date	+16.75

Indices are unmanaged and you cannot invest directly in an index

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Markets Look Towards Recovery in 2023

Inflation has been decreasing over the past ten months, though it still remains high. We believe we will continue seeing lower inflation rates throughout 2023.

We expect interest rates to begin to flatten in the second quarter in response to declining inflation rates.

Assuming the first quarter 2023 GDP remains positive, we believe the economy may be transitioning into a new growth phase, following positive data after the 2022 recession:

- Gross Domestic Product in 2022 finished the fourth quarter at an adjusted annual rate of 2.6%. The third quarter GDP was revised to also show an increase of 3.2%. (Source: www.bea.gov)
- The National unemployment remains low: 3.6% for November 2022; 3.5% December 2022 as additional jobs were added to the economy. The beginning of 2023 continued with lower unemployment rates of 3.4% for January and 3.6% for February. (Source: www.bls.gov)
- Nonfarm productivity increased at a rate of 1.7% in the fourth quarter of 2022. From the fourth quarter of 2021 to the fourth quarter of 2022, nonfarm productivity decreased 1.8%. (Source: www.bls.gov)
- The Consumer Price Index (CPI), which measures changes in the price level (inflation) of consumer goods and services, increased 0.1% in December 2022, increased .5% in January 2023 and increased to .4% in February 2023. From February 2022 to February 2023, the unadjusted CPI was 6.0%. (Source: www.bls.gov)
- Personal Income increased in January 2023, at a rate of 0.6%. This was followed by a December 2022 increase of 0.3% and an increase in November 2022 of 0.4% (Source: www.bea.gov)
- Corporate profits decreased in the fourth quarter of 2022 by \$60.5 billion, following by a third quarter decrease of \$1.3 billion. (Source: www.bea.gov)

Secure Act 2.0

With the passage of the Consolidate Appropriations Act in December 2022, many of the principles introduced in the original Secure Act were built upon and expanded. Some of the significant updates include the following:

1. Required Minimum Distributions (RMD): The age to begin taking mandatory distributions from an IRA has been changed to age 73. The age increases again in 2033 to age 75.
2. There is a reduced excise tax for missed RMDs. Previously there was a 50% penalty on the missed portion of an individual's RMD. The decreased amount is 25%, which is reduced even further to 10% if the shortfall is corrected within two years.
3. Qualified Charitable Distributions: The age to take QCDs from traditional or Roth IRAs remains at 70 ½ and individuals can now make a one-time charitable distribution to certain split-interest entities, such as charitable remainder trusts. The normal \$100,000 limit for QCDs will now be indexed beginning in tax years after 2023.
4. The IRA catch-up limit for individuals aged 50 and over is currently \$1,000, and will now be indexed to inflation in \$100 increments.
5. 529 Plan to Roth IRA Rollover: Starting in 2024, some 529 balances may be eligible to rollover into a Roth IRA, owned by the 529 beneficiary. The rollover is limited to the annual Roth IRA contribution limit, with a lifetime limit of \$35,000. The owner/beneficiary must have compensation at least equal to the rollover amount.

On the Recent Bank Failures

The collapse of Silicon Valley Bank (SVB) and Signature Bank remind us of why it's important for proper risk assessments to be taken when evaluating a bank's deposits, balance sheet and investment strategy. We believe these bank collapses were isolated events that won't have any rippling impact on the larger banking industry.

These banks were small-mid size regional banks that had strict regulations removed by Congress in 2018, and catered to clientele and businesses that were venture capitalists and start-ups. When interest rates increased, borrowing (which is the major lifeline for these specific business types) became harder, so actual cash needed to be taken out.

Due to the lax regulations, the banks didn't have enough deposits on hand to match the withdrawal. Panic was exacerbated until the FDIC took over.

We continue to review the banking industry and individual banks for any current or potential risks. If we see any issues with any of the banks that our clients use, we will reach out with recommendations. We do not believe the larger sized banks, that continue to be under stricter regulations, are impacted.

Estate Planning Strategies for 2023

When reviewing your Will and Estate Planning, there are some important notes to take into consideration for 2023:

- The Unified Estate and Gift Tax Exclusion amount has increased to \$12,920,000 for 2023. This will continue to be indexed for inflation until 2026, when the exclusion is scheduled to revert back to inflation-adjusted 2006 exclusion levels (\$5 million).
- The annual gift tax exclusion for gifts made to any individual is \$17,000 in 2023

- Estate, Gift and GST tax rate: 40%

***** RECOGNIZING AND AVOIDING SCAMS *****

Over the past several years, as technology has made our daily lives easier and provided additional convenience, our industry has seen an ever-increasing number of scams and fraudulent attempts to access client funds.

It is EXTREMELY IMPORTANT to notify our office immediately if you suspect any unauthorized attempts to access your account or personal information. Your investment accounts with CHB Investment Group can only be accessed by our staff and we will NEVER execute orders that are made through e-mail, text or voicemail. We will ALWAYS call to confirm any transaction requests that are received, and further confirm client identities as needed.

Some of the most common scams that have recently become more popular are:

1. **Tech Support Scams** – Fraudulent parties will attempt to access your computer through a phone call or a screen pop up on your computer. The scammers will identify themselves as from a reputable company like Microsoft or Apple, and tell you they can fix an error or virus issue. **DO NOT GIVE ANY THIRD PARTY ACCESS TO YOUR COMPUTER.** They will have access to any information you store on your computer, including financial records, e-mails and saved password information.
2. **Family Emergency Scams** – These are calls or e-mails where the scammer disguises the caller ID/email address as a familiar one to you, and attempt to have money sent to them through a dire story of need. They will use known names that can be found on the internet, and ask that the story not be verified by other family members since it's either embarrassing or they are scared. **CONFIRM ANY IDENTITIES BY ASKING SPECIFIC, PERSONAL QUESTIONS THAT WOULDN'T BE EASILY FOUND ONLINE.** Always take the time to verify any stories before giving money away.
3. **IRS Scam** – The scammers will claim they are representatives from the IRS and that you owe back taxes that are owed immediately or they will send the police and send you to jail. They will almost always request to be paid immediately through a wire transfer or gift cards. They will typically even stay on the phone through the entire payment process – including you driving to a store to purchase the gift cards. **DO NOT EVER MAKE PAYMENTS TO ANY PARTY USING GIFT CARDS. THE INTERNAL REVENUE SERVICE WILL NEVER CONTACT YOU BY PHONE.**
4. **Counterfeit Cashier's Checks** – You receive a cashier's check drawn from a reputable bank for an overpayment from a job, sweepstakes fees, online transactions, etc. You are asked to deposit the check, keep some of the funds and wire back the rest of the "overpayment" you received. **ALWAYS BE AWARE OF CHECKS RECEIVED FROM STRANGERS.** If you deposit a counterfeit check, even if it's part of a scam that you're a victim of, you can be charged with a crime.

Scammers are constantly trying new methods and tactics, and there are some signs to be aware of:

1. **They contacted you** – When someone is contacting you, you can't be certain who's on the other end of the call or email. Remember that phone numbers and email addresses can be faked.
2. **They dangle bait – usually money** – People don't typically give away large sums of money easily. If someone is dangling large prizes, shopping sprees or easy loans for free, they're probably lying.
3. **They want your personal information** – Anytime anyone asks for your personal information, you should be alert. Don't give away any of this information away easily, especially to someone you don't know.
4. **You have to pay them first** – If you're being offered a prize, debt relief, personal loans or employment, but there are upfront fees to pay first, you're most likely being scammed.
5. **You have to wire money or send gift cards** – Do not wire money or send gift cards in order to receive a gift, prize or to pay off a debt collector that contacts you.

Always call us first if you suspect or question anything.

CHB Investment Group Recommendations

Recommendations made by CHB Investment Group, LLC may not be suitable for all clients, and we suggest calling our office to review any recommendations that may meet clients' specific financial needs and risk tolerance.

We continue to recommend that clients maintain their long-term investment plan, and proper asset allocation of their investment portfolios. We advise that clients review any changes in risk tolerance with us, so that we can continue investment strategies and retirement planning models that meet the needs of each client.

We will continue to meet to review client portfolios and cash flow models, and will reach out if there are any necessary changes that we recommend making.

CHB Investment Group News

- Please note we have included our updated 2023 Client Relationship Summary (CRS) and disclosure package with this newsletter for your information.
- Please **DO NOT** click on any suspicious links or give out any personal information to unverified sources. ***Call our office if you're unsure of whether or not you're receiving scam or phishing notices and we will verify the validity of them.***
- The IRS has extended the Federal tax filing deadline to **April 18, 2023**.

For clients who would like to receive non-confidential information regarding general market conditions and CHB Investment Group updates, please send your preferred e-mail address to chris.lindenthal@chbinvestmentgroup.com

Reminder: We do not accept orders over email or through messages left on our voicemail system. We will always require verbal authorization for any transaction or liquidation request.

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Past performance is no guarantee of future results.

Indices are unmanaged and you cannot invest directly in an index.

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

Generally, CDs may not be withdrawn prior to maturity. CDs are FDIC insured up to \$250,000 per depositor per insured depository institution for each account ownership category. CDs may be issued by out of state institutions.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The prices of mid-cap company stocks are generally more volatile than large company stocks. The often involve higher risks because mid-cap companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Diversification does not guarantee profit or protect against loss in declining markets.

This newsletter is designed to provide accurate, authoritative information. CHB Investment Group, LLC is not engaged in rendering legal, accounting or tax advice. If legal, accounting, or tax assistance is required, the services of a competent professional should be sought. The hiring of a professional is an important decision and should not be based on advertising. Ask for written information stating qualifications, experience and Firm association before making a decision.

This report is provided courtesy of your Financial Advisor, Christopher H. Brashier, who can be contacted at 215-862-6900. The opinions expressed in this report are those of the author(s). The material has been prepared or is solely distributed for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.

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