MARK AHO
FINANCIAL GROUP
Your Vision, Our Mission

4th Quarter 2022

Pictured left to right:

Ross Aho, Financial Advisor

Amanda Zorza, Registered Client Associate

Joe Jeeves, CFP®, CIMA®, Financial Advisor

Mark Aho, MBA, CFP®, CIMA®, President, MAFG, Financial Advisor

Nicole Burony-Noble, Registered Executive Assistant

Eric Froberg, AAMS, Financial Advisor

Dear Friends,

Every January I review the great truths and governing principles we believe in to manage wealth. Again, pay particular attention to these bedrock principles as I review the events and trends of the year recently past, as well as some current observations for the year ahead. When we have a lot of chaos, I want to commend all of you for standing fast amid the midst of falling markets, which have always historically been temporary. I know it is difficult to be an investor. It always goes back to the principles we have shown you at the beginning and many times during our relationship. The first three of the six principles are 1. Faith in the future. 2. Patience. 3. Discipline. So here are some things to review and hold onto:

General Principles

- We (You and I) are long-term, goal-focused, and plan-driven equity investors. We believe lifetime investment success comes from **acting continuously with our plan.** Likewise, we believe substandard returns, and even lifetime investment failure, come from **reacting to current events.**
- The unforeseen and indeed unforeseeable economic, market, political and geopolitical chaos of the last three years since the onset of the pandemic demonstrates conclusively that **the economy can never be consistently forecast nor the market consistently timed.**
- We believe the most reliable way to capture the full return of equities is to ride out their frequent but historically always temporary declines.
- These will continue to be the bedrock convictions which guide our investment policy, as we pursue your most important financial goals together.

Current Observations

- Chaos continued throughout 2022. The central drama of the year (and it seems likely of the coming year) was the aggressive efforts to bring inflation under control.
- The US stock market measured by the S&P 500 increased nearly seven fold from March 9, 2009 through January 3, 2022. However, the US stock market sold off sharply in 2022 reaching a low point in October with the S&P down 27%. Bond prices also declined sharply in response to higher interest rates.
- It seems to me more than a little ironic, that after all of the damage the pandemic caused starting in early 2020, the mainstream equity market managed to close out 2022 somewhat higher than it was at the end of 2019. The S&P 500 was 3,839 at the close of 2022 versus 3,231 at the close of 2019, a gain of 18.8%. Not great, but not at all bad for three years during which our entire economic, financial, political and geopolitical world blew up.
- If anything, this tends to validate our core investment strategy over these three years, which simply stated has been: stand fast, tune out the noise and continue to work your long-term plan. Needless to say, that continues to be my recommendation, and in the strongest possible terms.
- The burning question of the hour seems to be whether and to what extent the Fed, in its inflation-fighting zeal, might tip the economy into recession at some point-if it hasn't already done so. Over the coming year, the way this plays out may determine the near-term trend of equity prices. My position continues to be that this outcome is simply unknowable, and one cannot make rational investment policy out of an unknowable.
- That said, I continue to believe strongly that whatever it takes to put out the inflationary fire will be well worth it. Inflation negatively affects everyone in our society; if recession proves to be the painful medicine required to destroy it, then so be it.

Although this may be hard to remember every time the market gyrates and the media shrieks….. You and I are not invested in the macro-economy…..

- Although this may be hard to remember every time the market gyrates and the media shrieks over some meaningless monthly economic datum or other, you and I are not investing in the macro-economy. Our portfolios largely consist of the ownership of enduringly successful companies-businesses that are even now refining their strategies opportunistically to meet the needs and wants of an eight billion person world. I like what we own.

As I always say-but can never say enough-thank you for allowing my group of professionals to guide you to your goals and objectives. It is a genuine privilege to serve you.

God Bless you always,
Mark

Sources: Standard & Poors, Yahoo Finance, Factset

Capital Markets Snapshot

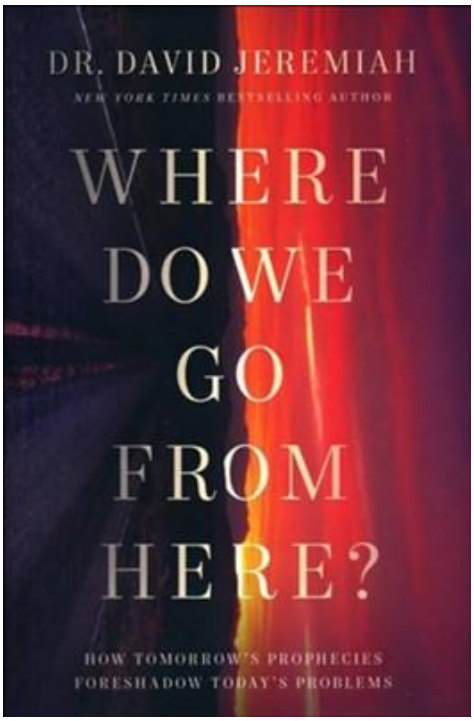
For a full analysis of the Quarter, please go to our web site at www.markahofinancialgroup.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report:

Index		12/31/2022	2021	Last 10 years
Dow Jones Industrial Average		-8.78%	18.73%	9.72%
S&P 500 Index		-19.44%	26.89%	10.41%
NASDAQ Composite Index		-33.10%	21.39%	13.24%
Russell 1000G	Large Cap Growth	-29.14%	27.60%	14.10%
Russell 1000V	Large Cap Value	-7.54%	25.16%	10.29%
Russell 2000G	Small Cap Growth	-26.36%	2.83%	9.20%
Russell 2000V	Small Cap Value	-14.48%	28.27%	8.48%
MSCI EAFE	Developing International	-14.01%	11.78%	5.16%
MSCI EM	Emerging Markets	-19.74%	-2.22%	1.81%
DJ US Select REIT	U.S. Real Estate	-25.96%	45.91%	5.74%
Barclays US Intermediate Govt/Credit		-8.28%	-1.46%	1.12%
Citigroup World Government Bond Index		-18.26%	-6.97%	-1.22%

*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.*

FALL CLEANING? SHRED!

Do you have documents or personal information that should be shred versus placed in the garbage? Protecting personal information and your identity are very important in today's world. We offer a free shredding bin available for your use. It is locked, and our shredding service comes once a month to shred the contents of the bin on-site. You may stop at our office at any time during business hours to place paperwork in our shredder. We welcome you to take advantage of this free and valuable service.

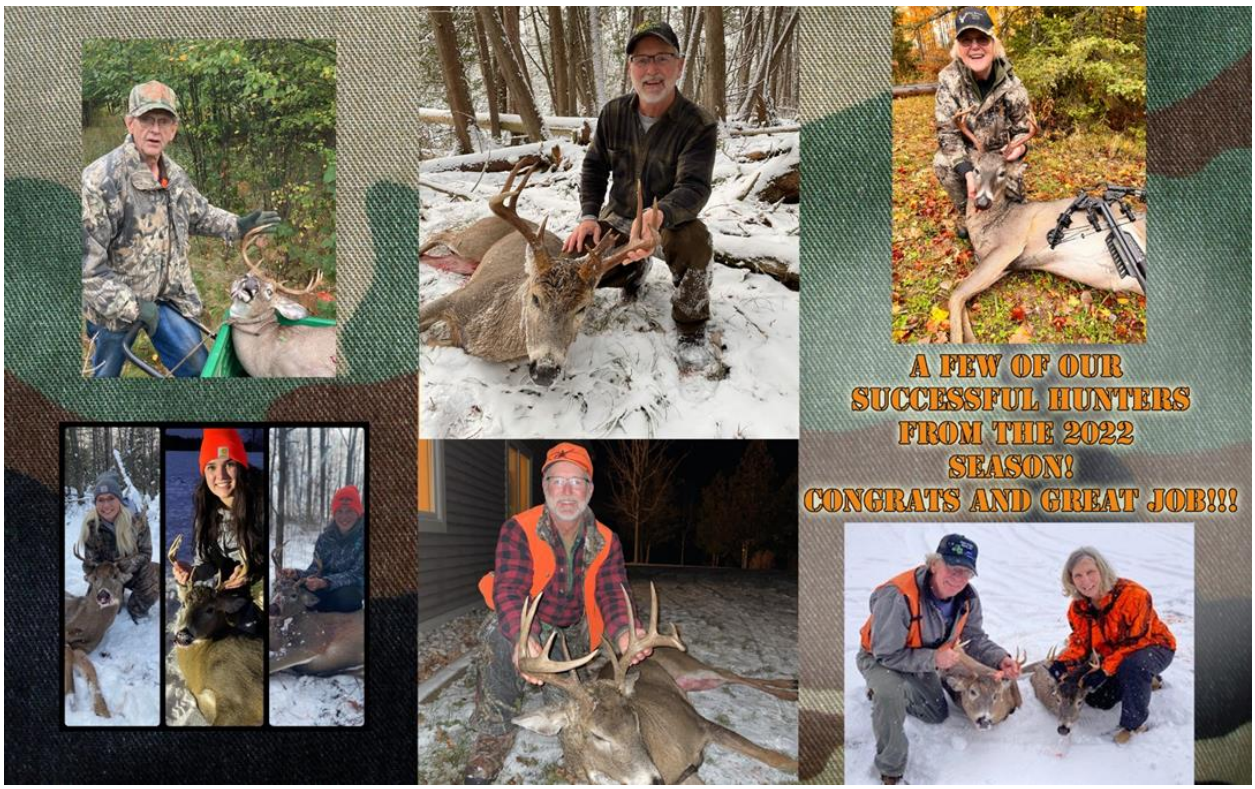


Book Review By Mark A. Aho

Where Do We Go From Here? By: Dr. David Jeremiah

This book was of interest to me because of my strong Christian beliefs and the fact I was becoming somewhat disillusioned with a lot of things I am seeing in our society today. Some things just do not make sense. As I watch the behavior of so many people filling our news stations, I thought… something, sometime has got to give. Dr. David Jeremiah is a pastor and also the founder of Turning Point, an international ministry committed to providing Christians with sound bible teaching. This book focuses on major themes of this day, such as socialism, globalism, pandemics and plagues and other issues. He ties many of these modern day issues into the bible. He weaves various prophecies beautifully between the old and new testament. I learned some very interesting things which for some reason slipped by my past readings in the bible. For instance, I did not realize that when Christ returns he will be on earth for a thousand years and will reside in Jerusalem. This is in both the book of Daniel and in Revelations. This book covers what it may look like up to and including the "end times." The message is to read, understand and spread the gospels we have had with us for thousands of years. I would encourage you all to read this book. We need to be thinking in these terms now and into the foreseeable future.

Congrats to all
Our hunters in 2022



Start fresh with your financial planning this winter

Winter 2023 market closures

Jan. 16: Martin Luther King Jr. Day
Feb. 20: Presidents Day

Dates to remember

For deadlines that fall on a weekend, action may need to be taken by the preceding weekday.

Jan. 18: Fourth quarter 2022 estimated tax payments are due, if required.
Jan. 31: Raymond James mails year-end retirement tax forms for 1099-R and 5498, if applicable.
Feb. 15: Raymond James begins mailing 1099 tax statements.
Feb. 28: Raymond James mails amended 1099s and those delayed due to specific holdings and/or income reallocation.
March 15 is the final day to mail any original 1099s and continued amended 1099s as needed.

Things to do

- Organize for tax time: Prepare for smooth filing: By early February, you should have tax forms in hand. Make sure to organize them in a dedicated spot, as well as any receipts if you itemize. To ensure all is in order, talk to your advisor about coordinating with your tax professional.
- Get set for 65: This is the age you become eligible for Medicare; a 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. Ask your advisor about healthcare planning resources that can guide you.
- Become a benefits whiz: Research your company's open enrollment schedule and decide if you need to make changes.
- Fine-tune your health spending: If you participate in a flexible spending account (FSA) or health savings account (HSA), review contribution levels to take full advantage – without exceeding limits, which are adjusted regularly for inflation. If you have an FSA, use available funds before your plan's use-it-or-lose-it deadline.
- Finesse your bonus: Plan how you want to use your year-end bonus before it hits your checking account. Consider paying down high-interest debt, shoring up your emergency fund or increasing your 401(k) contribution.
- Pay yourself first: If you haven't automated retirement contributions, start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.
- Revisit an IRA: Pre-tax contributions to IRAs can reduce taxable income, and Roth IRAs might be the answer if you're above income thresholds to make a tax-deductible traditional IRA contribution. You have until tax filing deadline (not including extensions) to contribute for the current tax year.

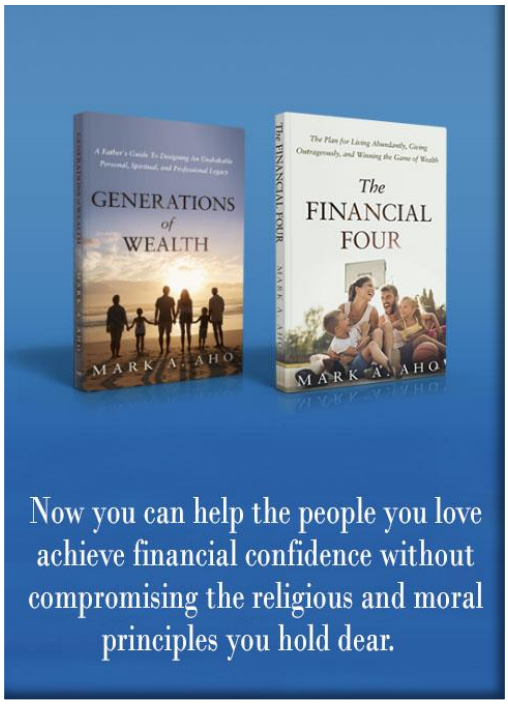
Slow Cooker Italian Beef

This has to be one of the easiest recipes I've ever tried and one of the tastiest. 3 ingredients placed into a crockpot, and it makes a super easy dinner for the family on a weeknight, or a great crowd pleaser for a family gathering.

- 1 roast 3-4 pounds (any size works just adjust cooking time)
- 1 small jar giardiniera, mild (peppers, liquid and all)
- 1 small jar giardiniera, hot (peppers, liquid and all)

Place all in a crockpot and cook on low until shreddable. About 4-6 hours, depending on the size of the roast. Serve with dinner rolls or crackers.

Enjoy!



THE FINANCIAL FOUR IS NOW AVAILABLE!

Mark's 2nd book, The Financial Four is now available! Please let us know if you are interested in a copy of this book and we will send to you.

Also available is the 2nd Edition of Mark's book "Generations of Wealth".
Both are available through us or on Amazon.

How does SECURE Act 2.0 change saving for retirement?

RETIREMENT & LONGEVITY

Washington Policy Analyst Ed Mills outlines key components of the new legislation.

The year-end fiscal 2023 government funding bill contained legislation that makes the most significant changes to the U.S. retirement savings system in decades. The SECURE Act 2.0 legislation builds on retirement savings changes passed in 2019 and contains new provisions that further raise the required minimum distribution (RMD) age, shift to automatic plan enrollment and provide for new matching/emergency withdrawal opportunities. Most of the key provisions are effective in the 2024-2025 timeframe, but smaller adjustments (such as an increase in the RMD age to 73) will be effective in 2023. See below for a detailed overview of the key provisions in the legislation and the effective timelines.

SECURE Act 2.0 is the second bipartisan bill designed to boost access to retirement savings

The SECURE Act 2.0 is a follow-up bill to the original SECURE Act passed in 2019, which began the process of increasing the RMD age from 70 1/2 and increasing participation in retirement savings plans through various tax incentives and eased administrative rules for employer-sponsored retirement plans.

The new legislation goes well beyond the original iteration and seeks to expand participation in retirement savings plans through mandatory enrollments as well as increased flexibility in the individual use of advantaged savings accounts. The new legislation will also extend the savings timeframe before RMDs are required to 75 by 2033 – an almost five-year increase from the original RMD distribution age. Overall, the changes enacted by the legislation (to be phased in over a multi-year period) are likely to boost the asset base for asset managers through increased participation and interest in retirement savings plans.

Key changes will be phased in over a multi-year period

The most significant changes to the U.S. retirement savings system enacted as part of the recent legislation include a higher RMD age (rising to 75 by 2033), a shift to automatic enrollment for new retirement plans, an allowance for matching contributions to be made for student loan payments (expanding the retirement savings of younger adults), higher catch-up limits for those ages 60-63, and additional opportunities for penalty-free withdrawals/lower penalties for missed RMDs that are corrected.

Starting in 2025, eligible employees will be automatically enrolled into new employer-sponsored retirement plans. Contributions will be set with enrollment between 3-10%, rising by 1% each year unless employees elect to opt out. Under-the-radar provisions include an expansion of multiple employer plans (MEPs) and pooled employer plans (PEPs) to include 403(b)s, 529 to Roth IRA rollovers (max $35,000), and employer-offered de minimis financial incentives (such as gift cards or other financial awards) to increase employee participation in retirement plans.

Detailed descriptions of the key provisions as follows:

- **Automatic enrollment:** Eligible employees are required to be automatically enrolled in new 401(k) and 403(b) retirement savings plans with a contribution between 3-10%, rising by 1% annually (up to 15%) unless employees opt out. Automatic enrollment is effective starting 2025.
- **Higher RMD age:** The RMD age is raised to 73 in 2023 and 75 starting 2033.
- **MEP and PEP access for 403(b) plans:** Access to multiple employer plans (MEPs) and pooled employer plans (PEPs) is expanded to include 403(b) plans.
- **Matching contributions for employee student loan payments:** Plan sponsors may make matching contributions to 401(k), 403(b), and simple IRA plans for qualified student loan payments made by employees effective 2024.
- **Expanded emergency expense distribution allowances:** Emergency distributions of up to $1,000 are permitted for unforeseeable or immediate financial needs relating to personal or family emergency expenses once per year, to be paid back within three years (effective 2024).
- **Tax and penalty free rollover from 529 to Roth IRA:** Beneficiaries of 529 college savings accounts are permitted to rollover up to $35,000 from a 529 account in their name to a Roth IRA account. Rollovers are subject to IRA annual contribution limits and are available for 529 accounts which have been open for more than 15 years. Rollovers are permitted starting 2024.
- **Reduced penalty for failure to take RMDs:** A tax penalty of 50% for failure to take RMDs is reduced to 25%. For IRAs, the tax is further reduced to 10% if corrected. Reduction is effective as of the bill's signing.
- **Higher catch-up contribution allowances:** For those ages 60-63, the catch-up contribution limit is raised to the greater of $10,000 or 50% higher than the regular catch-up amount. The higher allowance is effective starting 2025.
- **Emergency withdrawals for domestic abuse survivors:** Emergency withdrawals for the expenses of individuals escaping domestic abuse situations are provided at the lesser of $10,000 or 50% of the value of the account, to be repaid over three years with a refund of income taxes paid on the repaid amount. Withdrawals permitted starting 2024.
- **Emergency withdrawals for disaster relief:** Withdrawals of up to $22,000 from employer retirement accounts or IRAs are permitted for individuals affected by a federally declared disaster. These emergency-related withdrawals are permitted for disasters occurring on or after January 26, 2021.
- **Expanded administrative cost tax credit for new businesses:** A 50% tax credit for administrative costs incurred by new businesses is raised to 100% for companies with 50 or less employees effective 2023.
- **Employer-offered incentives:** De minimis financial incentives (such as gift cards or other financial awards) are permitted for sponsor efforts to boost employee participation in retirement savings plans, effective as of the signing of the bill into law.

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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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We are now happy to offer Zoom Meeting as an option for your appointments with us.

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!

Let us help you help those you care about. Contact us today.

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