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Happy Valentine's Day! February 14, 2023

I hope this finds you doing well. Have you ever felt like you have "hat hair" from wearing so many hats? You may even feel like you are much taller from wearing so many hats at once – kind of like an odd balancing act that a totem pole pulls off. When many of us were changing to working from home we were often juggling the career hat, the teacher hat, the caregiver hat, and the hats of so many other tasks we took on that we never envisioned. I know I never dreamed of becoming a barber! As the pandemic has dulled to the endemic phase and we try to emerge better and stronger on the other side, we may want to look at what hats we want to toss, and which hats we want to keep or even new hats we want to try on. Many people have totally changed careers; many left the workforce altogether to wear the wife/mother, husband/father, or retiree hat. Are there hats you are wearing now that feel uncomfortable?

Are you tired of wearing a "chef's hat" but don't want to eat out every day? There are a multitude of meal delivery services (such as Freshly) that can take that task off your plate (pun intended). Perhaps you are wearing the "worried daughter or son hat" and could order these meals for your parents, so you know they have easy access to good food. Grocery shopping and delivery is another time and stress saving hat someone else can wear for you. Many times there is a solution to wearing too many hats if we first spend the time figuring out which hats are no longer fashionable.

I get the pleasure of wearing the "Grandmommy hat" for my two wonderful grandchildren, the "wife and mother hat", the "friend hat", and all the hats I wear for Fries Financial Services. Personally, I would rather wear too many hats than be bareheaded and bored. For people who have too many hours in the day I thoroughly recommend the "volunteer hat". So many wonderful charities need helpers and there you can meet like-minded people. The pandemic really proved how important it is to have interactions with people to keep our minds sharp and happy. There is a saying, "In order to be happy you must have 3 things: someone to love, something to do, and something to look forward to." I'm glad to have my "explorer hat" on as our family will embark on my delayed 60th birthday Alaska trip this year. Having something to look forward to always makes my heart sing.

This newsletter is trying to wear many hats too – one is to inform you and another is to entertain you. But its most important hat is the "Ambassador hat" which is to embrace you and tell you how much we all value you and appreciate the trust and confidence you have put in our team to help guide your financial life. I tip my hat to you!

This annual newsletter is a labor of love, and we hope you feel the hug that came in its envelope.

It's been a rough few years and sometimes it feels like we all need a helmet instead of a hat, but hopefully soon the tide will turn! I'm praying that there aren't many events this year that make you have to hold on to your hat. Whatever the journey, it's been our honor and pleasure to be a part of it with you.

Kindest Regards,

Denise Fries

www.friesfinancial.com

Our Thoughts on the Current Market Downturn

Mike Albert, CFP®, AAMS®, AWMA®, CRPC®

We believe that the primary factor making this a very difficult investing environment is that the level of inflation here in the U.S. and in many other countries around the world is at or near the highest levels that we have seen in about 40 years. As a result, this has caused central banks in the U.S. and in many other countries to aggressively raise interest rates in an attempt to slow economic activity so that these inflation levels can be reduced to more acceptable levels of 2% versus the current inflation levels of 7% or more globally.

We are beginning to see the effects of these interest rate increases bringing down inflation levels here, but unfortunately this process does take time, and 2023 will bring incremental reductions in inflation.

However, since the stock and bond markets are both "forward looking," we do expect both of these markets to recover well in advance of the actual measured inflation levels in the economy returning to more acceptable levels. Similarly, we believe that both the stock and bond markets have currently priced in a lot of the potential bad news that could occur in the future as central banks around the world continue to raise interest rates in an effort to reduce inflation.

As a result, we are cautiously optimistic that we will see markets recover in 2023. However, since we acknowledge that there are still risks out there, we are currently running in a "reduced risk" mode in our **Pentegra model portfolios** that we are actively managing. We do expect the current debt ceiling showdown to add volatility to the markets, but we believe it will ultimately be resolved since we have seen these types of showdowns in the past, and this has always been the case. Also, in addition to the reasons we mentioned above for why we expect markets to recover in 2023, we also have stock market history on our side since it has been very rare throughout history to have two negative years in a row, as 80% of the time throughout history, a negative year has been followed by a positive year.

Also, for clients that are currently taking distributions from their Pentegra accounts, we are taking this money out of an interest bearing cash position (Guaranteed Fixed Interest Fund) that is not impacted by what is going on in the stock and bond markets. This allows us to buy time for the markets to recover since we are not having to sell shares while the markets are down to meet distribution needs.

Since these Pentegra model portfolios are actively managed, we are monitoring them and are making changes as needed to take advantage of opportunities in the markets as they present themselves. If your retirement assets are not currently in a Pentegra model portfolio we encourage you to consider this option and we are happy to explain the options you have to reduce the risk in your retirement resources.

Finally, for clients that have variable annuities with us, these contracts provide lifetime income guarantees that are not impacted by what is going on in the stock and bond markets.

In 2022 these were the results for each model portfolio net of all fees and expenses:

I'm Worried About the Potential Consequences… Should I File an Insurance Claim?

By Taylor Johnson

Taylor Johnson

If a claim is filed by a homeowner because of damage from a storm to their house, will the insurance company raise their premiums? Will the insurance company drop them altogether? These are legitimate worries. Insurance companies cannot raise your rates or drop you mid-policy, just for filing a claim, but at renewal time they can raise your rates as much as 20%. According to the Insurance Information Institute, if multiple claims have been filed, the insurer can decline to renew your policy. The same is true for auto policies. But isn't this why we buy insurance? Filing a claim is a right as a consumer.

How to decide whether your claim is worth the potential consequences:

Does it financially make sense? The majority of insurance policies have a deductible. For a claim to be financially advisable, the cost to repair the damage should be much bigger than your deductible.

Determine the type of claim. You're more likely to see a rate hike after a claim for personal injury or for an incident that the insurer thinks might happen again or was due to negligence. The easiest way to get your insurer to not renew your policy is to report multiple water damage claims from plumbing leaks. In contrast, weather related claims rarely result in higher premiums. Many states prohibit insurers from raising rates for that reason; however; insurers can raise rates in an area experiencing new and more destructive weather.

Where to start? Contact your insurance agent. They can advise you about the pros and cons of each potential claim. They can also provide you with a link to file online or a phone number to call to start the claims process.

A Simple Swab of the Cheek Could Tell You Which Medications are Effective for You.. and Which to Avoid

Ever wonder why some medicines work great on some people and others have a bad reaction or don't even work? Genetics! Pharmacogenomic tests, like Clarity Max Rx, look for changes or variants in your genetics that may determine whether a medication could be an effective treatment for you or whether you could have side effects to a specific medication. This simple saliva test saves you and your doctor time and frustration in the trial and error phase when taking a new medication and gets you straight to treating your condition effectively. This is particularly important for medications you will be taking for a long time like those for your mental health, heart conditions, or any other chronic condition. Over 1000 of the most common over the counter and prescriptions are placed in three categories; "Use as Directed", "Use with Caution", and "Do Not Use". These tests typically cost around $400 and are not covered by insurance.

Contact your primary doctor to schedule a test.

The Myth of Hydrogen Peroxide

For centuries, it has been the "Go-To" for wound care. It bubbles up so it must be working, right? Unfortunately, wrong. Hydrogen peroxide isn't able to distinguish between good and bad cells within the wound. It kills everything, including the white blood cells, which slows down healing, making the wound stay open longer, which can lead to more infections. Instead, clean small wounds with a saline solution or plain water. Consider adding an over the counter triple antibiotic ointment to keep it moist and aid healing.

Are you a candidate for Tax Loss Harvesting?

Tax-loss harvesting **allows you to sell investments that are down, replace them with reasonably similar investments, and then offset other realized investment gains with those losses**. This works for non-retirement accounts. The end result is that less of your money goes to taxes and more may stay invested and working for you. How do you know if you're a candidate? Give us a call and we can work with your tax preparer to see if you would benefit from it.

Benefits of Roth Conversions

Contributions to Roth IRAs are only available to people who earn up to a specific amount of money, which means if you make more than the earnings threshold, you're not eligible for a Roth IRA. So unfortunately, you're stuck paying taxes on withdrawals from a Traditional IRA when you finally retire…or maybe you're not.

You can do a "Back Door" Roth and convert your Traditional IRA to a Roth IRA.

A key benefit of doing a Roth IRA conversion is that it can lower your taxes in the future. You have to pay income taxes on any amount converted from a Traditional IRA to a Roth IRA and that may be a bitter pill to swallow, but once you pay taxes on the money that converts into a Roth IRA, you're done paying income taxes; and when you die and leave your Roth IRA to your heirs they won't owe income taxes either. While it's impossible to predict what tax rates will be in the future, they're likely to go up.

Another perk to a Roth IRA is that you can withdraw contributions (not earnings) at any time, for any reason, like for college expenses, a home purchase, etc., generally tax-free. Still, you shouldn't use your Roth IRA like a bank account.

Moving to a Roth IRA also means you won't have to take Required Minimum Distributions from your account. If you don't need the money, you can keep your money growing tax free and pass it to your heirs. With a Traditional IRA you must begin taking distributions, whether you want the money or not.

When is the best time to convert to a Roth IRA? When the market is down, so your taxes on the converted amount are lower and the recovery occurs inside the Roth IRA.

With a little more paperwork we can usually convert an ORP, TSA, 457 and 401(k) to a Roth IRA. Everyone's circumstances are different. Let us help you launch a discussion with your tax preparer to see if a Roth conversion is right for you.

Bill Hoffman

Maximize Your Retirement Savings in 2023

The IRS announced that the 2023 maximum contribution limits will INCREASE for several retirement plans including 403 (b), 401(k), and IRA plans which is great news for our TAMU employees.

Plan Type	Under Age	Age 50+
401(k)/Roth 401(k), 403(b)/Roth 403 (b), most 457/Roth 457, Thrift Savings	$22,500	$30,000
IRA/Roth IRA	$6,500	$7,500

You can contribute to a Traditional or Roth IRA even if you participate in another retirement plan through your employer or business. However, you might not be able to deduct all your Traditional IRA contributions if you or your spouse max out another retirement plan at work.

Contact us to increase your deposits or open an account.

RMD Changes

Recent legislation passed that means more changes to existing rules. Required Minimum Distributions (RMDs) are changing again depending on which year you were born. To help you keep track we have created a quick reference chart for you:

When Were You Born?	Age RMDs Must Start
Before 7/1/949	70 1/2
7/1/1949 - 12/31/1950	72
1/1/1951 - 12/31/1957	73
After 12/31/1957	75

You must take your first RMD either by December 31st of the year you turn RMD age, or delay until no later than April 1st the following year. Remember, if you delay of your first RMD to April 1st you'll need to take two RMDs in one tax year. Please reach out to your advisor if you have any questions.

How does the US compare?

Have you wondered how we compared to other countries in 2022 in important economic indicators? We are not alone in feeling the pain from the pandemic, increased interest rates, inflation, supply chain issues, and Russia's aggression.

Country	Inflation Rate for 2022	Unemployment Rate on 11/30/22	Stock Market *
United States	7.1%	3.5%	-19.46%
United Kingdom	10.7%	3.7%	-9.71%
Mexico	7.8%	2.8%	0.27%
China	1.6%	5.7%	-21.80%
Canada	6.8%	5.0%	-12.27%
Japan	3.8%	2.5%	-15.38%

* Source: S&P Global Equity Country Indices

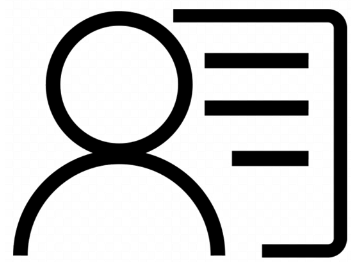
Why do eggs cost so much?

Is it just inflation? Actually, the Avian Flu has been reducing poultry flocks since February of 2022 and will continue doing so into 2023. According to research, about 60 million birds are dead because of the flu and 43 million of these were egg laying hens. Considering that each producing hen lays approximately 296 eggs per year that is a loss of 12,728,000,000 eggs available to eat! This, coupled with higher fuel, feed, and producer costs, have significantly driven up the price of eggs. This impacts the price of many things you buy such as baked goods, mayonnaise, ice cream, and snack foods. Restaurants are forced to raise prices to cover their increased costs.

"Tell Me More, Tell Me More"

Please contact our office if any of these common life events or changes in contact information occur, such as:

- **Address - By far our most common change**
- **Cell or Home Phone Number**
- **Email Address**
- **Employment Status**
- **Marital Status**
- **Legal Name**
- **Birth of a Child**
- **Death in the Family**
- **Pending Retirement**
- **Inheritance**



Want to sell your property, but don't want to pay Capital Gains taxes?

Travis Vollmering

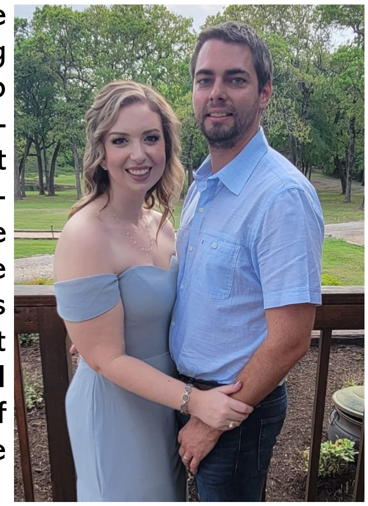
If you own a rent house, or other investment property, and are tired of being a landlord, you now have the opportunity to sell the property and delay or avoid Capital Gains taxes. A 1031 Exchange, named after section 1031 of the U.S. Internal Revenue Service Code, is a way to postpone or eliminate Capital Gains tax on the sale of an investment property by using the proceeds to buy a similar "property" of greater or equal value. Instead of purchasing a physical property, Fries Financial Services, LLC can help you purchase a financial product consisting of a fund of income producing properties, without the headache of managing a property yourself. You earn an income stream without the calls from tenants! If you pass the asset on to your heirs at your death they are likely to inherit the asset free of Capital Gains and free of Estate Taxes based on the rules in the year of your death. Contact our office BEFORE you list it for sale so we can discuss your options.

Eating Your Meal in a Specific Order Can Reduce Glucose Spikes by 75%

It turns out that a meal can have a very different impact on your glucose depending on the order in which its components are eaten. The optimal sequence for stable glucose levels is **vegetables first, followed by proteins and fats second, with starches and sugars last**. In a meal consisting of chicken, bread, green beans and an apple, this means eat the beans first, chicken second, and bread and apple last. Eating food in this order reduces the glucose spike by up to 75 percent, as well as associated side effects. Plus, you'll feel fuller and more energized.

Taylor's Column

Happy Valentine's Day! Has it already been a year? The saying "the days are long but the years are short" couldn't be more true. Our days are filled with loving Kyle and Aubree who are now four and two and a half! They both started going to preschool at Charlotte Sharp Children's Center in August and they absolutely love it. I do Mommy&Me swim lessons with the kids and Aubree loves her ballet class. You can always find Kyle telling a knock-knock joke, playing with his trains or eating pizza. Aubree loves wearing Mom's jewelry and make-up, playing outside and cuddling our new family pet, a 2 lb bunny named Lady. My husband Zach is still building houses, busier than ever. In fact, he even built our personal house that we moved into last summer. It couldn't be more perfect. This past year we have enjoyed many small family trips to the beach and camping and are looking forward to a once-in-a-lifetime trip to Alaska and then Europe this summer. I hope the kids will love traveling as much as I do. When I am not taking care of my family, you can find me at Fries Financial Services where I am taking on more and more roles. I have enjoyed getting to know many of you and look forward to visiting with you at the office soon. I hope you have a loving Valentine's Day. - Taylor



Ask your Bank: Who is "on my Bank Account"?

By Kassidy Poole

"Courtesy", "Secondary", or "Convenience" Signor:

This person has access to your bank account without having ownership. They can make withdrawals and deposits, sign checks, make transfers, and initiate or stop payments but they do not own the balance. They are not an heir to this account.

Joint Owner (with Rights of Survivorship):

This person has equal access to funds and shares equal responsibility for fees or charges incurred. At your passing, they would become the sole owner of this account. If the other person gets divorced or has a debt, your money could be at risk for their debt. If you have 3 kids but only one kid is "on your bank account" the other 2 kids will not get any of this money, even if your Will divides everything equally. This occurs frequently, is usually an unpleasant experience, and should be avoided.

Transfer on Death (TOD or POD) Bank Accounts:

This type of account would transfer the bank account to your named beneficiaries at death. You can have more than one beneficiary. The beneficiaries cannot access the account while you are living, as they are not partial owners.

Please check with your bank to see if or how you have another person "on your account"; it is easy to fix now and impossible to fix after your death.

Newest Member of Our Team: Kassidy Poole '22

I graduated Texas A&M's Mays Business School with a degree in Business and minors in Cybersecurity and Financial Planning. I am originally from Tyler, TX where I had years of customer service experience working at a family business. After interning at Fries Financial Services over the Summer and Fall of 2022, I am now training to become a Wealth Manager. I work closely with Denise Fries assisting clients with Estate Planning and multigenerational planning. Outside of work, I enjoy spending time with friends and family, baking, and watching true crime documentaries.