MARK AHO FINANCIAL GROUP

Your Vision, Our Mission

3rd Quarter 2023

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Dear Friends,

Today, let's address an elephant in the room: why is it that news media tends to focus on negative stories rather than positive ones? The answer lies in our brains.

As humans, we're wired to pay more attention to negative information. This is known as the "negativity bias" and it's a survival mechanism that helped our ancestors detect potential threats in their environment. In today's world, this bias is still present, and news media knows this all too well.

A recent topic I'm sure has caught your attention is that Fitch Ratings downgraded the United States' credit rating from AAA to AA+. This decision has caused quite a stir in the financial world and has raised concerns about the country's economic stability.

David Malpass, American economic analyst and former government official, recently commented on the Congressional Budget Office's June 28 report on the long term deficit which triggered Fitch's action. He stated the federal government expects to spend $160 trillion between 2024 and 2040, which would double the public debt. This means Fiscal deficits would average more than 6% of gross domestic product during this period which is well above the historical panic button of 3%, again pushing average growth below 2% according to Mr. Malpass.

Some have even asked why our debt has not been downgraded years ago. The primary reason the US debt has not been downgraded is due to the existing fact that our dollar remains the world's reserve currency.

We also know that Congress, The Senate and The President just agreed to raise the debt limit for a few more months. These repeated standoffs and last minute resolutions could be viewed as pushing the problem down the road. The outcome may depend greatly on us to find the political will to enact the kinds of pro-growth policies which have propelled us out of stagnation in the past. It is clearly a developing situation which is not yet a crisis, but very concerning. Sound the alarm bells!

Your question to us might be, how should I think about this in regards to my investment portfolio?

Remember, we are not invested in the macro economy. We remain patient, disciplined long term owners of consistently successful profit seeking capital-preserving companies. As history has shown us in the past, these companies are always innovating and have prospered handsomely through every kind of economic financial, political and geopolitical nightmare. Think of this fact ….the S&P 500 has halved three times during the last 50 years. Looking back over these same 50 years, the S&P 500 is about 25 times higher. The primary reason is because earnings are also about 35 times higher.

The economy is just about always unknowable. Consistent forecasts don't happen. The current fiscal situation isn't anything really new, it is just the crisis du jour where our media seems to push the wrong message concerning this whole deficit issue. Perhaps they should really be reporting on the people spending this money and to maybe get accountability from each of them.

As we look at the equity market, this cannot be timed consistently either. I know there are loads of messages from "who-knows-who" filling your emails with their predictions, as well as many talking heads on your television predicting "this and that". I would not pay too much attention to any of this. The fact is… if you want to capture the returns of the equity market… you need to ride out their frequent, sometimes significant but always temporary declines.

So regardless of the media headlines and the short term market response to these, if your goals have not changed, do not change your plan. If your plan is not changing, neither should your investment policy. And if you have concerns? Call us. Also, please make sure you are meeting with us regularly to review your goals and objectives. Even if there are no changes, it is a good idea to reaffirm the plan you have in place.

God Bless you always,

Mark

Capital Markets Snapshot

For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report (source- Morningstar):

Index		9/30/2023	2022	Last 10 years
Dow Jones Industrial Average		1.09%	-8.78%	8.28%
S&P 500 Index		11.68%	-19.44%	9.81%
NASDAQ Composite Index		26.30%	-33.10%	13.36%
Russell 1000G	Large Cap Growth	24.98%	-29.14%	14.48%
Russell 1000V	Large Cap Value	1.79%	-7.54%	8.45%
Russell 2000G	Small Cap Growth	5.24%	-26.36%	6.72%
Russell 2000V	Small Cap Value	-0.53%	-14.48%	6.19%
MSCI EAFE	Developing International	7.59%	-14.01%	4.32%
MSCI EM	Emerging Markets	2.16%	-19.74%	2.45%
DJ US Select REIT	U.S. Real Estate	-2.05%	-25.96%	5.28%
Barclays US Intermediate Govt/Credit		0.65%	-8.28%	1.27%
Citigroup World Government Bond Index		-2.68%	-18.26%	-1.19%

*Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index –Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The **Dow Jones Industrial Average** (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The **NASDAQ** composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

MAFG PERSPECTIVE

Would you like to hear more from us? Looking for a fresh perspective on the market, economy, and other planning topics? Open the camera on your phone and scan the QR codes if you'd like to see more from us.

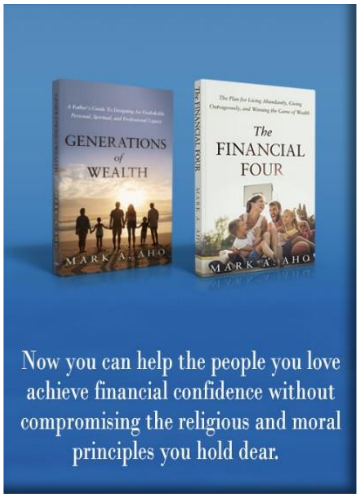
Prosciutto Cheddar *Apple Wraps*

A perfect snack for Fall entertaining or a quick nutritious way to help hit your goals for daily vitamins and antioxidants.

- 8 ounces sharp white cheddar cheese
- ½ lb sliced Prosciutto Ham
- 2 Autumn Glory apples (or your favorite sweet and crisp apple)

INSTRUCTIONS

- Core apples and slice each one into 12 slices. Slice the block of white cheddar into 24 slices, about 1/3 oz. each. Place a slice of cheese on top of an apple slice and wrap with a small slice of ham.
- Repeat, and serve immediately. Enjoy!



Books available!

Mark's books, Generations of Wealth and The Financial Four are available! Please let us know if you are interested in a copy of either/both book and we will send to you.

Both are available through us or on Amazon.

A happy bear checking out Downtown Marquette! YIKES!

Changing of the Seasons

From Joe Jeeves

As the carefree days of summer gradually fade, the refreshing chill of fall ushers in a season of change. Another U.P. summer has come and gone, now we welcome the cool crisp weather and beautiful fall colors. This is a season of transition, not only in nature, but also in our daily lives. The kids spent their summer days enjoying the warm weather, playing sports, exploring the wilderness, and now we are already a month into a new school year. Here are a few pictures of summer fun and the beginning of the new school year.

Make your files findable when you leave them to your heirs

ESTATE & GIVING

Living life and facing death can be liberating – and it doesn't have to be hard.
Depending on the source, about half of Americans know they should have a will but don't. And a National Library of Medicine study found that in 2017 only a third of us had completed end-of-life forms that outline our wishes for comfort and care during that final transition. Not surprising, maybe, since the process can be confusing and perhaps distressing when considering our own mortality. What may be surprising is the fact that the unpredictable pandemic may have shifted Americans' attitudes toward codifying our wishes in a very practical sense.

The why

It seems, despite living through a once-in-a-century pandemic, our interest in actually completing the task still wavers. However, top of the list of benefits is peace of mind – saving cost, time and heartache. Doing the work to have everything in place means medical professionals will be guided by your voice, your loved ones won't have to bear the burden of guessing what you would want, and you'll know that your heirs will receive the accounts and assets that you intended for them. It may not make it easier to say goodbye but should make the aftermath a lot easier.

Another beautiful potential benefit, perhaps even the most important one? Quelling the potential for intra-family strife during an already stressful time. Proper planning could help protect sibling and family relationships, which can get ugly when it comes to medical and financial matters. Experts recommend making your wishes clear and communicating them well before your passing, particularly if you're part of a blended family.

The what

You'll want to put some strong safeguards in place. Ask your medical and financial professionals if you need any or all of these documents. Don't be intimidated. You don't have to codify everything at once, and many are fairly straightforward. The more emotional tasks like writing letters of love or an ethical will, which outlines your values, may actually be the hardest.

Financial power of attorney. Durable powers of attorney give someone permission to make decisions on your behalf – anything from communicating with your cable company to dealing with banking, real estate, business and legal matters.

POLST forms outline physician orders for life-sustaining treatment for those with serious conditions, indicating things like whether you'd like CPR, mechanical ventilation, feeding tubes or ICU treatment.
Medical power of attorney. Sometimes called a living will or advanced directive, this outlines medical treatments you want and those you don't and authorizes a proxy to make decisions for you.
A last will and testament.
Beneficiary forms. For insurance policies, retirement accounts and some other assets, the beneficiary form prevails over the will.
A declaration of guardian appoints someone to look after your minor children.
A trust. In many states, a living trust can be used to transfer assets and personal property in an orderly and more private manner than a will and can even stipulate special provisions such as age-based distribution so young adults don't inherit all at once.

The where and how

If you need help getting started, first get organized.

Discover what you already have. For example, you may already have a healthcare proxy. From there, make an appointment with an attorney who specializes in estate or elder care law to review what you have and help you fill any gaps. Include your financial advisor to ensure you've made a plan for all relevant assets.

You may want to also make an advanced care planning appointment with your doctor. Often this can be done remotely (two 30-minute appointments are covered by Medicare, as is advanced planning for a cognitively impaired patient). Be sure to ask so you'll know what your financial liability may be.

Once gathered, store all relevant paperwork in one place. Some prefer a binder in a safe deposit box, but another secure way may be an online vault that allows you to grant differing levels of access to those you trust most. Just make sure your family members and righthand professionals know where to find these important documents and how to access them.

The who

Last, but certainly not least, make time to share your decisions with those they'll affect. Talk to your loved ones about your healthcare and financial plans and preferences, where important documents live and how to access them. Your advisor can help you set up regular family meetings to address who inherits what and why, as well as other details. Of course, the most important thing is to take the time to tell your family just how much you love them.

Raymond James is not affiliated with any organizations mentioned. Raymond James does not provide legal services. Please discuss these matters with the appropriate professional.

Sources: vox.com; theatlantic.com; compassionandchoices.org; Centers for Disease Control and Prevention; Health Affairs; nytimes.com; time.com

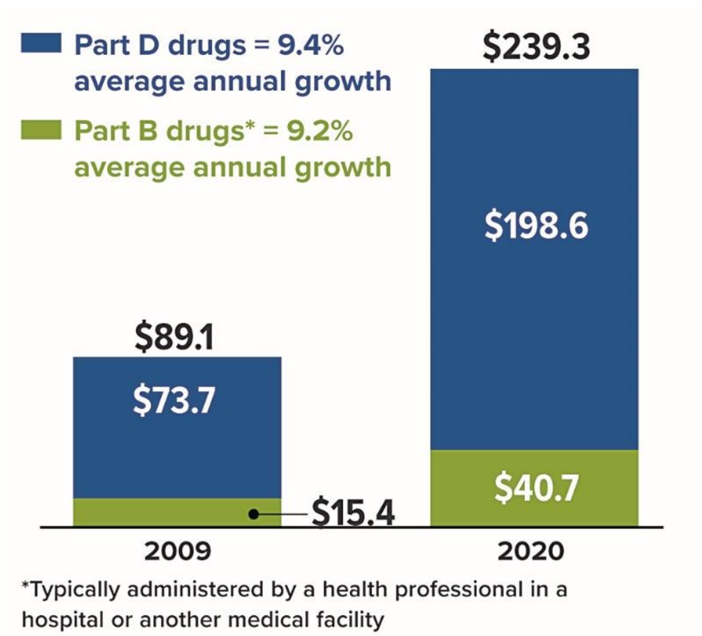
New Medicare Rules Tackle Prescription Drug Prices

The Inflation Reduction Act of 2022 included provisions intended to lower prescription drug costs for Medicare enrollees and slow drug spending by the federal government. According to an estimate by the Congressional Budget Office, the law's drug pricing reforms could reduce the federal budget deficit by $237 billion over 10 years (2022 to 2031).[1]
Here's an overview of the changes to the Medicare program — which covers 64 million seniors and people with disabilities — and timelines for when they take effect.

Drug Price Negotiation

For the first time, the federal government will negotiate lower prices for some of the highest-cost drugs covered under Medicare Part B and Part D. The first 10 drugs selected for the negotiation program were announced in August of 2023. The negotiated "maximum fair prices" for the initial 10 drugs are to be published by September 1, 2024, and go into effect starting January 1, 2026. Up to 15 drugs will be subject to negotiation each year for 2027 and 2028, and up to 20 more drugs for each year after that.[2]

Rising Medicare spending on drugs (in billions) between 2009 and 2020
Source: MedPAC Data Book, July 2022



Inflation Rebates

By one estimate, the list prices of about half of all drugs covered by Medicare between 2019 and 2020 rose faster than inflation.[3] To discourage this practice, manufacturers of drugs covered under Medicare Part B and Part D will be required to pay rebates to the federal government if price increases for brand-name drugs without generic or biosimilar competition exceed an inflation-adjusted benchmark (beginning in 2023).

Medicaid, a federal program that provides health coverage for low-income Americans of all ages, already receives similar inflationary rebates.

Redesigned Part D Benefits

The new law also modifies the design of Medicare's benefits and shifts liabilities so that Part D insurance plans will pay a larger share of the program's drug costs, while enrollees and the government pay less.

Under the 2023 Medicare Part D standard benefit, enrollees pay a $505 deductible and 25% of all drug costs up to the catastrophic threshold, and then a 5% coinsurance (above $11,206 in total costs or $7,400 in out-of-pocket costs). But there is currently no limit on the total amount that beneficiaries might have to pay out of pocket if high-cost drugs are needed.

Starting in 2024, the 5% coinsurance requirement for Part D prescription drugs in the catastrophic phase is eliminated, which effectively caps enrollees' out-of-pocket drug costs at about $3,250. A hard cap of $2,000 will apply to out-of-pocket costs for Part D prescription drugs in 2025 and beyond (adjusted for inflation). Annual premium increases will also be limited to no more than 6%.[4]

Insulin Cost-Sharing Limits

Starting in 2023, deductibles will not apply to covered insulin products under Medicare Part D or Part B for insulin furnished through durable medical equipment. Also, the applicable copayment amount for covered insulin products will be capped at $35 for a one-month supply.

Medicare enrollees who live with a chronic disease like diabetes or face any illness that requires treatment with high-cost specialty drugs (such as cancer or multiple sclerosis) could see significant savings in the coming years thanks to these changes. Still, younger individuals who are uninsured or have private insurance plans with high deductibles could continue to feel financial pain from rising drug costs — with one notable exception.

Three major drugmakers have announced deep price cuts of at least 70% for older forms of insulin. These decisions may have been influenced by public backlash, new competition, and changing market dynamics, along with the threat of financial penalties soon to be imposed by Medicaid because drug prices were raised faster than the rate of inflation.[5]

1) Congressional Budget Office, 2023
2) U.S. Department of Health and Human Services, 2023
3–4) Kaiser Family Foundation, 2023
5) *USA Today*, March 16, 2023

Online Access – to log on to your online access, please go to our website above. You will click on CLIENT ACCESS, and then ENROLL IN CLIENT ACCESS.

You will need to set up a login and password, and then enter one of your new account numbers. You can find that on your statement, or give us a call at 906-226-0880, and we will gladly give you that information.

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With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

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