Subject: Greenleaf Newsletter: Effective Financial Moves to Make in 2023. Plus, an Ugly Year in Review.
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Hello Greenleaf,
Welcome to Our December Client Newsletter

- **What Effective Financial Moves Can I Make in 2023?**
- **Is There Anything I Can Still Do to Reduce My 2022 Taxes?**
- **Stock and Bond Markets: An Ugly Year in Review**

What Effective Financial Moves Can I Make in 2023?

Although gas prices have fallen and many areas of global trade have recovered, economic uncertainty could linger in the coming year. Working families and retirees can all take steps to shore up their finances, as well as to make the most of higher interest rates.

Seek Higher Savings Rates
If you are holding lots of cash in checking and savings accounts, you're missing out on the benefits of higher interest rates. Put some of your excess cash in CDs. Many 3-month CDs are paying rates of at least 4% (annualized).

Come January, each individual can buy $10,000 worth of inflation-adjusted I Bonds from the *TreasuryDirect website.* These bonds must be held for a year, but are

Question:

With 2022 at an end, is there anything I can still do to reduce my 2022 taxes?

Answer: At this time, there are two tax breaks that you can still utilize.

These two actions need to be done by April 18, 2023 in order to reduce your 2022 taxes.

Fund your Health Savings Account.
For 2022, individuals with high deductible healthcare plans can contribute $3,650 to their HSA's. Family coverage has a maximum HSA contribution of $7,300.

Furthermore, people 55 and above get to add another $1,000, though spouses must contribute their $1,000 to a separate HSA.

HSA savings do not have to come from your paycheck. Make a bank transfer or

Market News:

Stock and Bond Markets: An Ugly Year in Review

After three soaring years in the stock market, the combination of an overpriced stock market, pandemic repercussions such as supply chain issues and labor shortages, and Russia waging war on Ukraine (resulting in global wheat shortages) finally reached a tipping point.

Stocks sunk throughout the year as investors reversed course on stocks that were the darlings of the past decade, including Alphabet (Google) down -40% for the year, plus Amazon, Netflix, and Meta (Facebook) all down by at least -50%.

Highly speculative unregulated investments -- which had attracted billions of investors' dollars -- fared the worst with cryptocurrencies and NFTs (nonfungible tokens) losing guaranteed to pay 6.89% for until the next biannual rate adjustment.

Consider keeping some of your cash reserve in a money market fund. Big banks' money market and savings rates are currently lagging behind their competitors. If need be, move to a bank or credit union that provides better rates.

Spend With Care

Many people changed their spending habits during the pandemic. Now is a good time to make sure those habits are good, sustainable ones and not unintended "lifestyle creep."

For example, studies suggest that Americans spend nearly $2,000 on food delivery services each year. This translates to more than $38 per week. Try cutting your delivery costs in half for a major boost to your savings.

Unused memberships and subscriptions are another great target for your financial tidying up. These costs have gone up, making it even more critical that you eliminate unused services.

Ultimately, your goal is to spend your discretionary money on those things -- or experiences -- that are most meaningful to you.

Ask For a Raise

Even terrific employees may need to summon up the courage to ask for a raise. If new hires are getting salaries above yours, then don't overlook this tight

send in a check to get this tax break and, even better, invest some of your HSA savings for retirement healthcare spending.

Contribute to an IRA.

Working individuals often make too much to contribute to a tax-deductible Traditional IRA. However, an overlooked opportunity exists for the non-working spouse or the spouse without an employer-provided retirement plan.

This spouse can make a tax-deductible $6,000 ($7,000 if age 50+) IRA contribution as long as the married filing jointly couple has modified adjusted gross income of less than $204,000 for 2022.

Self-Employed 401k Accounts.

Lastly, if you established a Self-Employed 401k account in 2022 (or earlier), you have the same April 18th deadline to make your employee and employer contributions.

We do our best to help you maximize your tax savings. If you have questions about HSA, IRA, or other financial deductions, please contact us!

-75% or more.

In 2019, 2020, and 2021, a mutual fund with a single-digit gain was a disappointment as many rose more than 20% each year. In 2022, only a handful of diversified funds produced small gains. These gains came from large oil and gas portfolio positions. Energy stocks and funds were the year's big winners as high gas prices led to record profits for energy companies.

Despite its reputation as an inflation hedge, gold funds did not come through for investors with double-digit declines for year.

Even cautious investors who stayed away from risky assets experienced a difficult year. Bonds, normally a bulwark in a stormy year, were historically terrible. All segments of the bond market suffered declines as the Federal Reserve ended the easy money, pandemic-stimulus, zero interest rate approach of the past and embarked on a course of multiple rate increases.

The speed of the Fed's seven rate increases in 2022 was unprecedented. Typically, rate increases are slow and rate cuts are quick, but this year was a painful exception.

Although a few ultra-short bond funds squeaked out gains of less than 1%, no bond segment provided safety. Inflation-protected bond funds showed losses for 2023, as did international labor-market opportunity.

Approach your boss strategically, however. Prepare a list of your accomplishments, strengths, and goals and be ready to negotiate. Don't wing it -- research how to approach salary discussions and be aware of your company's practices and financial abilities.

bonds, municipal bonds, and Treasury bonds.

Market history shows that periods of significantly high returns are followed by a "cooling off" period. Similarly, easy money conditions lead to excessive risk-taking and high levels of consumer and business borrowing that favor growth stock segments.

Going forward, we believe investors need to be discerning. Investing conditions are harder than they were in 2019, 2020, and 2021. Investment income from dividends will be a larger component of returns and stocks with durable advantages and strong balance sheets will have an edge.

This is a new opportunity. Although the tough times could last longer, they won't last forever.

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