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Pearsall Wealth Management

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## July 2024 Pearsall Wealth Management Newsletter

| <u>Index</u> <sup>1</sup>    | <u>Q2 2024</u> | <u>Year to Date 2024</u> |
|------------------------------|----------------|--------------------------|
| S&P 500                      | 4.28%          | 15.29%                   |
| Dow Jones Industrial Average | -1.27%         | 4.79%                    |
| Russell 2000                 | -3.28%         | 1.73%                    |
| MSCI EAFE                    | -0.17%         | 5.75%                    |
| Barclays Aggregate Bond      | 0.07%          | -0.71%                   |
| US Treasury Bill – 3 month   | 1.34%          | 2.68%                    |

*Thomson Reuters performance data as of 6/30/24*

**After a strong start to the year** (as we noted in our last newsletter the S&P 500 was up 10.56% as of April 1<sup>st</sup>) the equity markets pulled back in April, then rallied in May and June, and we are now only slightly ahead of where we were at the end of the first quarter. With the Federal Reserve continuing to hold interest rates steady the US fixed income (bond) markets sold off further as there had been an expectation of rate cuts. UBS currently expects two rate cuts this year, with the first in September<sup>2</sup>; that said the Federal Reserve has stated numerous times they are remaining dependent on the data they receive, and the decisions they will make over the next quarter will be based on data they do not have yet. Long term it is perhaps more important to understand which direction rates may move than the exact timing. Thankfully there is good consensus that that next rate move is very likely to be lower even if we do not know exactly when that will happen.

**So where to we go from here?** Between now and the election we may see stock market volatility in reaction to which party is perceived to win as investors adjust their portfolios<sup>3</sup>. We may also see continuing volatility in the fixed income (bond) markets as investors attempt to determine when the federal reserve may begin cutting interest rates. Our thoughts on how to proceed remain the same – focus on your financial plan and make adjustments as they are called for rather than reacting to the latest headline. As my father Glenn is fond of saying we are more concerned with if the tide is going in or out than the waves lapping at the shore.



It is often prudent to make a change to your investment portfolio when something has changed rather than reacting to the possibility that it may do so. As such, though it may not make sense to make significant changes in your portfolio due to the election “waves lapping on the shore”, given our confidence that the next move in interest rates will be lower, it continues to make sense to lock in higher yields by moving from cash to fixed income when it is aligned with your financial goals. For a look through the end of the decade and possible impacts to the markets we’ve attached a recent UBS report discussing the possibility we experience another period similar to the roaring 20’s “Keeping score on the ‘roar’” which may help keep what you hear or read in the news on a daily basis in context of which way the tide may be going.

**If you are interested in more thoughts on the election** and how it may impact markets, I encourage you to take a look at the reports and recorded events at [ubs.com/ElectionWatch](https://www.ubs.com/ElectionWatch) . For those that enjoy market minutia there is a fascinating report on political pessimism punishing performance within the June 24<sup>th</sup> ElectionWatch 2024 update “The race heats up” <https://www.ubs.com/us/en/wealth-management/insights/investment-research/us-elections/2024/the-race-heats-up.html> .

**Lastly, for those not involved in the tourism industry** summer is often when we take time for rest, relaxation, and reflection. If you have thoughts on lifestyle changes, purchasing a second home, retiring early, helping family members with college or other expenses, or are contemplating the impact you want to make on your community through charitable giving please give us a call to set up a time to discuss your thoughts. I very much enjoy conversations where we can discuss your aspirations and work together to create a plan to get you on the path to realizing them. Seeing clients live their dreams is one of the greatest joys and reason I enjoy what I do.

**From Melissa:**

**UBS Credit and Debit Cards** – one of the great features of a UBS Resource Management Account is the ability to have a UBS Credit or Debit card tied to the account. While there’s no perfect answer to how many credit cards you should have, a 2023 Experian Consumer Credit Review<sup>4</sup> found that the average American has 3.9. If you can responsibly manage multiple credit cards, you can usually maximize rewards, annual statement credits and interest-free financing.

As I am hearing more clients are traveling abroad, I have also been hearing more stories of people having issues with their local bank cards or main credit cards either from pick pocketing or fraudulent charges being discovered.



Attached is a side-by-side comparison of the cards that UBS Bank offers. Our credit cards provide exclusive benefits, rewards, protections, as well as the personalized (over the phone human or in office in person) service you have come to expect from UBS and our team. If would like to talk more about what UBS has to offer, please let us know.

**Trusted Contact versus Power of Attorney-** In the past couple years financial firms like UBS have been asking clients to name a trusted contact and Power of Attorneys for their portfolios. We take client privacy very seriously, but sometimes as one gets older having some help can be valuable. There are a few ways to enlist the help of a friend or family member.

A "Trusted Contact" is somebody we can contact with questions or in case of an emergency, for example, with returned mail with repeated tries to get a hold of you or even if we feel someone is trying to take advantage of you. This trusted contact could also inform us of accidents or hospital stays and we can take the next appropriate steps. A trusted contact cannot provide UBS with investment instructions, request withdrawals, or complete other transactions in your accounts.

A Power of Attorney (POA) on the other hand usually has much more broad powers than a trusted contact. Sometimes they can be the same person, if you prefer. A POA is a legal document that allows one or more individuals (a.k.a. an "attorney") to operate fully on your behalf within the constraints of the agreement and state/local laws.

Both are great to have no matter what stage of life you are in. First and foremost, you, the account holder, are our client and unless legally incapacitated, we always take direction from you first.

**Modern Retirement Monthly (MRM)** this month's Modern Retirement Monthly touched upon one of my favorite topics, getting organized with old employer based retirement plans. When you leave an employer, your first thought generally isn't to think about your old 401k or call Adam or myself. Most people get busy with their new job or enjoying the first few months of retirement. Weeks and months go on and the statements just build up on one's desk.

So what does one do with an old retirement plan? While there's no right answer that holds true for everyone, it's important to make sure you have a complete understanding of your options. The four broad options [the article](#) and [video summary](#) goes into are:



1. Withdrawing the money as a lump sum- you should know your plan rules. Sometimes plans force out small participant accounts by automatically sending checks or rolling the plans into IRAs that become hard to track down.
2. Leaving the plan where it is.
3. Rolling over into a new employer plan
4. Rolling over into a Traditional IRA or Roth IRA.

Whatever choice or combination of choices you decide upon, just make sure you keep track of the plan and know how it invested to make sure you're maximizing your retirement savings. If starting at a new employer and you're not eligible to contribute yet, talk to us how you can save in the interim to keep your financial plan on track.

**From Tara-**

**Zelle® is now available for your use to send money via the UBS Financial Services Inc App, and provides several benefits:**

- It's safe and secure. Money transfers typically happen within minutes.
- No recipient banking information is needed. You send money using an email address, phone number or a QR code.
- There is no limit on how much money you can receive with Zelle®; please note you can send a maximum of 3 transactions per day with a \$2,500 limit per transaction.
- You can send money, request money, or split purchases.
- Note: Payments are irrevocable and cannot be cancelled so clients need to confirm that the recipient they are sending money to has enrolled with Zelle® and that the information entered for the recipient is the correct email address or US mobile phone number for that person.

You can enroll via the following steps:

1. Downloading the UBS Financial Services Inc App.
2. Selecting "Pay with Zelle®."
3. Using their U.S. mobile number or email address to enroll.
4. Start sending and receiving money with Zelle®.



## UBS mobile app reminder

The UBS mobile app allows you to access your online services on the go from your cell phone and mobile devices such as tablets. If you do not currently have the mobile app, you can follow these easy steps:

- Download the app from the app store
- Sign in to the app using your online services username and password
- A one time PIN will be sent to you for fraud prevention purposes.
- Say "yes" to biometrics and "yes" to notifications

If you have any questions about this please give me a call, I would be happy to assist you.

Best wishes for a great summer,

A handwritten signature in black ink, appearing to read "Adam".

Adam E Pearsall, CFP®  
Senior Vice President-  
Wealth Management  
Senior Portfolio Manager

A handwritten signature in black ink, appearing to read "Melissa".

Melissa Battiste, CRPC®  
Senior Wealth Strategy Associate

A handwritten signature in black ink, appearing to read "Tara".

Tara Johnson  
Client Associate

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There are two sources of UBS research. Reports from the first source, UBS CIO Wealth Management Research, are designed for individual investors and are produced by UBS Wealth Management Americas (which includes UBS Financial Services Inc. and UBS International Inc.) and UBS Wealth Management. The second research source is UBS Investment Research, and its reports are produced by UBS Investment Bank, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor.

**Important additional information applicable to retirement plan assets (including assets eligible for potential rollover, distribution or conversion).**

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With respect to plan assets eligible to be rolled over or distributed, you should review the IRA Rollover Guide UBS provides at [ubs.com/irainformation](https://ubs.com/irainformation) which outlines the many factors you should consider (including the management of fees and costs of your retirement plan investments) before making a decision to roll out of a retirement plan. Your UBS Financial Advisor will provide a copy upon request.

**Conflicts of interest.**

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<sup>1</sup> Thomson Reuters via UBS Portfolio Management Report performance data as of 3/28/2024

<sup>2</sup> The end, not the beginning, Jason Draho, Head of Asset Allocation, CIO Americas, UBS Financial Services

<sup>3</sup> UBS House View Monthly Letter "Decision time" June 20, 2024, Chief Investment Office GWM, Investment Research

<sup>4</sup> "What Is the Average Number of Credit Cards?" by Chris Horymski April 24, 2024. [www.experian.com/blogs](https://www.experian.com/blogs)

Title: July 2024 Pearsall Wealth Management Newsletter

Approval date 7/9/2024

Expiration: 7/31/2025

Review Code: IS2403439