



March 2022

## **Economic Update**

We have had a much different market experience in 2022 compared to last year. Through the end of the first quarter, the S&P 500 is down 4.6% after ending 2021 near all-time highs. The COVID situation has improved but the markets have been on edge due to the devastation in Ukraine. Also, the markets have been trying to digest how many times the Fed will raise interest rates to combat surging inflation. Inflation jumped 7.9% over the last 12 months (ending in February), and is likely to rise in next month's report. It's been a challenging year so far for a typical balanced portfolio as both stocks and bonds have declined. The stock market is likely to remain choppy and subject to headline risk throughout 2022. ***Investing with Perspective During Turbulent Times***, is a podcast Sherri Stephens and Jason Guenther recently put together. You can listen to it by clicking on this [link](#).

After the Russian invasion of Ukraine in February, the S&P 500 index experienced its first correction (a decline of at least 10% from its recent peak) in nearly two years. Stock prices had been elevated and were overdue for a pullback. When markets decline it can be tempting to want to sell stocks. That said, stock market volatility is part of investing and it's important not to make emotion-based decisions that can derail your long-term results. We never know what the next catalyst will be that causes a decline, but we do know that market volatility is par for the course over the long-term.

As you know, we talk with clients frequently about the importance of holding cash. We typically recommend that those close to retirement or already retired keep at least a

**MAIN OFFICE**  
**FLINT, MICHIGAN**  
5206 Gateway Centre, Suite 300  
Flint, MI 48507  
Phone: 810-732-7411

**FLORIDA OFFICE**  
712 S. Oregon Ave.  
Tampa, FL 33606  
Phone: 813-251-1879  
Fax: 813-251-1716

[www.StephensWMG.com](http://www.StephensWMG.com)



---

year's worth of living expenses in cash so they can ride out market declines. Periods like this are good reminders of the basic discipline of having cash on hand for shorter-term needs.

Keep in mind that on average, the S&P 500 has been higher over 80% of the time one year after historical geopolitical crises (like the Ukraine/Russia conflict) going back to the 1940s. We recently sent out a [Market Update for February](#) which showed historical market performance around such crisis related events, it can be found on our website for future reference.

### **Interest Rates**

The Federal Reserve started a new cycle of interest rate hikes in March (the first hike since December 2018) and they're forecasting six more hikes before year-end plus additional hikes in 2023. Markets had been expecting 25 basis point increases, but the Fed Chair recently suggested that some 50 basis point hikes may be needed to tame inflation. These increases influence the rates on mortgages, auto loans, credit cards and home equity lines of credit.

### **Oil Prices**

Russia accounts for about 10% of global oil exports but only about 3% of US imported oil. The conflict has increased oil prices globally which will likely remain elevated for the foreseeable future. Europe is much more exposed to higher energy costs from Russia than the US and has enormous dependence on Russian oil and gas.

### **Bright Spots**

Considering all the negative news out there, there are some bright spots. There's still

---

strong pent-up demand from the pandemic. Corporate and consumer balance sheets remain healthy overall. Corporate earnings are still growing, and profit margins continue to be above average. Wages are up and the labor market has remained strong. Despite rising inflation, consumer spending has been holding up quite well. Some sectors in the market have held up better than others. For example, technology stocks have taken a hit recently as interest rates have risen, but energy companies, which can benefit from higher commodities prices, have done well in general. Stocks have historically been a good hedge against inflation over the long-term. Value stocks may continue to outperform growth stocks in this environment. The markets may likely remain volatile as they adjust to the geopolitical risks, inflation, and future interest rate increases.

## **I Bonds**

I Bonds, or inflation-linked savings bonds, earn interest from a fixed rate along with an inflation component. The initial interest rate on new I Bonds is 7.12% and you can buy bonds at that rate through April 2022 (the interest rate resets every six months). I Bonds can earn interest for up to thirty years and must be held for at least one year. If you cash them in within the first five years, there's a three-month interest penalty. You can buy up to \$10,000 worth of I Bonds per year or up to \$20,000 per married couple. Click [here](#) for a more detailed discussion around I Bonds.

## **Tax Changes for 2022**

Tax day (April 18th this year) is coming up quickly. You still have time to make some retirement contributions for last year before that deadline. We are still watching to see if the proposed tax changes in the Build Back Better Act (introduced in 2021) will ultimately go into effect this year and if they will be retroactive. One of the main strategies that

would be eliminated in this Act is what's known as the "backdoor" Roth IRA conversion. Essentially, if you earn income above a certain limit, you are not eligible to contribute directly to a Roth IRA. However, if you don't have an outside traditional IRA, you can open one, contribute the maximum contribution to that, and then immediately convert that contribution to a Roth IRA, with no tax consequences. This can be a way for high income earners to get money into Roth accounts where the earnings and withdrawals will be tax-free. If you are thinking about making this type of strategy, it may be best to do it earlier in the year while you still can.

### **International Women's Day (IWD): Podcast**

This year marked the fourth IWD celebrating our women clients and community members. It is our goal to put together IWD events focused on enhancing a woman's well-being. The celebration for 2022 presented us with an opportunity to record a podcast with our women wealth advisors – Sherri, Jessie, and Jill. They discussed the unique challenges and opportunities women face related to personal finances, planning for retirement, estate planning, and where to start if you haven't been involved with your personal financial situation to date. The podcast can be listened to from a computer, as well as a multitude of mobile devices. [Click here to listen.](#)



[Click here to access podcast](#)

### **Community Conscious**

The first quarter of 2022 provided many opportunities for SWMG team members to participate in community activities and events. The team donated to Outreach East in memory of Sherri and Stan's dad who passed away earlier this year. [Outreach East](#) is in Davison, Mi, and is a year-round



emergency resource center dedicated to assisting area individuals and families with food and other essentials.

Stephens Wealth Management also sponsored the annual [Children's Champion Breakfast](#). The breakfast started in 1995 and is hosted by Voices for Children to recognize community members doing good things for children.

Team members also took part in a cereal drive to benefit the [Fenton Center of Hope](#). The drive was initiated by The Junior League of Flint in partnership with Community Threads of Fenton. Since the beginning of the pandemic, cereal has been scarce on the Center of Hope's food pantry shelves. We were happy to be a part of this project which collected more than 500 boxes of cereal this year.

## Accolades We'd Like to Share

This year, we are pleased to share that Sherri, supported by the SWMG team of Wealth Advisors and Client Relationship Associates, was honored with the [Forbes Best-in-State Wealth Advisors award](#)\*. The list, which recognizes female advisors from national, regional, and independent firms, was released on February 4, 2021. It is always an honor to receive awards of this type, especially when representing our client base who most often have roots in the greater Flint area.

*\*Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Stephens Consulting, LLC, doing business as Stephens Wealth Management Group (SWMG), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Stephens Consulting. **Please remember** that if you are a SWMG client, it remains your responsibility to advise us, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. SWMG is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of SWMG's current written disclosure Brochure discussing our advisory services and fees is available for review upon request.*

*Links are being provided for information purposes only. SWMG is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. SWMG is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members. [Important Disclosure](#)*

## LEAVE NOTHING TO CHANCE

*Investment advisory services offered through Stephens Consulting, LLC, a SEC registered investment adviser, doing business as Stephens Wealth Management Group (SWMG).*

***Please Note:*** Stephens Wealth Management Group does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to SWMG's website or newsletter or incorporated herein and takes no responsibility for any such content. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.

*\*The Forbes ranking of America's Top Women Advisors was developed by SHOOK Research and is based on in-person, virtual and telephone due diligence meetings to evaluate each advisor qualitatively, a major component of a ranking algorithm that includes: wealth advisors with a minimum of 7 years of experience, client impact, industry experience, review of best practices and compliance records, firm nominations; and quantitative criteria, including: assets under management and revenue generated for their firms. Investment performance is not a criterion because client objectives and risk tolerances vary, and advisors rarely have audited performance reports. Research Summary (As of February 2022) 34,500 nominations were received, based on thresholds (9,850 Women) 18,465 Advisors were invited to complete the online survey. 13,549 Advisors were interviewed by telephone. 2,610 Advisors were interviewed in-person at the Advisors' location and 1,203 were Advisor web-based interviews. SHOOK's research and rankings provide opinions intended to help investors choose the right financial advisor and are not indicative of future performance or representative of any one client's experience. Past performance is not an indication of future results. Neither Forbes nor SHOOK Research receive compensation in exchange for placement on the ranking. For more information, please see [www.SHOOKresearch.com](http://www.SHOOKresearch.com). SHOOK is a registered trademark of SHOOK Research, LLC. Stephens Consulting, LLC is not affiliated with Forbes or Shook Research, LLC. This ranking is not indicative of an advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Please visit <https://www.forbes.com/top-women-advisors> for more information.*

## LEAVE NOTHING TO CHANCE

*Investment advisory services offered through Stephens Consulting, LLC, a SEC registered investment adviser, doing business as Stephens Wealth Management Group (SWMG).*