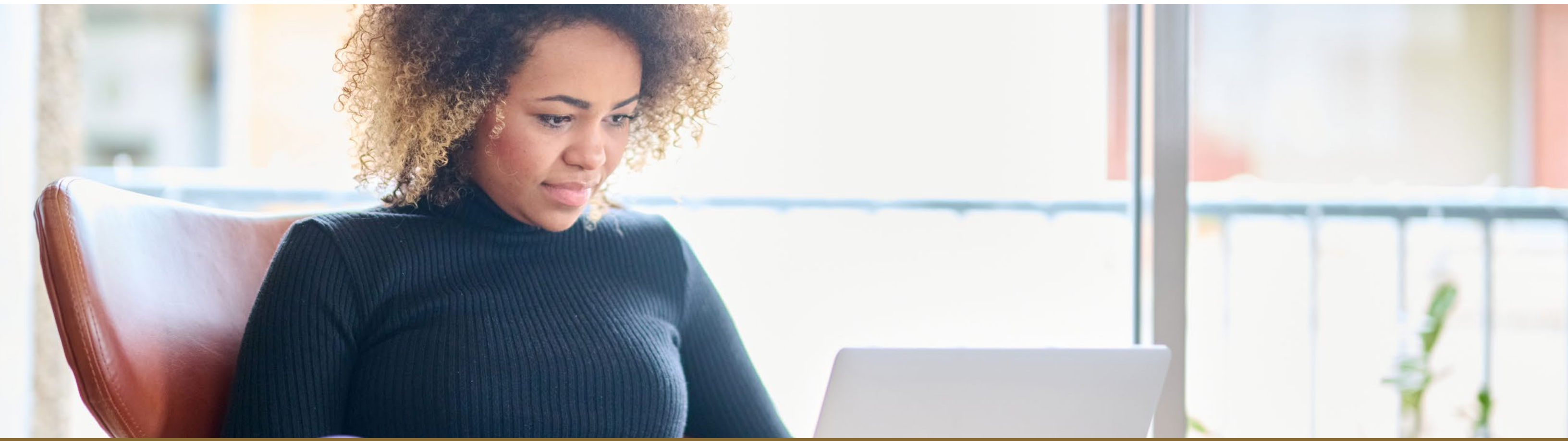
Wells Fargo Wealth & Investment Management



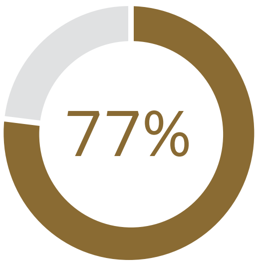
Advice and Planning

Planning opportunities in an uncertain economy

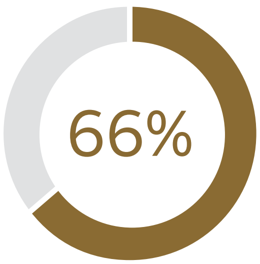
If you're feeling unsure how to approach investment planning in today's economy, you're not alone. But don't let that uncertainty cause any fear about your future finances or put a hold on your planning opportunities.

A 2022 study conducted by Versa Research and sponsored by Wells Fargo & Company* indicates that more than three-quarters of investors are concerned about market fluctuations, with two-thirds of participants also indicating they are worried about their money.

Many respondents indicated they are feeling concerned about the economy and their money, but there are still planning opportunities that can be utilized when economic indicators seem to keep changing. Now is the time to consider what planning approaches may be viable for your situation - and may even be advantageous to implement.



of investors surveyed are concerned about market fluctuations



of investors surveyed are concerned about their money

*See final page for additional information

What steps can you take today?

With this information in mind, here is an actionable checklist for your current planning opportunities:

- ✓ Clarify your short- and long-term objectives. Are you aiming to prepare for retirement? Manage your debt? Establish a college savings plan? Think through what is important to you during this time, and what life changes have recently occurred that may have impacted your objectives.
- ✓ Review your documentation and keep it organized. Now is a great time to review your estate plan[1], your insurance policies[2], and your beneficiary designations on retirement plan accounts and annuities. It may have been longer than you realize since you last checked these documents and keeping them proactively organized can help you save on unplanned expenses while helping to avoid potential hurdles or headaches.
- ✓ Analyze how your current situation is supporting your financial goals. Once you are clear on your objectives and your documentation, speak with your advisor and review your plan components to see if anything necessitates a change.
- ✓ Weigh your options with your advisor. As you continue to work toward your objectives while managing your risk, evaluate your liquidity and cash options with your advisor and revisit your investment portfolio options to ensure your situation aligns with your time horizons and financial goals.
- ✓ Discuss alternate wealth strategies with your advisor. Some strategies may achieve better tax results[3] when interest rates are high, such as Qualified Personal Residence Trusts (QPRTs) and Charitable Remainder Trusts (CRTs). Other mainstay techniques like Grantor Retained Annuity Trusts (GRATS) or Intentionally Defective Grantor Trusts (IDGTs) may also perform well despite the current Applicable Federal Rates (AFRs), which are low by historical standards.**
- ✓ Consider the impact on your business. If you may be subject to paying estate tax when the current Tax Cuts and Jobs Act (TCJA) law sunsets after 2025, proactive estate planning over the next few years may be necessary, or sooner if you anticipate a liquidity event. Additionally, if higher interest rates and a general economic slowdown will negatively affect the value of your closely held business or personal assets, consider funding trusts** or making gift transfers to utilize this lower value, thereby increasing the potential wealth transfer as market conditions improve.

How interest rates impact your planning opportunities

There are two types of interest rates on which to focus your attention: short-term rates and long-term rates:

1

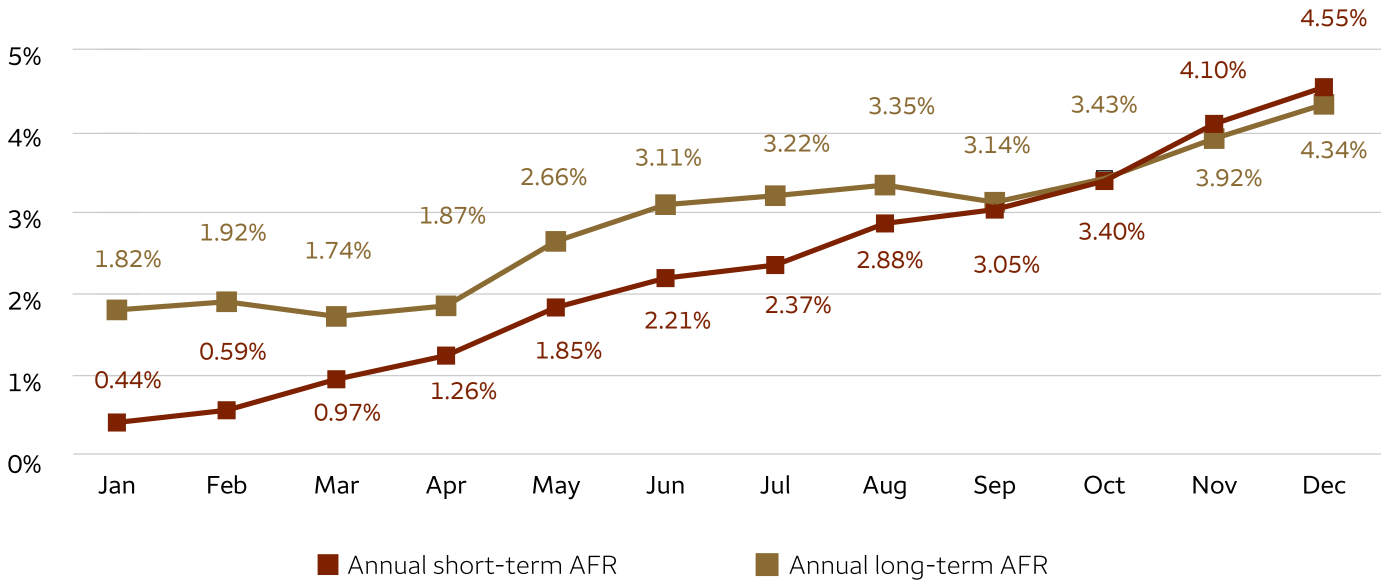
Rising short-term rates can have a more meaningful effect on the economy because they raise the cost of borrowing, which has the potential to impact your short-term or long-term goals. They are determined by the Federal Reserve (the Fed), typically when policy rates change or when economic growth accelerates.

2

Rising long-term rates can have a more significant effect on fixed-income investors because they affect bond prices. These rates rise based on macroeconomic factors, inflation expectations, and supply/demand dynamics, which can make them more volatile or more difficult to forecast than short-term rates.

Factors such as economic growth, inflation, and employment levels help determine interest-rate policies and market interest rates. Each month, the IRS provides various prescribed rates called Applicable Federal Rates (AFRs) for federal income tax purposes. Charted below is the IRS report on 2022 AFRs, month over month:

Applicable Federal Rates (AFRs) for 2022



Source: IRS: Applicable Federal Rates (AFRs) Rulings

Influential factors:

Economic growth

Inflation

Employment level

Get started today

Schedule a planning conversation with your advisor to help evaluate what planning opportunities may work best for you.

Disclosures

About the study

*Versta Research conducted a national online survey of 2,000 U.S. adults, of whom 1,163 have money invested in the stock market. The survey, which was sponsored by Wells Fargo, was conducted September 21–27, 2022. Sampling was stratified, and final data were weighted to match current U.S. Census estimates for the adult population based on age, gender, race/ethnicity, region, income, and education. Assuming no sample bias, the maximum margin of error for full-sample estimates is ±2% overall and ±3% for those with money in the stock market (investors).

Important disclosures from Page 2

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2 Insurance products are offered through nonbank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies.

3 Wells Fargo Advisors is not a legal or tax advisor. However, we will be glad to work with you, your accountant, tax advisor and or lawyer to help you meet your financial goals.

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