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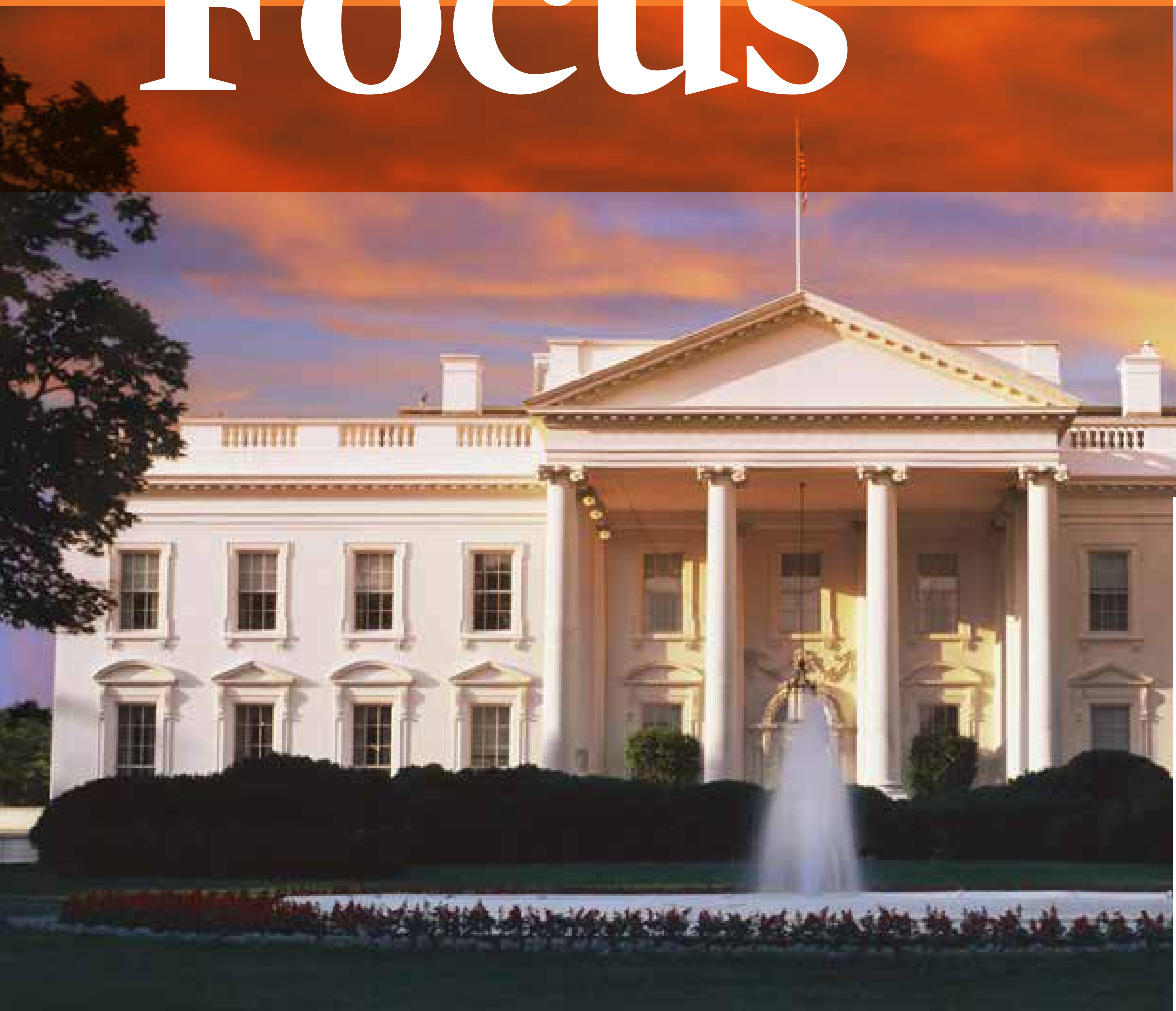
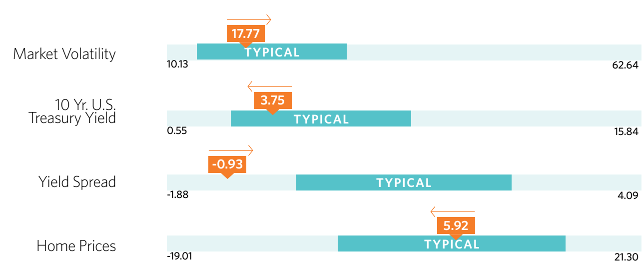


Election Results and Your Portfolio: Reasons to be Calm

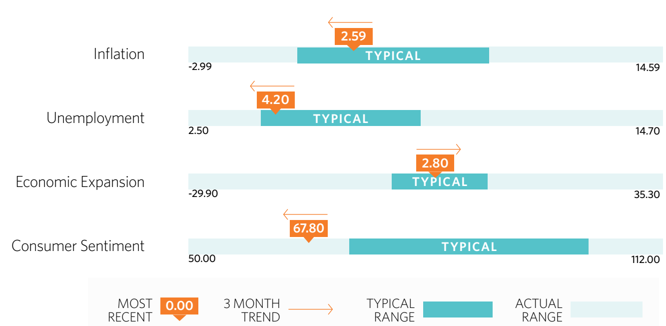
Let's stay calm by looking at the data. It says that the election's outcome is unlikely to have a major impact on your portfolio. Read more on Page 2.

FALL 2024

MARKET SNAPSHOT



ECONOMIC SNAPSHOT



Election Results, Emotions, and Your Portfolio:

Reasons to be Calm

by Ryan Halvorson, CFP®

With the presidential election fast approaching, emotions are running high, and you may be thinking about the potential for market volatility affecting your investment portfolio. However, a careful review of presidential election history and its impact on the economy and financial markets suggests that remaining calm may be the most appropriate investment advice. Here's why:

If you listen to the pundits, there's always something to worry about when it comes to your money. After all, emotions and money are joined at the hip. However, every four years, presidential elections ratchet up emotions to a whole new level. This is especially true in tight elections, like the one we're currently experiencing.

It's okay to feel these emotions. We all do, myself included. The loud and unforgiving 24/7 news cycle doesn't help, but that doesn't mean that we should let politics and emotions impact our financial journey. Politics and the economy are two very different things. The evidence indicates that it likely will not pay to make long-term investment decisions based on who might or might not win an election.

Economists point to the theory of behavioral finance, which describes how psychological influences and biases can lead to irrational decisions and actions, such as panic selling in the market or overspending on credit cards. The emotions that come into play around presidential elections, fueled by social pressure and instinctual reactions, can create both serious fears and false optimism, neither of which is a great foundation for making important financial decisions.

A big part of our job as financial advisors is to strip out the emotions, the behavioral piece, from your decision-making. At the same time, we are here to be your sounding board and help you manage emotions as they relate to your financial journey.

For us, there are more important questions than who will win the election. What are your goals? Is your plan still on point? Is its performance on track? Are we following the data? And what does the data say? These are some of the important questions to explore.

What does the data tell us about market returns and presidential elections?

Figure 1 takes us back to 1960 and shows the performance of a $10,000 investment in the S&P 500 over the course of 15 presidential elections and the administrations that followed.

Figure 1 – **S&P 500 Performance Throughout U.S. Presidencies**

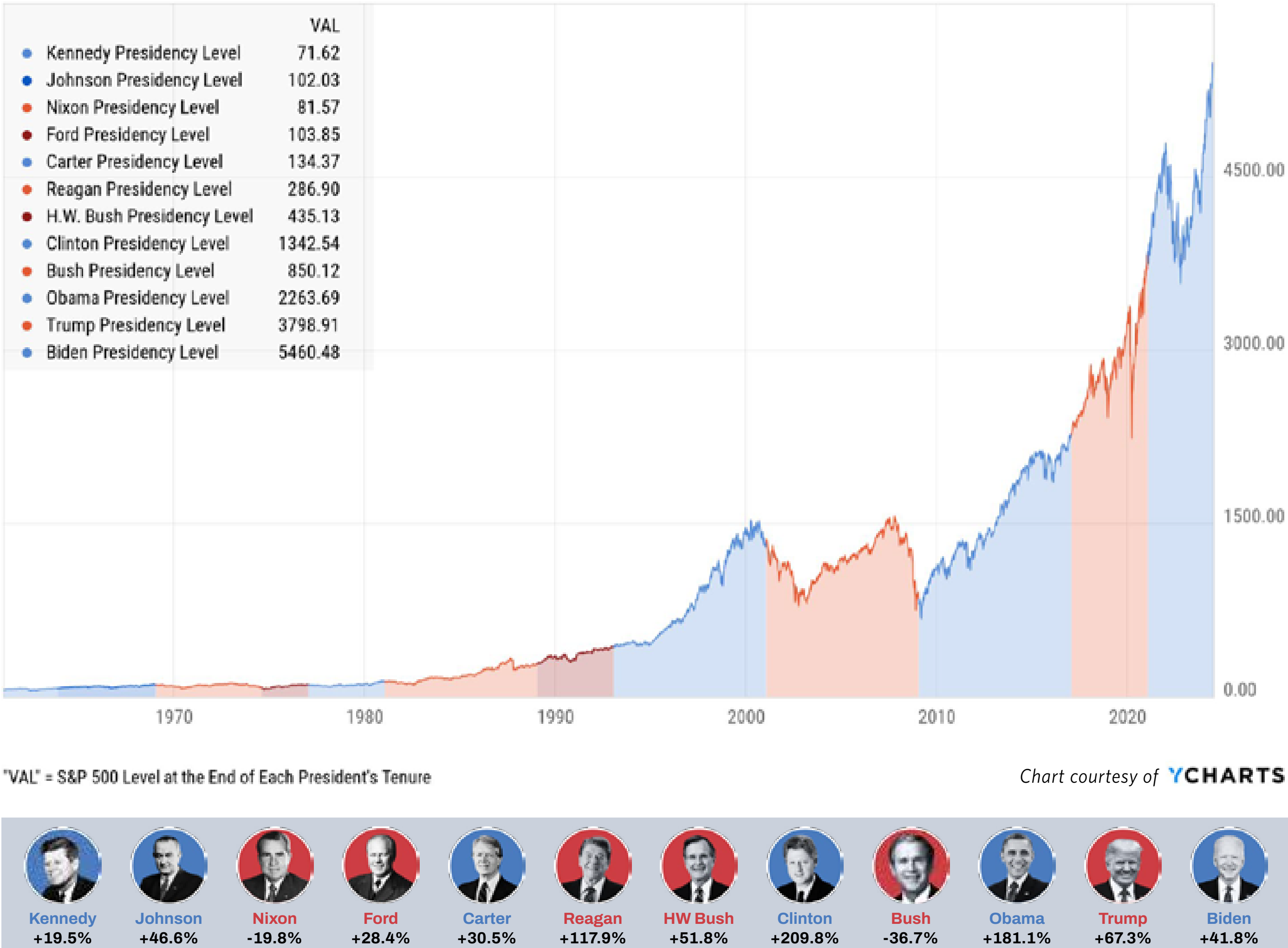


Figure 2 illustrates what would happen if you had invested in the S&P 500 index only during Republican administrations. Since 1961, a $10,000 investment, with an annualized return of 2.79%, would have grown to $77,770 by 2023.

If you had remained invested in the same index only during Democratic administrations over the same period, with an annualized return of 5.15%, your portfolio would have earned $421,450.

Depending on your perspective, neither 2.79% nor 5.15% may be particularly attractive.

But if you had maintained your investment in the S&P 500 index during all presidencies, both Republican and Democratic, over the same time period with an 8.08% annualized return, your $10,000 would have grown to $3,278,000.

The lesson here is not that one administration or party did better than another. It's that regardless of who is president, the market keeps doing its thing. At the end of the day, market performance is based on companies' abilities to generate profits and return earnings to shareholders, which have very little to do with politics.

Since John F. Kennedy's inauguration, the S&P has only posted a negative return during the Nixon and George W. Bush presidencies. Both downturns had nothing to do with presidential decisions or leadership. Under Nixon, the primary driver was the oil embargo. During Bush, it was the onset of the global financial crisis.

While these charts clearly show those two downturns, as well as the more recent COVID-related decline, they also illustrate the vitality of the S&P 500 over many years. Charlie Munger, former vice chairman of Berkshire Hathaway, said, "The first rule of compounding is to never interrupt it unnecessarily."

Regardless of the party or person in the White House, staying invested and well-diversified is the most prudent long-term strategy.

Figure 2 – **Investing Based on Preferred Political Party (Growth of $10,000)**

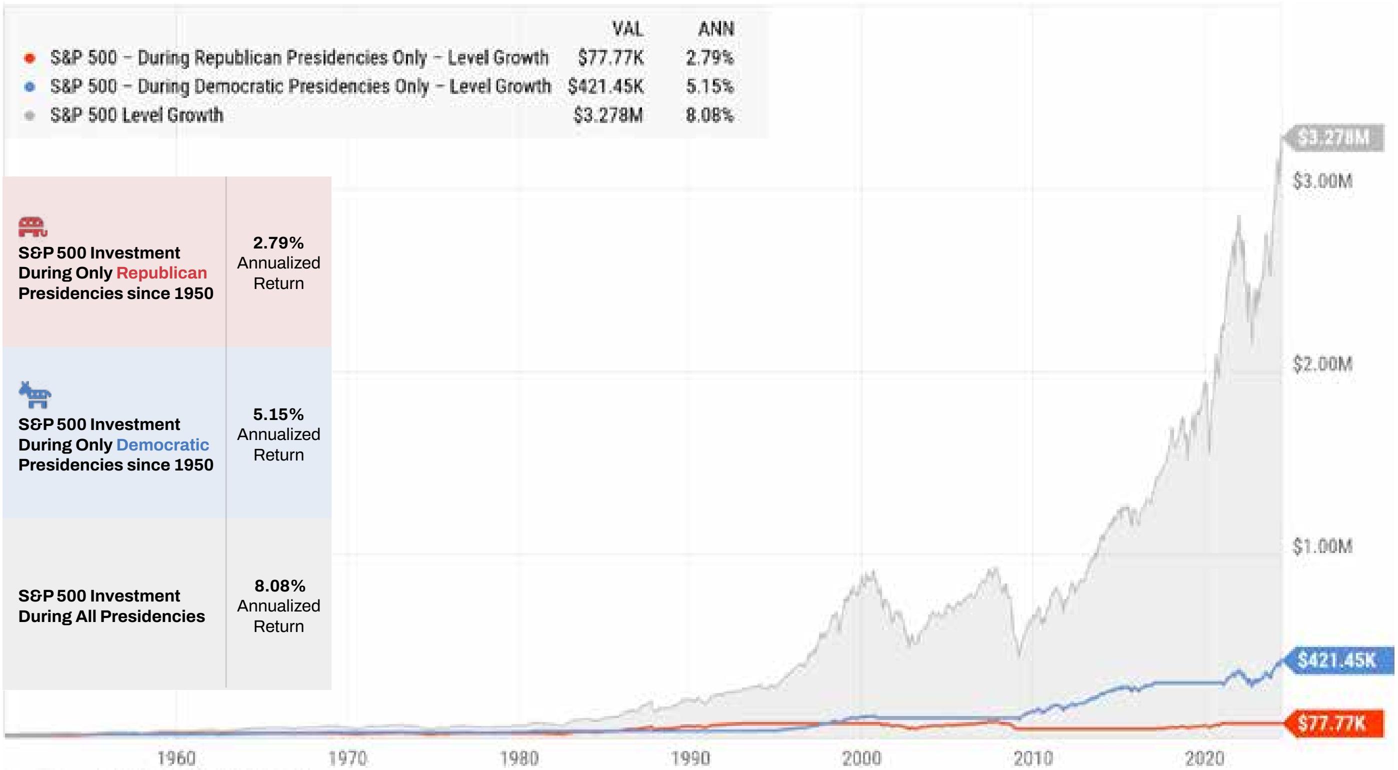


Chart courtesy of YCHARTS

A U.S. president is like the manager of a baseball team.

In baseball, managers make decisions that impact the game, but rarely do they make decisions that win or lose the game. It's the nine players on the field and their combined performances that ultimately decide the outcome.

In the S&P 500 and other major indices, it's the companies that drive market returns – innovating, producing new products, growing earnings, and returning revenues to shareholders. The U.S. president has very little to do with all of that for any given company.

Then there's the old business of trying to time the market.

How would your portfolio have performed if you missed some of the market's best days? Many times, the best days in the market follow some of the worst.

Hopping in and out of the market because of election fear is like rolling the dice. Maybe you miss a bad day. Maybe you miss a bounce. People have been trying to figure this out for years. Trying to time the market is a fool's game; I haven't met anyone who's been able to do it.

There will always be worries around elections and market returns, but there are also reasons to be calm.

With 34 years of experience, we've seen how this works over the course of eight presidential election cycles, and our message to clients has always been the same:

Stay the course. Don't make decisions purely on emotions.

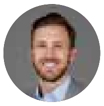
Seek guidance from the financial plan we're creating together. Pay attention to the data. Benefit through diversification, risk mitigation and compounding. Be mindful of your risk tolerance; stay focused on your goals and objectives.

Remember that we're always here for you, to listen, to reassure, to reassess if necessary and to help you stay on course.

In the meantime, be sure to vote.

Ryan Halvorson, CFP® is an Advisor in our Tucson office.

Finding Joy in the Journey: Planning for Success



by Kyle Larson, CFP®

Imagine this: A traveler steps off of a plane in a city they've never been before. They haven't booked anywhere to stay, so they go outside to find a taxi to take them to the nearest hotel – and find that it is pouring rain. They didn't check the weather forecast and didn't pack a raincoat. They're starving after the long plane ride, but they have no idea where to find a decent meal. They end up getting something out of a vending machine at the airport hotel. Basic needs addressed, they connect to the super-slow hotel Wi-Fi and begin researching the local "must-dos." Everything seems to need advance reservations, and most things are booked up. Our traveler finally falls asleep, frustrated, exhausted and disappointed.

Now imagine a more prepared approach: You step off of a plane in a city you've never been before. You pull out your phone to text the hotel's courtesy transportation, letting them know you are ready for pick up. You're greeted by your driver outside the airport, pulling on a raincoat you packed in your carry-on bag. You're driven to your hotel, where your room is ready. You check in, freshen up, then go downstairs to catch a taxi to a local restaurant you researched at home and can't wait to try. Your table is waiting and, over a delicious dinner, you and your travel companions go over the carefully planned trip itinerary and discuss which activities you're most looking forward to. Back in your room, you fall asleep, relaxed and excited for the experiences to come.

As an avid traveler, I have had both of these experiences. And through my travels, I have come to understand the importance of being intentional with planning. I know firsthand that the time I spend preparing for a trip is an investment in the experience and the memories I'll create with those I'm traveling with. That's a lesson I now carry with me on my travels, in my work and throughout my life.

Rewards of a well-planned trip

Growing up, I loved traveling with my family: fishing trips, visiting the family cabin and countless baseball and

Kyle and friends at Payne's Valley Golf Course at Big Cedar Lodge.

A campsite still waiting to be set up during Kyle's rafting trip down the Colorado River.

Kyle and fiancé, Gizelle, enjoying the Athabasca Glacier in Alberta, Canada.

soccer tournaments. As an adult, I cast my travel net even wider, making my first trip to Europe. It was fascinating to experience the cultural differences between each country I visited, and that trip ignited a fire in me to explore as much as possible.

Since then, my travels have run the gamut: from sleeping in the sand at the base of the Grand Canyon on a 10-day, 270-mile rafting trip, to being treated like royalty on the top floor of the Fairmont Château Lake Louise in Canada. One thing has remained constant: my love of traveling with family and friends, creating memories together that I will treasure forever. To me, these are the true rewards of a well-planned trip.

Finding fulfillment in planning

Fortunately, my passion for travel intersects with my skill and enjoyment of planning. While I love the actual experience of traveling, the enjoyment I get from preparation and the anticipation I feel looking forward to a trip are almost equally fulfilling.

I'm exhilarated by the options and opportunities of a new place and get a deep sense of satisfaction from putting the pieces of a trip together to curate amazing experiences. I especially love planning family trips. These are giant, complex puzzles with many different schedules, interests and needs to take into consideration.

Planning trips is not everyone's favorite activity. I have family and friends who I love to travel with, but they become exhausted or overwhelmed by the work necessary to make it happen. I am more than happy to step into the role of planner because it means I get to share my love of travel while creating enjoyable experiences with people I care about.

Parallels between travel and financial planning

The fulfillment I experience planning a trip with family or friends mirrors how I feel helping a client craft a plan to reach their goals. I get the same joy starting a group text with friends about our next golf trip as I do meeting with clients to discuss their retirement plans or how to leave a legacy for their future generations.

As an Advisor, I see a lot of parallels between travel and financial planning. In both instances, success starts with figuring out where you want to go, mapping how you're going to get there and then moving toward that destination one step at a time.

In both cases, once you know the "where," the next step is understanding your "why." For example, I love to travel, but my real goal is to create memories in special places with people who are special to me. Travel is how I accomplish that goal.

Similarly, when talking with clients about their financial goals, I seek to understand the motivations driving those goals. Most people are not saving and investing simply to have a big number in the bank. So, we explore questions like: Why are you building up these assets? What are they going to help you do or feel? And, beyond money, what other assets — like time or relationships or experiences — do you need to reach those goals?

Don't delay joy for the destination

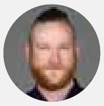
In both travel and financial planning, the importance of being proactive cannot be overstated. As our unprepared traveler demonstrated, waiting until the last minute to figure things out can lead to frustration, missed opportunities and less enjoyable experiences. You wouldn't step off a plane and begin planning your trip at that moment, just as you wouldn't wait until retirement is around the corner to start thinking about how you want to live in that phase of life. Starting early, with thoughtful preparation, gives you the best chance of success.

But beyond the planning, there's a deeper lesson in both travel and financial goals: It's not just about reaching the destination, but about enjoying the process. While you work toward a financial milestone or prepare for that dream vacation, make sure to appreciate the steps along the way. Life isn't about waiting for the final achievement; it's about embracing each moment.

Just as you don't want to wait until you're on the trip to begin planning, you shouldn't wait until you've "made it" to start enjoying life. Whether you're saving for retirement, investing in a future dream, or planning a getaway with loved ones, remember the old saying: it's about the journey, not just the destination. Take pleasure in the anticipation, savor the small things, and, above all, enjoy each step of the way. After all, the memories you make and the satisfaction you feel aren't just reserved for the destination — there's joy to be found in the entire journey.

Kyle Larson, CFP® is an Advisor and Shareholder in our Scottsdale office.

Cybersecurity Awareness Month: Tips for Staying Secure



by Connor Sullivan

October is Cybersecurity Awareness Month! With the constant evolution of cybersecurity threats, it's easy to forget the basics. While methods for stealing personal information are constantly changing, scammers are still after the same things: usernames, passwords, financial information and access. With that in mind, here are three simple steps to help safeguard your information:

- **Be alert:** If something seems suspicious, take a moment to think before you respond, act, or click.
- **Verify:** Whenever possible, verify whether a threat is real. If you receive a suspicious text from someone you know, call them using a number you know they own. If an email seems suspicious, don't click anything. Verify the information by accessing the information through your usual method.
- **Use multifactor authentication:** Though this extra step may feel unnecessary with all the logins we manage, always have it enabled. It's one of your best defenses.

By making these practices part of your routine, you can minimize the risk of exposing your personal data. A little extra caution goes a long way!

Connor Sullivan is a Technology Specialist at TCI.

Redefining Legacy

At TCI, we often talk about helping you achieve your goals. More often than not, those goals involve supporting your loved ones or communities. Recently, we've seen a shift in client preferences—some are moving away from the traditional model of leaving wealth behind and are instead creating a "living legacy." In this article, you'll hear from a few of our Advisors who will share why some are making this choice, how they're shaping their living legacy, the benefits it can bring and why it's important to have meaningful conversations with family about your wishes.

Estate Planning is Evolving

by Jennifer Means, MBA, CFP®

Legacy has traditionally been tied to estate planning and using your wealth to positively impact loved ones, charities, and your community after you pass away. However, a growing trend among investors is now challenging this view.

There has been an exciting shift where more and more people are choosing to redefine their legacies by making a meaningful impact during their lifetimes. This shift from "legacy planning" to "living legacy" allows individuals to actively participate and enjoy in the positive changes they can create.

Legacy planning is deeply personal and steeped in tradition. TCI isn't an estate planning firm, but our goal is to help fulfill yours. So, we're going to share topics with you that will inform and educate you. Hopefully, these topics will spur discussion that could lead to meaningful conversations about your estate plan that positively impact your loved ones.

Having an estate plan is still a critical component to your financial journey. Many couples are rethinking what it means to leave a legacy with their resources — time, talents and wealth. These clients are forgoing traditional estate planning methods, leaving assets after they've passed, in favor of actions that have a tangible impact they can experience. Whether you envision making a significant contribution to a local nonprofit or aiding a loved one with a down payment for a house, there are countless ways to impact the lives of others through living legacies.

Focusing your legacy planning on both current and posthumous giving can be overwhelming. However, your TCI team knows the ins and outs of your financial journey.

We will help clarify the type of impact you want to make and discuss any necessary adjustments to your financial plan. Each of us at TCI is excited to help you redefine your legacy in a way that is meaningful to you.

Offering Financial Assistance

by Troy Chrane, CFP®, MSPFP

One way clients are creating living legacies is by helping loved ones through financial challenges. With a living legacy, you can focus on the redistribution of your hard-earned wealth and provide insight, guidance and compassion to your loved ones. Being able to support loved ones' dreams and financial stability can be a gift for them and for you, ultimately reducing the whole family's stress. A few examples of how my clients have offered assistance:

- Subsidizing expenses
- Paying off high-interest debt
- Investing money in a family member's new business
- Offering to help with medical bills
- Paying for grandkids' "extras," summer camps, a tutor, soccer lessons

Providing financial assistance should be approached through ongoing discussions with both your loved ones and your Advisor. When advising clients on how to support their family members, I guide them in selecting the best methods for offering assistance. This includes evaluating how the support might affect relationships, the overall financial plan of the giver, and any potential tax implications or cash flow concerns.

Assistance might include:

- A one-time cash gift
- Recurring monthly gifts
- Creating and funding a tax-advantaged account
- Paying some bills

If you want your loved ones to benefit from your living legacy, look at who needs what kind of assistance and the best way to provide it to them.

Reminders

TCI offices will be closed the following dates:

Thursday, November 28th – Friday, November 29th

Tuesday, December 24th – Wednesday, December 25th

Wednesday, January 1, 2025

Monday, January 20, 2025

Monday, February 17, 2025

Friday, April 18, 2025

Creating Memories

by Justin Rodriguez, CFP®

Many of my clients are looking ahead to retirement and have the goal of spending more time with their loved ones. Unfortunately, with busy schedules and budget restrictions, making lifelong memories with the people you love can be challenging.

You can transform the way you approach your legacy by shifting your focus from how you might use your wealth in the future to investing in meaningful relationships today.

Start by clarifying what's most important to you. This could be the people in your life you want to spend time with, the types of memories you want to create, or even the places you want to experience together.

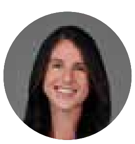
Next, determine what type of experience you want to create. Is it a once-in-a-lifetime Disney vacation, or an annual family reunion at a mountain lodge? Do you want to take each of your grandkids to a nostalgic summer vacation spot for one-on-one time?

Knowing both the types of memories you want to invest in and the desired timing can help you work them into your financial plan. If you're on the road to retirement, that could look like increasing savings to make these memories happen. If you're ready to start this right away, it could mean reallocating a portion of your cash flow to these fulfilling experiences. By aligning your financial strategy with your desire to create lasting memories, you can ensure that your wealth supports not just your future, but the meaningful moments that enrich your life today.

At TCI, we see legacy as the memories you leave behind. So why not facilitate a purpose-filled life for yourself and your loved ones through these incredibly meaningful, shared experiences?

The Benefits of Giving Now

Lauren Williams, MBA, CFP®

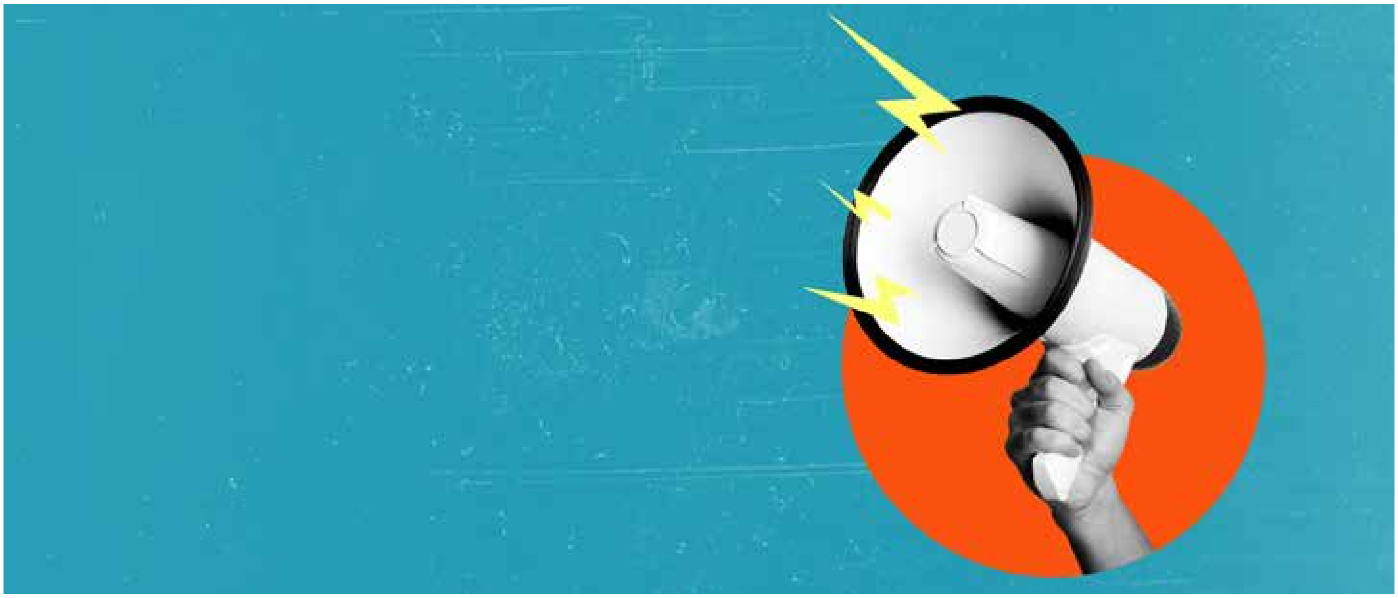


We can't talk about legacy planning without addressing taxes. While a well-crafted estate plan offers significant tax benefits, there are also tangible advantages to providing a living legacy. Many investors believe that leaving their wealth to loved ones or donating it through their estate plans is the best way to minimize taxes for beneficiaries. However, this isn't always the case.

Estate laws are unpredictable, and no one can foresee what the future holds. Instead of trying to time these changes, why not make an impact now while you know exactly what the current tax limits and implications are? By switching to a living legacy that aligns with your long-term goals and values, you can ensure that your assets are managed and distributed according to your wishes, regardless of future legal changes.

For example, the Tax Cuts and Jobs Act (TCJA) of 2017 nearly doubled the federal estate and gift tax exemption from $5.6 million to $11.18 million per person in 2018. This increase allowed many estates to entirely avoid federal estate taxes. However, this higher exemption is set to expire in 2025, potentially impacting those with larger estates. For those whose overall financial plans support this strategy, taking advantage of this exemption now could have an immediate and significant financial impact. Given the constant evolution of tax laws, acting strategically now not only maximizes your estate's value, but also allows you to create a living legacy that benefits your loved ones today.

The key is to plan proactively, ensuring that your legacy reflects your values and provides the most benefit to your loved ones while navigating the complexities of tax laws.



The Importance of Communication

by Cody Cassidy, CFP®

Building a living legacy, like any other form of estate planning, can be more effective when backed by proactive communication. It's one thing to feel excited about contributing financially to the lives of children and grandchildren or supporting a community minded organization and another thing entirely to put it into practice. Any time you are ready to make an adjustment to your financial plan that will impact a family member, it's important to have honest conversations about it.

Consider starting by holding a family meeting. Share your vision and intentions with your loved ones and be open to feedback. Make sure you're giving with the right motivation. This can go a long way toward ensuring that everyone benefits as intended from your living legacy.

This applies if your living legacy focuses more on different organizations or causes that you want to support. Clearly communicating the "hows and whys" behind your philanthropic endeavors can help to avoid future misunderstandings. It can also open an incredible dialogue about charitable giving, how your family approaches the redistribution of wealth, and the types of causes you want to support as part of your legacy.

You never know, by communicating, you may even inspire your family members to join in, creating a meaningful cycle of family legacy that will carry on for generations to come.

Your Living Legacy

At TCI, we see that investors are moving toward a focus on building living legacies. Leveraging your wealth and other resources to have a positive impact on loved ones, your community, and beyond is an incredibly meaningful way to redistribute your wealth and find purpose in this chapter of your life.

As always, our goal is to help you achieve your goals. If working toward a living legacy is something you've considered, please know that your TCI team is here to help. Whether you need ideas or have a clear picture of what you want to achieve, we're here to help you make your unique vision a reality.

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TCI NEWS

For over 30 years, TCI has been helping clients and employees lead purpose-filled lives.

What started as a handful of employees is growing into a 100+ person team. As we grow, we remain committed to helping our clients balance wealth and well-being along their financial journey. One great aspect about an expanding team is that it brings new perspectives, expertise and experiences.

Jerico Maddela, MBA, CFP®, AIF®, CWS® brings more than 16 years of investment experience to TCI's Tucson office. For the last 10 years, he served as Vice President, Financial Consultant with Charles Schwab in Tucson. He received his undergraduate degree from California State University Maritime Academy and his Master of Business Administration from Grand Canyon University. In his spare time, Jerico enjoys coaching boys freshman basketball at Pusch Ridge Christian Academy.

Kristofer Lyons, CFP®, CWS®, ChFC® joins TCI's Flagstaff office with more than 10 years of investment management experience. Most recently he served as Vice President, Financial Consultant with Charles Schwab in Phoenix. He returns to Flagstaff, a place dear to him since receiving his undergraduate degree from Northern Arizona University. When not guiding clients along their financial journeys, Kristofer enjoys traveling, golfing, hiking and camping.

Thank you for growing with us and we look forward to the years to come!