FALCON
WEALTH ADVISORS

WEALTH JOURNAL
2023


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A Note from Our Founder

Welcome to our first edition of The Falcon Wealth Advisors Wealth Journal! We have many exciting updates to share with you!

2022 proved to be a volatile year in the market. In fact, in my 16-year career, it was only one of three years that the S&P 500 finished the year negatively. We are humbled that our portfolio stood up to the volatility well for our clients, and we are anxious for things to get turned back around. If you would like to discuss how your performance stacked up against the index, please don't hesitate to contact our office to schedule a time to meet.

With the approval of The Secure Act 2.0, there are many financial planning opportunities to consider. Whether it be the extending of certain Required Minimum Distribution age requirements, or new 529/Roth opportunities, our Financial Planners have been busy familiarizing themselves with the rules and meeting with clients to discuss how it may impact their financial plans.

Our Wealth Management Practice has quickly turned into a Wealth Management Firm. Our current team consists of 15 professionals and counting. A big theme on our team is standardizing the service and customizing the advice. You will find, later in this edition, how both our Client Operations and Investment Management Groups serve as central hubs to cater to each of our nearly 800 clients in 30 states. Cory and I have decided to form Wealth Management Groups, where Financial Planners have joined us to meet with clients as well as one-on-one on their own. Our team of Financial Planners are not junior advisors. Instead, they serve as extensions of myself and Cory. Please know, if Cory and I are not present in the meeting, it does not mean we are no longer your advisors. Instead, we are serving you from a ten thousand view perspective and we are asking the planners get into the nitty gritty intricacies of your plan.

We are also excited to announce that we are MOVING our office to the main lobby of the 1900 Building. Effective April 1, 2023, our new address will be suite 210 versus our current address of suite 310. Our generous landlord simply offered us a deal we could not pass up. We are excited to show off our new digs, so feel free to schedule a time to come see us!

On a personal note, Rachel and I continue to create many memories with our favorite pooch Einstein! I'm looking forward to wrapping up my Integral Leadership Program I've been pursuing the past year through Stagen. I also, of course, can't wait to get out on the links and play golf with many clients and friends. Rachel remains busy running *The Independent Magazine* and gearing up for travel plans we are making, including a trip abroad!

Lastly, I cannot thank our clients enough for the trust you all have instilled in us, and we look forward to continuing to serve you according to your best interests. Clients choose to work with us to enhance their financial literacy and explain exactly what their financial plan means to them.

Thank you,
Jake Falcon, CRPC®,
Founder and CEO

OUR C

Work Wi

Jake Falcon’s Wealth Management Group *Or*

Matthew Tomlin, CFP®,
Financial Planner

Jake Falcon, CRPC®,
Wealth Advisor

Jake Cross, CFP®,
Financial Planner

Who Collaborate With Investme

OUR ENSEMBLE

Here at Falcon Wealth Advisors, Jake and Cory each have a group of financial planners they work with, and in turn, both groups work with particular clients, offering a consistent experience. In addition to our financial planners, we also have two other groups: our Operations and Investment Management groups, which both serve all of our clients. When a client chooses to work with Falcon Wealth Advisors, they receive access to our entire 15-person ensemble practice. Several of our team members have valuable educational credentials, such as the CERTIFIED FINANCIAL PLANNER®, Chartered Financial Analyst®, Certified Public Accountant credentials and more. We are all working together to serve you. We’re all willing to help you with your needs and it’s our pleasure to do so!

Abby Stockman, AAMS®,
Investment Analyst

OUR COMMITMENT

What Makes Us Different:

Our Ensemble of Professionals • We DO NOT Use Investment Products •
We Stand by Our Responsiveness We have a new commitment to clients that we’re rolling out this year – If you email service@falconwealthadvisors.com, you will receive a response from our team within 24 hours. If you don’t receive a reply within 24 hours, call us out. We would be happy to take you to lunch as an apology. While we may not provide a resolution within 24 hours, you can rest assured that your needs are being heard.

Conner Hanlon, CFA®
Portfolio Manager

LIENTS

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Cory Bittner's Wealth Management Group

Joe Ibarra, CPA,
Financial Planner

Cory Bittner, CRPC®,
Wealth Advisor

Tyler Geiman,
Para Planner

nt Management and Operations

Matthew Navickas, AAMS®,
Investment Analyst

Maddie Crawford, FPQP™,
Account Manager

Alyssa Woodman,
Communications Manager

Samantha Waters,
Partner Client Operations

Marc D'Errico,
Account Manager

Abbie Musson,
Account Manager

Mari McGraw,
Account Manager

TEAM UPDATE

Jake Falcon, CRPC®, Founder and Wealth Advisor

With more than a decade of experience in the financial services industry, Jake is committed to helping clients pursue their financial goals, navigate the markets through both good and uncertain times, and preserve their legacies.

Jake works closely with clients to develop sophisticated, yet clear, strategies to help them achieve their objectives. He monitors both the retirement planning and investment landscape to stay up to date on the latest trends to help optimize appropriate financial solutions for clients. Additionally, he is responsible for the oversight of Falcon Wealth Advisors' culture and is committed to providing clients with an excellent experience.

Jake earned his bachelor's degree in business administration from the University of Texas at San Antonio. He holds the Chartered Retirement Planning Counselor® (CRPC®) designation and has completed the Investment Strategies and Portfolio Management Executive Education Program at The University of Pennsylvania's Wharton School of Business. In 2016, Jake was featured in Ingram's Magazine's prestigious "40 Under 40" list. He was also listed in the Forbes 2018, 2019 and 2020 list of America's Top Next-Gen Wealth Advisors. Additionally, Jake was included in Forbes' list of Best-In-State Wealth Advisors for Kansas in 2021 and 2022.

Outside of the office, Jake enjoys playing golf, attending sporting events, traveling, and spending time with his wife, Rachel, and their dog, Einstein.

Cory Bittner, CRPC®, Co-Founder and Wealth Advisor

Cory has spent his entire professional career dedicated to financial planning and asset management. His personal relationships allow him to help guide clients toward their retirement goals with careful planning and attention to investment details.

Cory works with clients to create and implement comprehensive, goals driven financial plans and investment strategies. He is also responsible for the professional development of team members and maintaining a client centric environment.

Cory graduated Summa Cum Laude from the University of Central Missouri. He holds the Chartered Retirement Planning Counselor® (CRPC®) designation and has completed the Investment Strategies and Portfolio Management Executive Education Program at The University of Pennsylvania's Wharton School of Business. In 2014, Cory was recognized as one of Ingram's Magazine's exclusive "20 in their Twenties" honoring outstanding, young entrepreneurs in the Kansas City area. In 2022, he was included in Forbes' list of Best-In-State Next-Gen Wealth Advisors.

Outside of the office, Cory enjoys playing tennis, reading, and spending time with his wife, Cassie, and their dog, Otis

Samantha Waters, Partner Client Operations

Samantha and Jake have worked together since 2008. Her primary role is ensuring every client receives an excellent experience when working with our team. As a Partner, she is also responsible for mentoring and training new client service team members, as well as making sure that the daily functions of the business run smoothly.

Samantha earned a Bachelor of Arts in finance with a minor in economics from Park University. She currently maintains her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

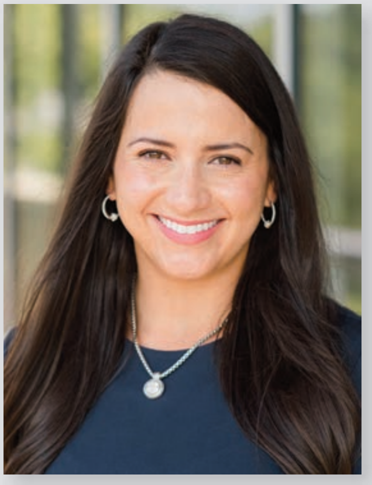
Outside of the office, Sam enjoys spending time outdoors in her hometown of Carrollton, Missouri, and spending time with her husband, Jimmy, and their twins, Jackson and Ava.

Maddie Crawford, FPQP™, Account Manager

As an Account Manager, Maddie is responsible for helping current clients understand their account statements, take distributions, and preparing account maintenance paperwork. Her responsibilities also include other administrative roles around the office.

Maddie earned her Bachelor of Science in journalism with an emphasis in strategic communication from the University of Kansas. She currently maintains the Financial Planning For Qualified Professionals (FPQP™) designation and is working toward pursuing her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Maddie enjoys exercising, watching KU Basketball games and spending time with her husband, Brad, and daughter, Dottie.



Abby Stockman, AAMS®, Investment Analyst

As an Investment Analyst, Abby is responsible for researching stocks and bonds, as well as keeping up to date with the current positions in our portfolio. Her role also involves tracking the performance and allocations of our portfolio.

Abby earned her Bachelor of Science in business administration with a focus in marketing from Liberty University. She currently maintains her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses and maintains the Accredited Asset Management Specialist (AAMS®) designation.

Outside of the office, Abby enjoys reading, traveling, and spending time with her husband, Trey, and son, Oliver.

Matthew Navickas, AAMS®, Investment Analyst

As an Investment Analyst, Matthew is responsible for researching stocks and bonds, as well as keeping up to date with the current positions in our portfolio. His role also involves tracking the performance and allocations of our portfolio.

Matthew earned his Bachelor of Science in finance with a concentration in business analytics from the University of Kansas. He currently maintains his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses and maintains the Accredited Asset Management Specialist (AAMS®) designation.

Outside of the office, Matthew enjoys watching sports, playing golf and going to the lake.

Matthew Tomlin, CFP®, Financial Planner

As a Financial Planner, Matthew is responsible for creating comprehensive financial plans, participating in client meetings, taking the lead on answering routine financial planning questions, taking clients through routine reviews and providing support to the wealth management team — especially Jake Falcon, whom Matthew joins on most client meetings.

Matthew earned a Bachelor of Science degree in personal financial planning at the University of Missouri-Columbia. Matthew continued his education beyond graduation and went on to obtain his CERTIFIED FINANCIAL PLANNER™ certification, one of the highest designations in the financial planning field. As a CERTIFIED FINANCIAL PLANNER™ professional, Matthew specializes in comprehensive financial plan development, topic research, and personalized financial education. In 2022, Matthew earned his Sports & Entertainment Accredited Wealth Management Advisor™ designation. As a Sports & Entertainment Accredited Wealth Management Advisor™, Matthew is able to help high-net-worth clients in sports and entertainment capitalize on opportunities to preserve, grow, and transfer their wealth. He also maintains his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Matthew enjoys playing basketball, spending time with friends and family, reading and following his favorite sports teams..

Abbie Musson, Account Manager

As an Account Manager, Abbie is responsible for onboarding new clients as well as helping current clients understand their account statements, take distributions, and rollover and transfer funds. Her responsibilities also include preparing account maintenance paperwork and performing other administrative roles around the office.

Abbie earned her bachelor's degree in marketing and management from the University of Kansas. She also maintains her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Abbie enjoys cooking, being active and spending time with her friends and family.

Mari McGraw, Account Manager

As an Account Manager, Mari is responsible for helping current clients understand their account statements, take distributions, and conducting regular service calls with clients to ensure our records are up to date, in addition to discussing ways we can enhance the services we are offering. Her responsibilities also include other supporting administrative roles.

Mari earned her bachelor's degree in English, political science and women's studies from Kansas State University. She also maintains her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Mari enjoys spending time with her three boys, reading and gardening.

Joe Ibarra, CPA Financial Planner

As a Financial Planner, Joe is responsible for creating comprehensive financial plans, participating in client meetings, taking the lead on answering routine financial planning questions, taking clients through routine reviews and providing support to the wealth management team — especially Cory Bittner, whom Joe joins on most client meetings.

Joe graduated number one in his class from Rockhurst University's Helzberg School of Management with bachelor's degrees in accounting and philosophy. He is a Certified Public Accountant (CPA) and maintains his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses. Joe is a member of the Missouri Society of CPAs and Catholic Financial Planners Network.

Outside of the office, Joe enjoys playing tennis, sharing meals with family and friends and exploring Kansas City and beyond with his wife, Killian.

Jake Cross, CFP®, Financial Planner

As a Financial Planner, Jake is responsible for creating comprehensive financial plans, participating in client meetings, taking the lead on answering routine financial planning questions, taking clients through routine reviews and providing support to the wealth management team — especially Jake Falcon, whom Jake joins on most client meetings.

Jake holds a bachelor of science in finance with a concentration in business analytics from the University of Kansas. Jake went on to obtain his CERTIFIED FINANCIAL PLANNER™ certification, one of the highest designations in the financial planning field. As a CERTIFIED FINANCIAL PLANNER™ professional, Jake specializes in comprehensive financial plan development, topic research, and personalized financial education. Jake also maintains his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Jake enjoys playing sports, reading and going to the lake.

Alyssa Woodman, Communications Manager

As Communications Manager, Alyssa is responsible for coordinating marketing efforts and planning client events. Her responsibilities also include working closely with Jake and Cory on special projects and team initiatives.

Alyssa graduated from Rockhurst University's Helzberg School of Management with a bachelor's degree in accounting as well as a master's degree in business administration. She also maintains her Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Alyssa enjoys spending time with friends/family, staying active through various sports, and finding new coffee shops in Kansas City.

Marc D'Errico, Account Manager

As an Account Manager, Marc is responsible for onboarding new clients as well as helping current clients understand their account statements, take distributions, and rollover and transfer funds. His responsibilities also include preparing account maintenance paperwork and performing other administrative roles around the office.

Marc earned his bachelor's degree in psychology from the University of Kansas. He has over 15 years of financial service experience between DST and U.S. Bank. He is working toward pursuing his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Marc enjoys staying active, bowling, following his favorite sports teams and spending time with his wife, Ariel, and daughter, Berklee.

Tyler Geiman, Para Planner

As a Para Planner, Tyler is responsible for creating comprehensive financial plans, generating performance reports and providing support to the wealth management team -- especially Cory Bittner, whom Tyler joins on most client meetings.

Tyler graduated from Washburn University with a Bachelor of Business Administration in Finance and Economics as well as a master's degree in business administration. Tyler is working toward pursuing his Series 7 General Securities and Series 66 NASAA Uniform Combined State Law licenses.

Outside of the office, Tyler enjoys playing sports, spending time with friends and family, and traveling.

Conner Hanlon, CFA®, Portfolio Manager

As a Portfolio Manager, Conner is responsible for researching stocks and bonds, monitoring economic trends, and analyzing investment opportunities in the market. His role involves individual security selection as well as asset allocation decisions.

Conner earned his Bachelor of Science in Finance from the University of Kansas. Conner holds his Series 7 General Securities and Series 63 licenses. He also completed the CFA Program and has been a CFA Charterholder since 2019.

Outside of the office, Conner enjoys golfing, traveling, and spending time with his wife, Sam, and daughter, Mary.

The Falcon Wealth Advisors SIGNATURE PLAN

Our step-by-step process helps ensure all aspects of your financial life are well cared for and working together toward achieving your goals.

Jake Falcon, CRPC®
Founder and Wealth Advisor

Cory Bittner, CRPC®
Co-Founder and Wealth Advisor

STEP 1 – Introductory Meeting

About Us

About You

Laying the Foundation for Your Financial Plan

STEP 2 – Team Collaboration

Putting the Plan Together

Determine Asset Allocation / Location

Identify Opportunities for Improvement

STEP 3 – Strategy Discussion

Plan Delivery

Confirm Investment Strategy

Discuss Observations and Next Steps

STEP 4 – Implementation

Account Opening Call with Onboarding Specialist

Account Funding

Online Access and Statement Review

STEP 5 – Ongoing Review and Monitoring

Proactive Scheduled Review Meetings

Discretionary Investment Management

Account Service

What to Look for in an Advisor

Falcon Wealth Advisors Co-Founder and Wealth Advisor Cory Bittner, CRPC®, and I have both worked as wealth advisors for over a decade. We of course have had thousands of client meetings during that time and feel we have unique insights into what people should look for in an advisor. In the latest episode of Upticks, we discussed what investors should consider in an advisor.

JAKE: Let's start our conversation by talking about definitions. People are familiar with a number of terms for our profession, including wealth advisor, investment advisor, financial advisor, etc. I'm not sure why these names haven't been standardized, but I will note we call ourselves Wealth Advisors at Falcon Wealth Advisors. Still, I wouldn't focus too much on the title as you seek out an advisor.

If you're seeking a wealth advisor, there are many questions you will want to ask them, including the four below. We will discuss each of these questions and more today.

- **Are you a fiduciary?**
- **What is your service structure and how much do you charge?**
- **What type of clients do you work with?**
- **Are you willing to collaborate with other financial professionals?**

Cory, what's the first thing someone should look for in an advisor?

CORY: The first thing you should look for is the advisor working in a fiduciary capacity. A fiduciary is required to put the client's interests ahead of their own and is legally required to act in their best interests. It's the most stringent level of advice that a wealth advisor can offer.

JAKE: It's a simple question you can ask advisors that you're interviewing: "Are you a fiduciary, with all of my assets, all of the time?" It's worth noting that brokers and insurance agents are held to different standards and aren't required to act in their clients' best interests. However, at Falcon Wealth Advisors, as fiduciaries, we act in our clients' best interests with all their assets all of the time. In my opinion, being a fiduciary is table stakes.

I would also encourage anyone interviewing a financial advisor to visit BrokerCheck to learn more about an advisor's background and if they have any disclosures—which can include formal customer complaints—on their record. With that said, you shouldn't necessarily avoid advisors who have disclosures on their record, but it's something to learn more about. And suffice to say, a pattern of disclosures could be concerning.

CORY: Well said. Don't you think most investors expect their wealth advisor to be a fiduciary?

JAKE: Yes! Working with a wealth advisor shouldn't be like buying a car. When I go buy a car, I expect that the salesperson's top goal is to make as much money off me as possible. Few would want to approach their relationship with their wealth advisor in the same manner. The reason you need to ask a wealth advisor is if they're a fiduciary is because not all advisors are fiduciaries.

The second thing you will want to ask a potential wealth advisor about is their service structure. At Falcon Wealth Advisors, we work hard to standardize our service and customize our advice. For a couple reasons, I don't think you would want to work with an advisor who doesn't standardize their service. If an advisor is able to customize their service for each client, that likely means they don't have that many clients, which is a red flag. And they may be disorganized and opening themselves up to mistakes. When we work with clients, we offer a regimented service model so that we can provide a consistent experience. We aim to be very clear with clients about what we do and do not offer.

Of course, your financial plan is unique to you. That's why we offer customized advice, which we are able to do because we have a personal relationship with our clients and a financial plan we update in real-time.

CORY: The third question you should ask: "Are your fees clear and transparent?" Most people have a good idea of what they pay for goods and services they purchase. That same standard should hold true for financial services. There are so many complexities associated with our industry and there are a plethora of ways advisors can be compensated.

At Falcon Wealth Advisors, we believe our cost structure should be clear, transparent and understandable. Knowing exactly how much you pay for a service sounds obvious, but it's not in our industry. That's why we're passionate about being straightforward with our clients regarding the fees they pay for our services. Sadly, this is not the way many advisors operate.

JAKE: Yes, we post our costs on our website so that it's clear what it costs to work with us. And because we don't use financial products, our clients don't have to pay any fees outside of what they pay for our services—which regular readers know includes investment management, financial planning, tax planning and more. We believe we are charging an appropriate amount for the value we bring to our clients' lives, so we have no reason not to be transparent about our cost structure.

The third thing you will want to ask about is what type of clients the advisor works with. As our industry has evolved, advisors have developed niches. I like knowing that many of our clients have similar backgrounds and needs, because key learnings we take in from working with one client can help us serve many clients. And I think it provides new clients comfort to know that we have worked with others from their company and understand their 401(k) plan, pension and other variables. I don't want to discount our ability to work with all types of clients, but our experience serving high net-worth individuals and their families—including those who worked at publicly-traded companies and have company stock—is valuable.

CORY: Retirement planning is an important focus for us. We have a lot of experience helping clients make decisions around Social Security, Medicare, Roth conversions and many other important retirement topics. While situations vary from person to person, our experience in these topics serves us well in all the clients we work with.

JAKE: Good point, Cory. You and I are both Chartered Retirement Planning Counselors℠, which means we've taken the time to study the complexities associated with retirement.

The next question you should ask a potential advisor is if they're willing to collaborate with other financial professionals. Can you talk about this?

CORY: At Falcon Wealth Advisors, we work with accountants, estate planning attorneys and other financial professionals who serve our clients. By communicating with them, we can give our clients optimal service. For example, we mentioned tax planning. While we are not tax professionals, we do strategize with clients about how they can pursue tax-smart investment strategies—and we're all the more effective when we can collaborate with their accountant.

JAKE: I think you can think of our team as the quarterback in these situations. Because we are the ones building and updating a financial plan, it makes sense for our team to stay in touch with these financial professionals. We're not shy about working with other professionals or referring clients to other professionals when they have a need outside of our expertise and skill set.

Many advisors may say they will work with other financial professionals, but what's unique about Falcon Wealth Advisors is that we have built strong and lasting relationships with other professionals, even though we don't have any financial incentive to refer our clients to them. We simply refer our clients to them because we believe they will effectively serve clients in a straightforward manner, just as we do. We even know a retirement coach who can help with the psychological element of retirement.

To wrap up our conversation, I want to talk about three things that make Falcon Wealth Advisors unique:

1. Our Ensemble of Professionals

As clients know, Cory and I each have a group of financial planners we work with, and in turn, both of our groups work with particular clients, offering a consistent experience. In addition to our financial planners, we also have two other teams: our operations and investment management groups, which both serve all our clients. When a client chooses to work with Falcon Wealth Advisors, they receive access to our entire 15-person ensemble practice. And members of our team have valuable educational credentials, such as the Certified Public Accountant credential, the CERTIFIED FINANCIAL PLANNER™ credential and more.

2. We DO NOT Invest in Products whenever Possible

Many advisors use financial products like mutual funds, exchange traded funds and annuities. We don't, for a number of reasons. Instead, we focus on individual stocks and bonds, and trading options for some clients. This approach limits the fees clients have to pay, as nearly all products have fees associated with them, which you have to pay on top of what you're paying an advisor.

Individual stocks and bonds also offer a level of transparency. It's easy to see exactly what you own and how it's performing. And most importantly, it gives us control over how a client's money is invested.

3. We Stand by our Responsiveness

My clients often joke with me about how I reply to emails on Saturdays and Sundays. But if I have an opportunity to reply to a client, I do it. I know the same goes for you, Cory. And we do this because we care about our clients.

We have a new commitment to clients that we're rolling out in 2023 - If they email service@falconwealthadvisors.com, they will receive a response within 24 hours. And if you don't receive a reply within 24 hours, call us out. We would be happy to take you to lunch as an apology. While we can't necessarily provide a resolution within 24 hours, our clients should and will know their needs are being heard.

CORY: I know we both value responsiveness and that high level of service is what we want to provide clients.

JAKE: We so often meet with potential clients who say they don't hear from their advisor. At Falcon Wealth Advisors, we strive to make sure we build relationships with our clients, and one key way to do that is through responsiveness.

Thanks so much for joining me, Cory. In summary, here are the four questions anyone meeting with a potential wealth advisor should ask:

- **Are you a fiduciary?**
- **What is your service structure and how much do you charge?**
- **What type of clients do you work with?**
- **Are you willing to collaborate with other financial professionals?**

And here is a recap of what makes Falcon Wealth Advisors unique:

- **Our Ensemble of Professionals**
- **We DO NOT use Investment Products whenever Possible**
- **We Stand by our Responsiveness**

Thanks so much for joining me, Cory. If you're reading this and would like to learn more about how we can help you as you prepare for and navigate retirement, please contact us directly. You can email me at Jake@falconwealthadvisors.com and Cory at Cory@falconwealthadvisors.com.

Clients choose to work with us to enhance their financial literacy and explain exactly what their financial plan means to them.

Our Service Commitment

As a Partner of Falcon Wealth Advisors and head of the Client Operations group, I work closely with the team to ensure that we are providing the excellent service that our clients have grown accustomed to over the years. Our Client Operations team consists of 6 individuals that help clients daily with scheduling meetings, providing guidance to better understand statements or online services, opening new accounts, maintaining existing accounts, setting up distributions, and various other administrative requests that may arise.

My responsibilities as a partner include mentoring and training the Client Operations group, onboarding new employees to the team, human resources activities, and making sure that the daily functions of the business run smoothly. My role on the team has greatly evolved over time. My intentions are now geared more towards developing the operations group and sharing the institutional knowledge I've developed over time with them. While the operations team has grown substantially to serve all clients of Falcon Wealth Advisors, I still welcome and enjoy opportunities to connect with and support clients in any capacity that I am able to.

A new service offering that I'm excited to announce is the rollout of our commitment to be responsive! If you email service@falconwealthadvisors.com, you will receive a response from our team within 24 hours. If you don't receive a reply within 24 hours, please call us out. We will gladly take you to lunch to express our apology. While we may not have an immediate answer to your question, you can rest assured that you're being heard and that we are committed to serving you!

Thank you,
Samantha Waters, Partner

Alyssa Woodman,
Communications Manager

Maddie Crawford, FPQP™,
Account Manager

Marc D'Errico,
Account Manager

Abbie Musson,
Account Manager

Mari McGraw,
Account Manager

Pre-Retirement Checklist

As many people go through their careers and life, there are many complexities with childcare, wealth building, protection, etc. It's a common thought that once people near retirement and make the transition, that all those complexities go away, and life becomes simple. That's not the case entirely. There're just different complexities, and today I wanted to go through some items to be aware of so you can "dot your I's and cross your T's".

- **Portfolio Allocation –** Is your portfolio properly aligned with your financial plan and cashflow needs? The allocation between stocks, bonds, and alternative investments need to align with your goal for the funds, whether that's growth or income (or a combination of the two).

- **Source of Income –** Are your distributions setup properly? It's important to align your sources of income with your expected expenses. If you're retiring soon, do you want the distributions to occur bi-monthly which you may be accustomed to?

- **Health Insurance –** Do you have adequate health insurance in place? If you're younger than Medicare age (65), you can go on the open marketplace and shop for plans or potentially bridge the gap with COBRA. COBRA would allow you to extent your existing coverage with your employee benefits, at the market price, for a certain period. If it was due to retirement, then you could stay on that plan for up to 18 months. If you are close to Medicare age, then you can apply for it at 64 years and 9 months of age.

- **Social Security –** Have you applied for your social security benefit? The earliest you can do so would be at age 62, but that would be at a permanently reduced benefit compared to your full retirement age benefit. It's important to evaluate your current assets and assumed rate of return and your projected life expectancy, when deciding on when to take your social security benefit.

- **Accessibility of Funds –** Are you retiring before age 59.5? If so, do you have a plan on how to access any retirement accounts (like an IRA, Roth IRA, 401(k), 403(b), etc.)? Typically, if you withdraw funds from an IRA before 59.5, there is a 10% early withdrawal penalty. Now keep in mind, there are a handful of exceptions to this rule, but they are related to hardships that occurred. A few solutions are using Rule 55 with your 401(k) plan, 72(t) with an IRA, or bridging the gap with a taxable account. I urge you to not go about those alone as there are very strict rules with the Rule 55 and 72(t) distributions, which if not done correctly, could be very costly.

There are a ton of other things to consider when approaching retirement, but I wanted to highlight a handful and encourage you to start getting a plan together well in advance of picking a retirement date. As stated previously, retirement comes with its own set of complexities! Feel free to let me know if there are any questions.

Thank you,
Jake Cross, CFP®,
Financial Planner

Retiring in Your 50s

In my career, I've yet to meet many people who want to work as long as they can. When someone is younger, it's easy to think that working into your 70s doesn't sound so bad. However, as people get into their late 40s and 50s, they start to think about the next chapter of life. Someone who has been working for 30 years has a much different perspective than someone who has been working for 10. By their 50s, many people are thinking about transitioning to a new, exciting and interesting chapter of life. That doesn't mean they don't want to do anything, but instead they are often interested in pursuing various passions.

Here's what retirement means to me: having the financial security to not have to work unless you choose to. Many people would like to reach this stage in their 50s and I'm pleased to share it's possible.

If you want to retire in your 50s, it's important to confront the challenges of doing so head on. The first is making your money last. To state the obvious, if you're retiring at 55 instead of 65, that's another decade you will need your money to last. At Falcon Wealth Advisors, we can help you plan accordingly.

Another challenge is the strict rules around accessing pre-tax funds in retirement accounts. As many investors know, it can be difficult—but not impossible—to withdraw funds from a 401(k) or an IRA account before age 59.5 without paying a penalty to the IRS.

Of course, the cost of healthcare is a challenge for people retiring before being Medicare-eligible at age 65. There are different strategies and options for attaining affordable healthcare in your 50s, like staying in your former employer's healthcare plan and paying for it out of pocket (COBRA). However, this typically cannot be done for more than 18 months, so if you're retiring in your 50s, it's not a long-term solution.

Additional options for healthcare in your 50s include public and private health insurance exchanges, or using your spouse's work-sponsored health plan, if they're still working. It's important for people to be aware that the cost of healthcare in retirement will be significantly different typically than it was while they were working.

While I wish healthcare wasn't so expensive, if you're in your 50s and have the funds to be able to pay for it out of pocket, then great. Go for it. At Falcon Wealth Advisors, we will simply treat it as another cost to budget for in your financial plan.

Social Security in retirement

We've talked a lot about costs during retirement. In addition to using the funds you've spent a lifetime saving, social security is another way to pay for some of these expenses. As many know, the earliest possible age Americans can begin collecting social security is 62, and social security benefits stop growing at age 70. So just about everyone should start collecting in that eight year span.

When is the right time to start collecting social security? It varies. If you begin collecting at age 62, the amount will be lower than if you were to wait a few years. I've joked with people that if they can tell me the day they're going to die, I can give them great advice on when to begin collecting. Consulting with a fiduciary-minded wealth advisor about when to begin collecting social security is critical if you're thinking about retirement.

Plan, plan, plan

Hopefully this article reinforces the importance of having a financial plan. At Falcon Wealth Advisors, we develop financial plans that take into account everything we've discussed today, including the age at which you'll begin collecting social security.

While we adjust financial plans as life changes, without having a plan on paper, it's difficult to judge if you're in a position to retire—whether you're 50 or 70.

One strategy we often suggest is to build up assets outside of pre-tax retirement accounts. If you have an individual retirement account that includes money you've already paid taxes on, you can access the funds in it at any age. And gains in this account are taxed at the capital gains rate, which is typically more advantageous for you than your income tax rate.

We also advise clients not to underestimate their longevity. While no one knows how long they will live, it's important to plan to be around awhile, because the last thing anyone wants is to run out of money in retirement. Again, this is why a financial plan that can survive a stress test is so important.

It's never too early to start planning. We often meet with clients 5-10 years away from retirement, but for people who want to retire in their 50s, there's nothing wrong with starting to plan in your 40s. If you would like to meet with a fiduciary-minded financial advisor and begin working on a plan to retire when you want, please contact us at Falcon Wealth Advisors today.

Thank you,
Cory Bittner, CRPC®, Co-Founder and Wealth Advisor

The SECURE Act 2.0

The SECURE Act (Setting Every Community Up for Retirement Enhancement Act) was approved and signed into law by former President Donald Trump in December of 2019. The bill included over 20 provisions that contained significant implications for retirement savings and taxes for workers and retirees such as delaying required minimum distributions (RMDs) until age 72 and creating new rules for inherited retirement accounts. To build and expand on the SECURE Act of 2019, SECURE Act 2.0 was signed into law by President Joseph Biden on December 29th, 2022, as part of the Consolidated Appropriations Act of 2023. The SECURE Act 2.0 contained over 90 provisions centered around improving and strengthening Americans' retirement. These provisions will be phased in between 2023 and 2028. With over 90 provisions and nearly 400 pages, we have consolidated it down to the 5 most important topics that impact the most Americans.

1) Required Minimum Distributions

- Required Minimum Distributions (RMDs) require retirees to take a distribution from their retirement account regardless of whether they needthe funds or not. While the original SECURE Act pushed the required starting age from 70 ½ to 72, the SECURE Act 2.0 further delayed the requirement to age 73 for those turning 73 between 2023 and 2032. Additionally, required minimum distributions will be pushed back to age 75 for those turning 73 in 2033 and future years. In other words, if your birth year is between 1951 to 1959, your required minimum distribution age will be 73 and if your birth year is 1960+ your required minimum distribution age will be 75. Lastly, The SECURE Act 2.0 reduced the penalty for missed required minimum distributions. Previously, if you missed your yearly distribution, you were subject to a penalty of 50% of the amount you were required to take. However, starting in 2023, the penalty has been reduced to 25% and can further be reduced to 10% if the mistake is corrected in a timely fashion.

2) Expanded Flexibility of 529 Accounts

- This change, starting in 2024, provides more opportunities and flexibility with 529 plans, which traditionally have been designed solely as a college funding vehicle. Though it still is, for some beneficiaries, they can roll those funds that are left over to their own Roth IRA. Here are a few limitations: the beneficiary must have maintained that plan for more than 15 years, the funds being rolled over are still subject to the regular annual Roth IRA contribution limits, and there is a lifetime aggregate contribution limit of $35,000.

3) Retirement Account Changes

- The Secure ACT 2.0 is largely described as being impactful not because of any one individual change, but by the aggregation of many small changes, and the various changes surrounding retirement account are certainly indicative of that. First, the RMD for employer-sponsored Roth Plan Accounts (such as a Roth 401(k) has been removed. There are still various reasons why it is beneficial to roll a Roth 401(k) into a Roth IRA, but RMDs is no longer one. While it is typically an option to make Roth contributions as opposed to pre-tax, it will become mandatory in 2024 for high income earners to make Roth contributions if they want to tax advantage of the increased "catch-up contribution" amount. Finally, the reasons to be able to access retirement funds early without a penalty have been expanded. Most notably, in 2024 an "Emergency Withdrawal" can be taken up to $1,000; once it is paid back or three years have lapsed (whichever comes first) an additional $1,000 can be taken out.

4) Employer Related Changes

- Employers received additional flexibility within The SECURE ACT 2.0. Starting in 2023, employers can now offer two additional retirement plans (Roth SEP IRA & Roth SIMPLE IRA) and match employee contributions with after-tax dollars. Previously, matching employer matching contributions were required to be made on a pre-tax basis. It is important to note that if an employee elects for their employer match to be after-tax, they will need to include the contribution as income for the tax year. Starting in 2024, employers will be able to "match" employee student loan payments with matching payments to their retirement account without requiring an employee to participate in the employer's retirement plan. Additionally, starting in 2024, employers will be able to add an emergency savings feature to the retirement plan which will allow withdrawals up to $2,500 annually. Lastly, starting in 2025, businesses adopting new 401(k) and 403(b) plans will be required to automatically enroll eligible employees into the plan starting at a contribution rate of 3%.

5) Qualified Charitable Distributions

- For those that are charitably inclined and are looking for ways to gift funds tax-efficiently, this change has expanded the use of Qualified Charitable Distributions (QCDs). This strategy is done by gifting funds directly from your IRA to a 501(C)(3). Previously, there has been a fixed $100,000 annual limit that may qualify as a QCD, but starting after 2023 the limit will get increased by using inflation as an index. Furthermore, there has been the added ability to make a one-time lifetime transfer of $50,000 (of your QCD annual limit) to a Charitable Remainder Unit Trust (CRUT), Charitable Remainder Annuity Trust (CRAT), or Charitable Gift Annuity (CGA).

These provisions provide increased opportunities for retirement, but also increases financial complexity and requires more financial planning strategies. Everyone's financial situation is different, and you may be impacted positively or negatively depending on your unique circumstances. Please feel free to reach out to us directly to see how these changes and other provisions may apply to you.

TAX PLANNING

If your current Financial Plan is not tax efficient, you may be missing out on a significant opportunity to grow your assets. We conduct a thorough review of your investment portfolio and tax return to identify any opportunities to minimize the taxes you owe both on a calendar year basis and in your long-term financial plan. Based on your particular situation, we implement a variety of tax-efficient strategies which may include:

- **Tax Loss Harvesting**
- **Tax-Efficient Investment Mix**
- **Withdrawal Strategy Optimization**
- **Roth Conversion Execution**

If your goals include making donations to charitable organizations that are important to you, we offer strategies to help maximize your charitable impact and minimize your taxes. For example, it may make sense to make a charitable donation of appreciated securities from your taxable accounts to take advantage of a fair-market deduction without capital gains tax while at the same time maximizing the amount gifted to the charitable organization.

Regardless of your specific situation, we can help you identify tax saving opportunities with a goal of enhancing portfolio growth and improving the strength of your financial plan.

With the use of Holistiplan, our new tax planning software, we are able to scan in your tax return and create a three-to-four-page summary report for you. By using technology and reviewing your tax return together, we can help identify financial planning opportunities and help you understand your tax return and its key figures. Additionally, we can create scenario analysis and "What if" reports to model the impact of tax law changes, additional income, and advanced planning strategies such as Roth conversions and Qualified Charitable Distributions.

Interested in taking advantage of Holistiplan? Please feel free to reach out to schedule a time to speak with one of our Financial Planners!

TAX PLANNING

Single	
$0 – $11,000	10%
$11,001 - $44,725	12%
$44,726 - $95,375	22%
$95,376 - $182,100	24%
$182,101 - $231,250	32%
$231,151 - $578,125	35%
$578,126 or more	37%

Head of Household	
$0 – $15,700	10%
$15,701 - $59,850	12%
$59,851 - $95,350	22%
$95,351 - $182,100	24%
$182,101 - $231,250	32%
$231,251 - $578,100	35%
$578,101 or more	37%

Married, Filing Jointly	
$0 – $22,000	10%
$22,001 - $89,450	12%
$89,451 - $190,750	22%
$190,751 - $364,200	24%
$364,201 - $462,500	32%
$462,501 - $693,750	35%
$693,751 or more	37%

Married Filing Separately	
$0 – $11,000	10%
$11,001 - $44,725	12%
$44,726 - $95,375	22%
$95,376 - $182,100	24%
$182,101 - $231,250	32%
$231,251 - $346,875	35%
$346,876 or more	37%

Standard Deductions	
Married, Filing Jointly; Surviving Spouse	$27,700
Head of Household	$20,800
Single; Married, Filing Separately	$13,850
Blind; Over 65 – Married: Additional Standard Deduction	$1,500
Blind; Over 65 – Single; Additional Standard Deduction	$1,850

Alternative Minimum Tax (AMT) Exemptions	Amount	Phase Out Begins
Married, Filing Jointly & Surviving Spouse	$126,500	$1,156,300
Single & Head of Household	$81,300	$578,100
Married, Filing Separately	$63,250	$578,150
Estates and Trusts	$28,400	$94,600

Itemized Deductions	
Medical Expenses	Excess of 7.5% AGI
State & Local Tax Deductions	$10,000
Mortgage Interest Deduction Limit	Up to $750,000 indebtedness (up to $375,000 if married filing separately)
Mortgage Interest Deduction Limit (made prior to 12/15/2017)	Up to $1,000,000 indebtedness (up to $500,000 if married filing separately)

Charitable Contributions Limits	
Cash	60% of AGI
Property (limited to basis)	50% of AGI
Appreciated Property	30% of AGI

Estates & Trusts Income Tax & Kiddie Tax	
$0 – $2,900	10%
$2,901-$10,550	24%
$10,551-$14,450	35%
$14,451 or more	37%
Estate Exemption Amount	$600
Simple Trust Exemption Amount	$300
Complex Trust Exemption Amount	$100

Estate & Gift Taxes	
Estate Tax Exclusion Amount (per individual)	$12,920,000
Gift Tax Exclusion Amount	$17,000
Max. Transfer Tax Rate	40%

Mileage Deductions	
Business Mileage Rate	$0.655
Medical & Moving Mileage Rate	$0.22

Social Security	
Social Security Wage Base	$160,200

Qualified Charitable Distribution (from IRA)
$100,000 per Individual (to reduce required minimum distribution)

TAX PLANNING

Retirement Plans	
IRA and Roth Contribution Limits	
Under Age 50	$6,500
Age 50 and Over	$7,500
401(k) and 403(b) Contribution Limits	
Under age 50	$22,500
Age 50 and over	$30,000
SEP-IRA Contribution Limit	
All Ages	The lesser of 25% of compensation or $66,000
SIMPLE Elective Deferral Limit	
Under Age 50	$15,500
Age 50 and Over	$19,000
Phase-Outs for Deducting IRA Contributions (Modified AGI)	
Married, Filing Jointly	$116,000-$136,000
Single; Head of Household	$73,000-$83,000
Spousal IRA	$218,000-$228,000
Phase-Out of Roth Contribution Eligibility (AGI Limit)	
Married, Filing Jointly	$218,000-$228,000
Single	$138,000–$153,000
Health Saving Account Maximum Contributions	
Single	$3,850
Family	$7,750
Catch-up Provision (age 55 +)	$1,000

Affordable Care Act Tax Provisions	
Net Investment Income Tax (aka Medicare Surtax) Individual filers will pay an additional 3.8% on Net Investment Income (NII) above certain "Modified Adjusted Gross Income" thresholds (see "Qualified Business Income Deduction" Table).	
Additional Medicare Tax (aka Hospital Insurance Tax) An additional 0.9% Medicare Tax will apply to wages and compensation, as well as self- employment income, above certain "earned income" thresholds (see "Qualified Business Income Deduction" Table).	
Filing Status	Threshold
Married, Filing Jointly & Qualifying Widow(er) w/dependent child	$250,000
Married, Filing Separately	$125,000
Single & Head of Household	$200,000

All wages that are currently subject to Medicare Tax are subject to Additional Medicare Tax if they exceed the applicable threshold.

Qualified Business Income Deduction		
Flow Through S-Corp, Partnership and Sole Proprietorship		
Taxable Income	Qualified Trade or Business	Specified Service Trade or Business
Less than or equal to: $182,100 (single) $364,200 (joint)	20% of QBI, no W-2 limit applied	20% of QBI, no W-2 limit applied
Between: $182,100 - $232,100 (single) $364,200 - $464,200 (joint)	20% deduction subject to phase out	20% deduction subject to phase out
Greater than: $232,100 (single) $464,200 (joint)	The lesser of (1) 20% of QBI or (2) the greater of (a) 50% of W-2 wages or (b) 25% of W-2 wages plus 2.5% of qualified property	Completely Phased Out

Education	
529 Plan Contributions (annual exclusion per individual)	
Individual (per recipient)	$17,000
Married (per recipient)	$34,000
529 Superfunding Contribution Limits (combining 5 years of contributions into 1 year)	
Individual	$85,000
Joint	$170,000
American Opportunity Credit	Up to $2,500*
Lifetime Learning Credit	Up to 20% of the first $10,000 of qualified expenses*
Coverdell Education Savings Contribution	$2,000
Student Loan Interest Deduction	Up to $2,500

Child Tax Credit	
Child Tax Credit	$2,000
Qualifying Dependent Tax Credit (per dependent)	$500
Phase-Out Begins (Single)	$200,000 of MAGI
Phase-Out Begins (Married, Filing Jointly)	$400,000 of MAGI
Maximum Refundable Amount	$1,600

**Both credits phase out for taxpayers with modified adjusted gross income between $80,000 and $90,000 (single) and $160,000 and $180,000 (joint).*

TAX PLANNING

Long-Term Capital Gains Rate	
If taxable income falls below $44,625 (single/married-filing separately), $89,250 (joint), $59,750 (head of household), $3,000 (estates/trusts)	0%
If taxable income falls at or above $44,626 (single/married-filing separately), $89,251 (joint), $59,751 (head of household), $3,001 (estates/trusts)	15%
If taxable income falls at or above $492,301 (single), $553,851 (joint), $523,051 (head of household), $276,901 (married filing separately), $14,651 (estates/trusts)	20%
Collectibles (coins, art, antiques)	28%
Unrecaptured gain on real estate	25%

Holding Period
The long-term rate generally applies to gains on the sale of capital assets held for more than one year.

Short-Term Capital Gains
Net short-term capital gains (on sales of capital assets held for one year or less) are taxed at ordinary income rates.

Capital Losses
After capital gains and losses are netted against one another, any remaining net loss may be used to offset ordinary income up to $3,000 per year. Any excess net loss may be used in future years.

MEDICARE INCOME RELATED MONTHLY ADJUSTMENT AMOUNTS

at a Glance

Modified Adjusted Gross Income in 2021 (determines 2023 premiums)			Monthly Premium	
File individual tax return	File joint tax return	File married & separate tax return	Part B	Part D
$97,000 or less	$194,000 or less	$97,000 or less	$164.90	Plan Premium
$97,001 to $123,000	$194,001 to $246,000	Not applicable	$230.80	$12.20 + plan premium
$123,001 to $153,000	$246,001 to $306,000	Not applicable	$329.70	$31.50 + plan premium
$153,001 to $183,000	$306,001 to $366,000	Not applicable	$428.60	$50.70 + plan premium
$183,001 to $500,000	$366,001 to $750,000	$97,001 to $403,000	$527.50	$70.00 + plan premium
$500,001 or above	$750,001 or above	$403,001 or above	$560.50	$76.40 + plan premium

TAX PLANNING

REQUIRED MINIMUM DISTRIBUTIONS

Example: To calculate RMDs, use the following formula for each

Account Balance as of December 31 last year* ÷ **Life Expectancy Factor** see the Uniform Lifetime Table** below to find the factor using the age you turn this year = **Your RMD**

EXAMPLE

$1,000,000 as of December 31 last year* ÷ 26.5 IRA owner turned 73 this year = $37,735.85

For use by: unmarried owners, married owners whose spouses aren't more than 10 years younger, and married owners whose spouses aren't the sole beneficiaries.

Uniform Lifetime Table		Uniform Lifetime Table		Uniform Lifetime Table		Uniform Lifetime Table	
Age	Life Expectancy Factor	Age	Life Expectancy Factor	Age	Life Expectancy Factor	Age	Life Expectancy Factor
73	26.5	85	16.0	97	7.8	109	3.7
74	25.5	86	15.2	98	7.3	110	3.5
75	24.6	87	14.4	99	6.8	111	3.4
76	23.7	88	13.7	100	6.4	112	3.3
77	22.9	89	12.9	101	6.0	113	3.1
78	22.0	90	12.2	102	5.6	114	3.0
79	21.1	91	11.5	103	5.2	115	2.9
80	20.2	92	10.8	104	4.9	116	2.8
81	19.4	93	10.1	105	4.6	117	2.7
82	18.5	94	9.5	106	4.3	118	2.5
83	17.7	95	8.9	107	4.1	119	2.3
84	16.8	96	8.4	108	3.9	120 and older	2.0

2023 Market Outlook

We hope everyone's year is off to a great start. Like every year, 2023 will bring us new challenges, but it will also present new opportunities. At Falcon Wealth Advisors, we are here to help you navigate those challenges and take advantage of the opportunities. In this 2023 Market Outlook, we will dive into some topics that we think will have a significant impact on the markets this year, as well as share some broad expectations for equities and fixed income.

It would be difficult to provide any sort of market outlook without mentioning the Federal Open Market Committee (a.k.a. "the Fed"). After raising the Fed Funds Rate from 0% to a range of 4.25-4.50% last year, the Fed has made it clear that they aren't done yet. However, they are finally slowing down. The FOMC inspired confidence in the markets by announcing a hike of only .25% at the February meeting after hiking .50% at the December meeting. As I write this, we are expecting at least one more hike of .25% before the Fed takes a pause to let the inflation data "catch up." Which brings us to our next topic…inflation.

It is our view that inflation peaked in 2022. In the second half of the year, we started to see some consequences of the Fed's interest rate hikes. Housing starts and mortgage applications slowed significantly, used car prices plunged, and oil prices returned to a more manageable level. As supply chain issues ease and we continue to feel the delayed effects of sharply higher interest rates, we expect inflation to maintain its cooling trend through the end of the year. The most recent Consumer Price Index print came in at 6.5% on a year-over-year basis. While this is an encouraging number relative to the 2022 high of 9.1% YoY in June, we still have a long way down to the Fed's target inflation rate of 2%.

The Fed is doing everything in its power to regain price stability, one half of its dual mandate. But what about the other half, maximum sustainable employment? Despite the Fed's best efforts to slow the economy, the unemployment rate finished the year near all-time lows at just 3.5%. The resiliency of the labor market is seen by Fed committee members as problematic, and they have indicated the need for it to weaken before they pause rate hikes. Late in 2022, reports began to emerge of large corporations trimming headcounts after "over-extending" to meet the post-pandemic spike in demand. The technology and banking sectors were among the first to announce these cutbacks, and we suspect the Fed will get their wish as other sectors follow suit in 2023.

The actions of the FOMC, inflation data, and the labor market will be key factors this year as investors look for a "soft landing." What exactly does a "soft landing" entail? A soft landing is a scenario in which the Fed manipulates the economy with restrictive monetary policy in a way that moderates growth and slows inflation but does not cause a recession. In contrast, a "hard landing" would involve the Fed making monetary policy too restrictive for too long, likely resulting in a recession. We believe that the Fed can achieve a soft landing on its current trajectory. We expect the unemployment rate to rise nominally this year and real estate values to adjust lower but believe that most of the pain in the equity market was felt last year when the S&P 500 recorded a 19% decline.

After 2022 brought price-to-earnings ratios back down to Earth, we are optimistic about equity returns in 2023. We anticipate a choppy first half of the year as investors try to pinpoint just how high interest rates are going and how long the committee will keep them hoisted. Once the Fed provides some clarity on the peak rate, which we estimate will be in Q2, the market should get a jolt of confidence. We look for that confidence to carry equities into positive territory for the year.

On the fixed income side of the market, we expect medium-term and long-term bond prices to rise (and yields to fall) as investors realize that this may be their best chance in years to lock in historically attractive interest rates. Even if the curve becomes further inverted, which we deem likely, and short-term bonds offer a higher yield than medium or long-term bonds, we still prefer locking in a slightly lower rate for a longer period and employing the bond ladder strategy. This strategy helps us keep our portfolios balanced and avoid short-term interest rate traps. Though we do not claim to see the future, we are confident in our process and will stay disciplined to our long-term approach, even in times of increased volatility. If you have questions about the markets or how they can affect your financial plan, please do not hesitate to reach out to our team. We are always here to help.

Thank you,
Conner Hanlon, CFA®
Portfolio Manager

UNDERSTANDING STOCKS

What is a Stock?

A stock is "an ownership stake of a company." You can buy stocks by exchanging money for a share of a company's stock, giving you a partial ownership stake of that company. Companies issue shares of stock so they can use the money invested to grow their business, in hopes of increasing the value of the business. As a shareholder, you can hopefully cash in on that growth. There is risk involved in owning stocks, of course. If a company goes out of business and you own shares of their stock, you could lose all your money. But the rationale for investing in stocks is that it ideally allows you to grow your wealth and be able to keep up with inflation. It can also be an efficient way to save for retirement. Many companies offer 401(k) retirement plans that employees can contribute to. These plans are comprised of stocks and bonds. Employers often match a specific sum or percentage of an employee's contributions in the 401(k) plan.

We encourage our clients not to invest any money they could need access to in the next 5-10 years in the stock market. This is because the stock market is volatile and stocks can go down in value, as we've seen this year. If you have all your money in the stock market and nothing in bonds or cash, you may have to sell a stock when it's down in value to provide yourself with the income you need. Selling a stock when it's down can do permanent damage to your portfolio—there's no way to recoup that loss. Investing in the stock market is for growing your wealth in the long term.

Here at Falcon Wealth Advisors, we use individual stocks and bonds because we like to have control over how our clients' money is invested. We know them and their families, and as fiduciaries, we are legally required to act in their best interests. The same can't necessarily be said for a mutual fund manager or an advisor who's not a fiduciary. Individual stocks offer more transparency than financial products and they cost investors less, as they don't have expensive fees associated with them.

The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2003–2022)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Emerging Market Equity 55.82%	Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%
Small Cap Equity 47.25%	Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Dev ex-U.S. Equity 12.44%	Glbl ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%
Real Estate 40.69%	Dev ex-U.S. Equity 20.38%	Dev ex-U.S. Equity 14.47%	Dev ex-U.S. Equity 25.71%	Glbl ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Glbl ex-U.S. Fixed 4.36%	Dev ex-U.S. Equity 16.41%
Dev ex-U.S. Equity 39.42%	Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Dev ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%
High Yield 28.97%	Glbl ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%
Large Cap Equity 28.68%	High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Dev ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%
Glbl ex-U.S. Fixed 19.36%	Large Cap Equity 10.88%	High Yield 2.74%	Glbl ex-U.S. Fixed 8.16%	High Yield 1.87%	Dev ex-U.S. Equity -43.56%	Glbl ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%
U.S. Fixed Income 4.10%	U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Glbl ex-U.S. Fixed 4.95%	Dev ex-U.S. Equity -12.21%	Glbl ex-U.S. Fixed 4.09%
Cash Equivalent 1.15%	Cash Equivalent 1.33%	Glbl ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%	Large Cap Equity 28.71%	Cash Equivalent 1.46%
Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Dev ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%	Real Estate 26.09%	High Yield -11.19%
Dev ex-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Dev ex-U.S. Equity 22.49%	Emerging Market Equity 18.31%	Small Cap Equity 14.82%	U.S. Fixed Income -13.01%
High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Glbl ex-U.S. Fixed -2.15%	Real Estate 21.91%	Glbl ex-U.S. Fixed 10.11%	Dev ex-U.S. Equity 12.62%	Dev ex-U.S. Equity -14.29%
Real Estate 3.67%	High Yield 2.45%	Dev ex-U.S. Equity -3.04%	Real Estate 4.06%	Glbl ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Dev ex-U.S. Equity 7.59%	High Yield 5.28%	Large Cap Equity -18.11%
Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Dev ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%	Cash Equivalent 0.05%	Glbl ex-U.S. Fixed -18.70%
U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%	U.S. Fixed Income -1.54%	Emerging Market Equity -20.09%
Emerging Market Equity -2.60%	Glbl ex-U.S. Fixed -3.09%	Glbl ex-U.S. Fixed -6.02%	Glbl ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Dev ex-U.S. Equity -14.09%	Glbl ex-U.S. Fixed 5.09%	Cash Equivalent 0.67%	Emerging Market Equity -2.54%	Small Cap Equity -20.44%
Glbl ex-U.S. Fixed -3.08%	Dev ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%	Real Estate -9.04%	Glbl ex-U.S. Fixed -7.05%	Real Estate -25.10%

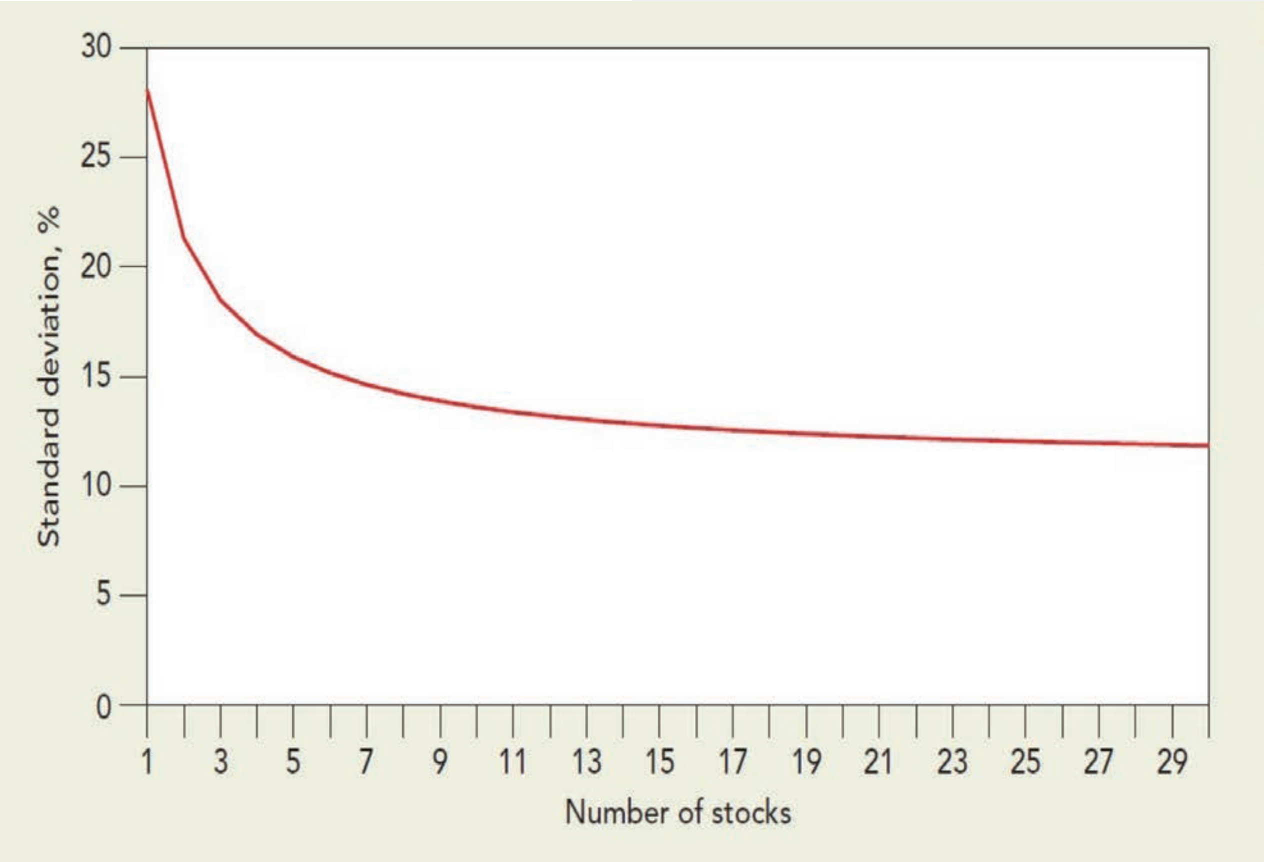
The Callan Periodic Table of Investment Returns conveys the strong case for diversification across asset classes(stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years. DISCLOSURE:This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons or institution who receive it. HighTower Advisors LLC recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The information provided has been obtained from sources not associated with HighTower and its associates and shall not in any way be liable for claims, and make no expressed or implied representations or warranties as to the accuracy or completeness of the data and other information, or for statements or errors contained in or omissions from the obtained data and information referenced herein. Such data and information are subject to change without notice. Neither the information provided nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. No investment process is free of risk, and there is no guarantee that the investment process or the investment opportunities referenced herein will be profitable.Past performance is not indicative of current or future performance. Asset allocationand diversificationdo not guarantee a profitor protect againsta loss. This document was created for informational purposes only.

The Callan Periodic Table of Investment Returns conveys the strong case for diversification across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.

STRATEGY IMPLEMENTATION

How Much Risk Can Be Diversified Away?

The chart above shows how much risk you can mitigate through diversification. As you can see, we can't totally remove risk from the equation. However, you can also see that the level of risk starts to level out once you're invested in 25-35 stocks. In our clients' portfolios, we aim to invest them in about 35 stocks. If you look at the Dow Jones Industrial Average index, it's made up of 30 companies, while the S&P 500 is made up of 500. Though these indexes don't move in lockstep, they typically head in similar directions. This highlights that hundreds of stocks in a portfolio doesn't necessarily mean that portfolio is any more diversified than one with 25-35.



Average risk (standard deviation) of portfolios containing different numbers of stocks. The stocks were selected randomly from stocks traded on the New York Exchange from 2002 through 2007. Notice that diversification reduces risk rapidly at first, then more slowly.

Source: Brealey, Myers and Allen, Principles of Corporate Finance, New York: McGraw-Hill Irwin, (2011).

UNDERSTANDING BONDS

What is a Bond?

The simplest way to define a bond is to think of it as a loan. Just how a stock is an ownership stake in a company, if you own a bond, you're loaning money to a company or government. What typically happens when you buy a bond is that you loan an amount of money to a company or government and they agree to pay you interest on that loan for a predetermined length of time. At the end of that time, you can expect to get back the full amount of money—called the principal—that you loaned them (assuming the company or government doesn't go out of business or default on its debt).

There are several different types of bonds:

- **Investment Grade Corporate bonds:** Bondholders loan money to a company, which the company uses for its business
- **Government bonds:** Bondholders loan money to national governments, which they use for any number of reasons
- **Municipal bonds:** Bondholders loan money to municipalities, which they often use to pay for roads, sewer systems and other projects
- **High-yield bonds:** These are also called junk bonds and we don't typically purchase them for clients at Falcon Wealth Advisors. A junk bond is normally issued by a company or entity that doesn't have the best credit history. These bonds don't have as high of a credit rating as the aforementioned investment grade corporate bonds.

There is a bond market, just as there is a stock market, and there are a number of intricacies associated with the bond market. When we invest in bonds, we accept less risk and a predictable cash flow in exchange for lower potential returns.

Bonds are an important part of a diversified portfolio because they lower the amount of risk you take on and they usually generate regular income. Most of our clients are in the high net-worth sector and they don't need to invest in risky assets in the hope that they'll triple their money. Instead, what most of our clients are looking for is protection from risk, steady growth, and predictable income in retirement. We like bonds because they counter some of the risk you encounter in the stock market.

UNDERSTANDING OPTIONS

What is an Option?

Options present the opportunity for some investors to potentially grow their wealth—but trading them can be incredibly complicated for the average investor and executing a trade incorrectly can do permanent damage to a portfolio.

An option is a derivative contract of another security and trades on its own platform – the Chicago Board of Options Exchange (CBOE). We say derivative because options are contracts with terms that are based on price, volatility, and time variables. An option is essentially a security on top of a security. When you trade options, you're executing a trade based on assumptions around price direction, implied volatility, and time.

Here at Falcon Wealth Advisors, we trade options in large part to receive a premium because it's income we can generate for our clients. We only aim to trade options on stocks that we believe have already hit their peak or that are close. With that being said, no one can predict the future, including our team. If you want to trade options, we recommend working with a team of fiduciary wealth advisors, like Falcon Wealth Advisors, who have experience trading and monitoring options.

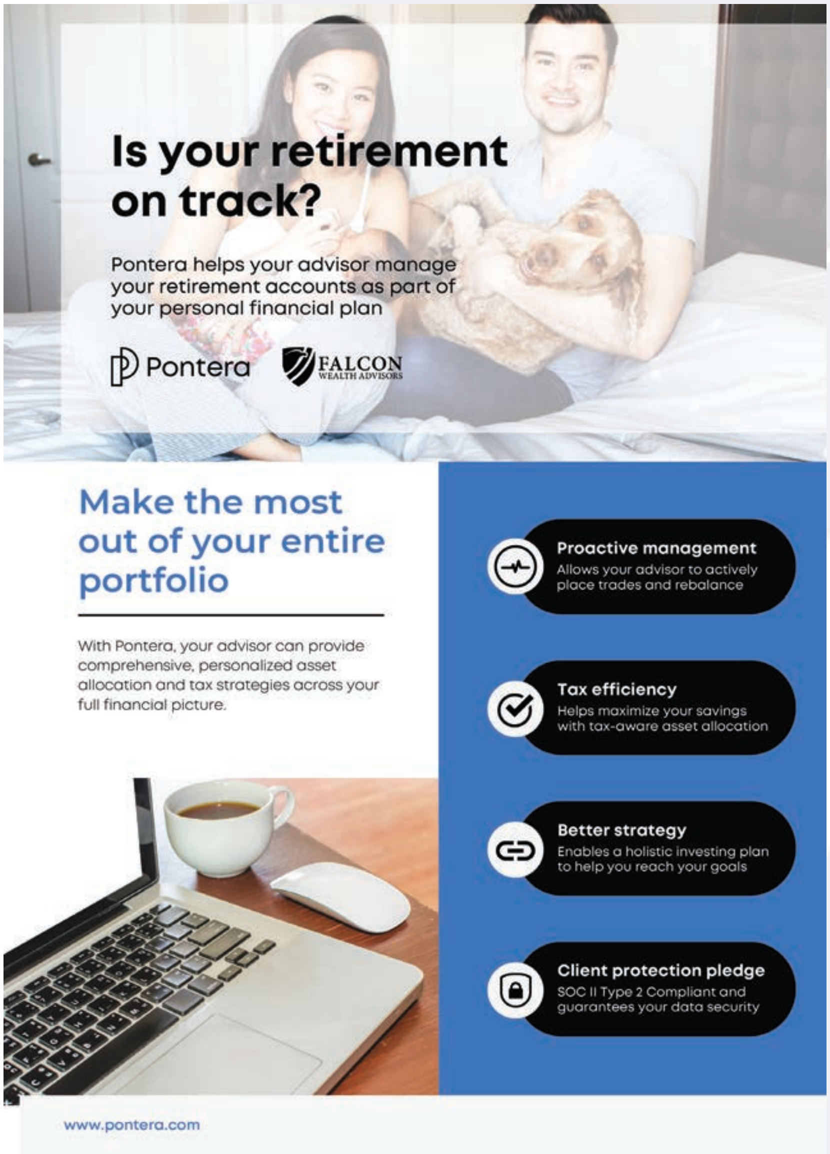
401(K) PLANNING

Traditionally, accounts such as 401(k)s, 403(b)s and 529s were not managed by a financial advisor. Due to limitations in technology, advisors could not provide the ongoing management and oversight that is expected and required as a fiduciary. Now, there is a solution for advisors to manage these assets.

Pontera is a new technology we've implemented here at Falcon Wealth Advisors that allows us to proactively manage, monitor and trade your 401(k), just like your other assets under our management. We are really excited about what this can do for you to make sure all of your assets align with your goals. Studies have shown the shortcomings for investors managing their own 401(k)s. They conclude that having professional management on these accounts can generate 3% better performance each year, net of fees. Our goal is to always provide the most comprehensive services possible. With Pontera, we are finally able to do the job you hired us to do — holistic account management and wealth planning — and help you to rest easy knowing that all of your investable assets are being professionally managed.

Our firm can proactively manage, monitor and trade your 401(k) just like your other assets with us. You will no longer have to bring in statements, take on the risk of setting the allocations, or execute trades yourself.

We are really excited about what this can do for you to ensure all of your assets align with your goals! Interested in taking advantage of Pontera? Please feel free to reach out to schedule a time to speak with Jake or Cory!



CLIENT VAULT –

Have you visited our online portal? You can access it by going to our website at www.falconwealthadvisors.com and clicking on “Client Portal” in the top right-hand corner to login. Our online portal gives you access to eMoney, Black Diamond, the Client Vault, and Schwab.

1. Vault – Used to securely share documents with our team
2. Performance – Gives you access to Black Diamond where you can view your investment performance
3. Plan – Gives you access to eMoney where you can view your financial plan
4. Charles Schwab – Used to view account balances and statements

With our new client Vault, you can easily share documents with us. Box is the vendor we have chosen to use for secure document storage. Your home vault page should contain a “Shared Files” folder where you can upload documents. To keep you on track with current events in your account, we’ve built an email notification system that lets you know when we share files with you.

Need help logging in or have questions about getting your account setup? Email service@falconwealthadvisors.com and we’d be happy to share a step-by-step guide on how to access our client portal.

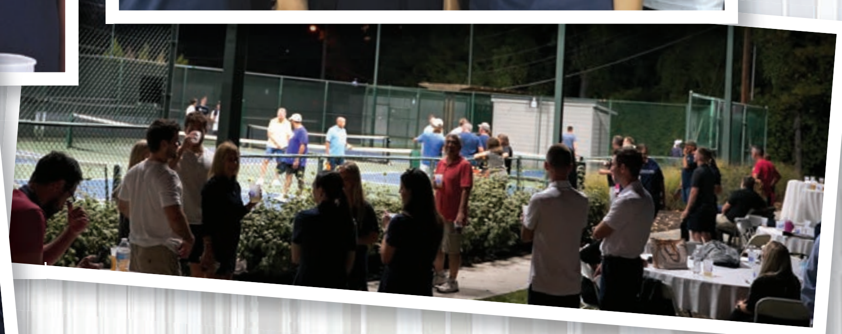
FALCON WEALTH ADVISORS
EXCLUSIVE EVENTS

WEBINARS:

Be on the lookout for our 2023 Webinars on Financial Planning and Investments!

CLIENT EVENTS:

Pickleball Social: Thursday, October 5th, 2023 @ 6pm – Carriage Club



We had a great time at our Third Annual Falcon Wealth Advisors Pickleball Social last year! It was a great evening filled with fun, food, and great competition!

Thank you to everyone that came out to join us!

Mark your calendars, our Fourth Annual Pickleball Social will be held on Thursday, October 5th, 2023 @ 6pm!

FALCON
WEALTH ADVISORS

PICKLEBALL

SOCIAL

THURSDAY, OCTOBER 5TH, 2023
6:00 PM

APPETIZERS & DRINKS WILL BE SERVED

GUESTS ARE WELCOME

THE CARRIAGE CLUB

5301 STATE LINE ROAD, KANSAS CITY, MO 64112

FOR ANY QUESTIONS PLEASE CONTACT
ALYSSA@FALCONWEALTHADVISORS.COM

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1900 Building Photography by: Michael Robinson

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WEALTH ADVISORS

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