



KINSEY
WEALTH MANAGEMENT
OF SC3F WEALTH MANAGEMENT GROUP

The Kinsey Report

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The markets have had a nice rebound so far this year. But, in our opinion, there are many issues yet to be resolved with inflation and the economy.

THE MARKET

The S&P 500 finished 2021 at 4766.18* and 2022 at 3839.50*, down 19.44% for the year. An extremely challenging year to say the least. As of this writing, the S&P 500 stands at 4508.82*, up approximately 18.39%* so far in 2023. As the market continues to fight its way back to the 2021 close, we expect continued volatility and periods of over-valuation. That being said, having the markets continue to fight their way higher is encouraging.

On August 1st, Fitch** rating service, lowered the Long-Term Foreign-Currency Issuer Default Rating (IDR) of the United States from AAA to AA+ and adjusted the outlook from negative to stable. Fitch's announcement states: "The rating downgrade of the United States reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to 'AA' and 'AAA' rated peers over the last two decades that has manifested in repeated debt limit standoffs and last minute resolutions."

Admittedly, the resilience of the stock market in light of this has been quite impressive to us.

*Source: Standard & Poor's Financial Services Company rate of return does not include reinvested dividends
**Source: Fitch ratings—London—August 1, 2023.

THE ECONOMY

According to the U.S. Labor Department in a statement released July 12, 2023, the Consumer Price Index (CPI) rose 3.0%, in July from the same month a year ago. The highest year over year rate, in this cycle, was 9.1% in June. The report shows food prices up 5.7% over the past year. The largest increase was the cost of shelter, up 7.8% in the same period. Both have improved in recent months. The "core" CPI, which does not include food and energy, is up 4.8% vs. a year ago, according to the Labor Department. We still feel inflation will likely be with us for a few years.

AT THE FED

The Federal Open Market Committee (FOMC) released a statement July 26th, raising the Fed Funds target rate by 0.25% to 5.25%-5.50%. We expect the Fed to raise the rate at least one more time prior to year end, as the inflation challenges are correcting quite slowly. Inflation is in essence, too much money chasing too few goods. This situation is improving in parts of the economy, but we feel many areas of the economy are still somewhat overheated. The FED has an enormous challenge to manage inflation while maintaining a 'soft landing' with the economy. We feel a recession is now likely next year, and has been occurring in certain sectors of the economy this year. In our opinion, it will likely not be a very deep or long recession. But we remain smart enough to know, that we are not smart enough to know. Stay tuned!



INVESTMENT COMMENTS

There is an old adage: "the stock market tends to climb a wall of worry." The 'wall of worry' refers to a tendency in financial markets for stocks to rise in the face of seemingly insurmountable problems. However, it usually turns out that the problems are temporary and that they are eventually resolved. In our opinion, the "Wall of Worry" adage is likely what we have seen playing out so far this year. We expect the uncertainty to remain into next year, but do not feel attempting to time the market is ever an appropriate strategy.

In any event, we remain true believers in properly allocated portfolios as a way to help manage investment risk. Objectives change, families change, careers change, etc. As things change, we urge you to pause for a moment and assess your financial plan as well.

As always, please call us at 309-683-8951 if you have any questions.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

The Jackpot!

by Keith Kinsey

As I write this, the Mega Millions® jackpot has surpassed 1.55 Billion dollars!

According to Mega Millions®, the odds of winning this jackpot are **1 in 302,575,350**.

Let's do some comparisons of other odds:

- According to the International Association of Amusement Park (IAAPA), the odds of being seriously injured on a Fixed-Site Amusement ride in North America is 1 in 15,500,000.
- According to Britannica, the odds of getting struck by lightning in the U.S during your lifetime is 1 in 15,300.

If someone spends \$20.00 each week on lottery tickets, at \$2.00 each, that would be 520 chances to win each year. That means they would have a good shot to win the lottery, on average, once in 581,875 years!

Save the same \$20.00 each week, let's say from age 25 to age 65 and assuming a 5% return, the total value would be more than \$132,000.

This may be the most important lesson to teach our children and grandchildren.

A while back, I had a client who wanted to encourage his 20 year-old grandson to stop smoking. He asked me if I could run the numbers, based on roughly a pack a day smoking habit at a price of \$4.00 per pack. If instead of buying cigarettes, his grandson saved the \$120 per month, how much would he have at approximately 8% compounded rate of return over the next 10 years? **It was almost \$22,000.** He then promised to match his grandson's monthly savings if he could see the deposit, and be assured by his grandson that he - in fact - was not smoking. That landed the grandson with almost \$44,000 at age 30!

The grandson believed Grandpa was teaching him to save money. Grandpa believed he was teaching his grandson to save his life!

I believe, they both hit "The Jackpot!"

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**Happy Investing!
May God Bless!**

The Consumer Price Index (CPI) is a measure of the cost of goods purchased by average U.S. household. It is calculated by the U.S. government's Bureau of Labor Statistics.

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.

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 opinions expressed in this report are those of the authors and are not necessarily those of Wells Fargo Advisors Financial Network or its affiliates. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.

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The Kinsey Report



The Tale of Two Toms...

by Keith Kinsey

In the last year, sadly we have lost two wonderful friends to very fast moving cancers. Each passed in a matter of months after learning they had the disease. Both were named Tom. I'll refer to them as TP and TJ.

Each was happily married and actively enjoying retirement with their loving brides. Both loved to travel. TJ was an avid boater, both power and sail. He served our great nation in the Navy and owned several boats over the years. TP enjoyed boating, and for years owned a boat as well. *(Neither currently owned a boat - a gap I was more than pleased to fill.)* Both enjoyed music. TJ loving all kinds of music, but while boating we seemed to migrate to Jimmy Buffet. TP loved all kinds of music as well, and played guitar for many years. In retirement, he became one of the youngest members of a band named "Never Too Late", along with his lead singer brother-in-law. But, both Toms absolutely loved golf, and played quite often. TJ has wintered in Florida for many years, in part, due to his love of the game. That was the one place I couldn't connect... literally. *(I tried it for a few years, mastering both the hook and the slice!)*

Each was a friend for literally decades. Both extremely compassionate and caring - driven by their relationships with family, as well as many friendships, and a zest for life. Very outgoing, each brought energy to every room they entered.

TP grew up in Chicagoland, more than 150 miles from TJ who was near Peoria. To the best of my knowledge, the only time they met was at Kristen and Chris's wedding in 2014. We intentionally had them seated together at the reception, as we knew how similar they were. Both couples commented on how much they enjoyed the evening together.

As we all do, both faced many challenges throughout their lives. But, each faced them with patience, grace and resolve. The two Toms were there for me on many occasions when I needed them most. I'm smart enough to know, that if they were there for me, they were there for countless others during their lives. They left the world, nation, and me - much better than they found us.

Both lived by example, and no doubt impacted family, friends, and even strangers... more than they ever understood.

My family and I pray for God's strength and peace for their families and friends, while thankful for their friendship and fond memories.

As for me and my family... we are very blessed to have been a part of **'The Tale of Two Toms'**.

Eye Level

by Kristen Kinsey - Gordon

It is hard to believe, but we have officially been a family of 4 for a whole year now.

Oliver is 2 (sometimes going on 12), but as I have said before - it is amazing to see the world through the eyes of a toddler.

Earlier this year, we took a trip to Chicago and went to the Children's Museum. Both Ollie and Tobbe had a great time. During our visit, we walked up and down Michigan Avenue with the double stroller. During our walk, we passed a few people living on the streets. I noticed - they were waving. Then I realized, the stroller was just the right height to be eye level with someone sitting down and Oliver had decided to give a big smile and wave to every person he saw sitting on the ground. I then looked over and Ollie is giving his wave and smile and I saw this woman's face go from sad and somber, to smiling and excited. He had made her day.

Sometimes we walk through life, looking forward and at our eye level. Oliver reminded me how important it is to view life from different "eye levels" because you never know whose day you will change with a simple wave.

Best Buddies

by Kristen Kinsey - Gordon



Tobbe just turned 1!

It has been wonderful to watch Tobbe grow and I enjoy watching them grow together. I will have to admit - it has been a crazy year in the Gordon household with two boys under 3, the office move, etc.

We had a celebration with friends and family the day before his actual birthday. He loved his cake and showed off his "standing" skills. On his actual birthday we had a day at the zoo and the park with Aunt Kimmy and Grandma. After dinner, we took a family walk. I looked down at my little 1-year-old and almost 3-year-old to see them sitting side by side in their stroller holding hands. Ollie kept making faces at Tobbe to make him laugh. Even though some days are stressful and feel a bit long, watching the two of them hand-in-hand makes it all worth it. Happy First Birthday Tobbe!



By the way... Letting Mommy and Daddy sleep more than 4 consecutive hours at a time would be a nice touch!