



# JGC Wealth Management, LLC

Fee-Only Financial Planning and Asset Management

**Michael A. Blanchard, CPA, CFP®**  
**Katie M. Fallin, Investment Advisor Representative**

**Joshua D. Morrow, CPA/CTFA**  
**Paul B. Cramer, CPA**

## Third Quarter Update September 30, 2022

Well, it's official. The third quarter has ended in bear market territory across multiple markets. To place that news in meaningful context, we pose two questions:

**1. In better times, had you boldly "pre-decided" what you would and would not do during the next bear market?**

"Great investment experiences treat most portfolio decisions as non-decisions. They've been pre-decided, and are immune to market prices, sentiment, and human judgment. They remove agency, and thus reduce regret."

— Rubin Miller, Fortunes & Frictions

**2. Even if you had disciplined bear market plans in place, have you been wondering whether you should un-decide anything anyway?**

Admittedly, it's a tall order to whistle past the graveyard of recent market returns, without being haunted by at least a dash of indecision. Given how unsettling many third quarter and year-to-date events and performances have been, you may struggle to un-notice the usual swarm of hand-wringing predictions and "*this time it's different*" warnings about what may lie ahead. Perhaps the scariest part isn't necessarily the numbers themselves, as much as the lingering uncertainty of it all. When will the pain end—or will it?

Unfortunately, we can't answer that, or guarantee the doomsday predictors aren't right. But we can be inspired to reframe the uncertainty and understand what to make of it based on recent reflections from Dimensional Fund Advisors' David Booth:

"You can feel empowered by uncertainty instead of beaten down by it. Without uncertainty, there would be no opportunity. ... If you think about it, the life equivalent of compound interest is wisdom. Learning from the past helps you make better decisions in the future, and those lessons build on one another over time."

In that context, let's look back to the last time we encountered some of the inflationary and potentially recessionary economic conditions we're currently enduring. We now have the compound wisdom to know just how wrong an infamous 1979 *BusinessWeek* cover story turned out to be when it declared "The Death of Equities." Eventually, *BusinessWeek* rolled into Bloomberg's publications. Forty years later, in 2019, a Bloomberg columnist described how they were "still getting grief" about it:

"Three years after ["The Death of Equities"] appeared, the stock market hit bottom and then began a remarkable resurgence. The total return on the Standard & Poor's 500-stock index since its 1982 low, with dividends reinvested, has been nearly 7,000%. Not bad for a corpse."

It would've been a bad idea to give up on capital markets in 1979. It similarly may remain a bad idea to give up on them today, especially given the compound wisdom we've acquired since then. Durable, well-diversified asset allocation remains our best strategy in bull and bear markets alike.

### *SO, WHAT SHOULD YOU DO – RIGHT NOW?*

We encourage you to recall everything we've already done to manage your globally diversified mix of stock, and bond investments. We've based your portfolio on the assumption that markets are durable over the years, *and* frequently uncertain in real time. (And yes, as we're seeing, that can apply to bond markets too.) Remember that changes in the markets (either up or down) do not determine your portfolio allocation mix, rather it's the changes in your life that impact your personal financial goals that may determine the need for change. The keys to long-term investing success are:

- Sticking with your well-planned portfolio mix (reallocating only when appropriate for changes in your personal financial goals).
- Periodically rebalancing to stay on target.
- Tax-loss harvesting in your taxable accounts.
- Adding even *more* investable assets to your portfolio while prices are low (especially if you have a longer time horizon)
- Taking a close look at your discretionary spending (particularly if you're in early retirement).







### **BENEFICIARY IRA DISTRIBUTIONS**

In 2019, the SECURE Act proclaimed that anybody who died in 2020 or later, would leave an Inherited IRA to a beneficiary under a whole new set of rules. Prior to this, a non-spouse beneficiary could potentially stretch the Inherited IRA distributions over their lifetime. Now, under the SECURE Act rules, a non-spouse beneficiary would need to pull the funds out within 10 years. It was widely interpreted to mean that a beneficiary could pull out funds at any point during that 10-year window, as long as it was done by the end of the 10-year period. This translation allowed for the opportunity to stack distributions in a lower income-tax year to save a few bucks on tax. The IRS interprets this differently, however. Here are the highlights:

- A spousal beneficiary can still treat the IRA as his/her own and roll it in to their existing IRA. No Required Minimum Distributions needed until the spouse turns 72.
- A non-spouse beneficiary, inheriting the IRA (and this is important) *before* the original IRA owner was required to begin distributions, is allowed to pull the full balance out within 10 years, on whatever schedule they wish.
- A non-spouse beneficiary, inheriting the IRA *after* the original IRA owner had already begun Required Minimum Distributions, is required to pull funds out annually, using a schedule designated by the IRS, with the final balance being distributed in year ten.
- The IRS will NOT be assessing penalties for those who failed to pull out the required amounts in 2021 & 2022, but it is appearing that these will need to begin in 2023.
- These are proposed regulations at this point, but it is likely they will be very close when finalized.

# Quarterly Market Summary

## Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>Q3 2022</b>	<b>STOCKS</b>				<b>BONDS</b>	
	<b>-4.46%</b>	<b>-9.20%</b>	<b>-11.57%</b>	<b>-11.12%</b>	<b>-4.75%</b>	<b>-2.21%</b>
						
<b>Since Jan. 2001</b>						
Average Quarterly Return	2.1%	1.3%	2.4%	2.2%	0.9%	0.9%
Best Quarter	22.0% 2020 Q2	25.9% 2009 Q2	34.7% 2009 Q2	32.3% 2009 Q3	4.6% 2001 Q3	4.6% 2008 Q4
Worst Quarter	-22.8% 2008 Q4	-23.3% 2020 Q1	-27.6% 2008 Q4	-36.1% 2008 Q4	-5.9% 2022 Q1	-4.1% 2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2022, all rights reserved. Bloomberg data provided by Bloomberg

### **STUDENT LOAN RELIEF**



















Get in line, folks. The long-awaited application for student loan forgiveness is here. The US Department of Education released a beta version of the application in mid-October, followed closely by the release of the official application. You only need to apply once, however; no need to reapply if you submitted during the beta version. You can find the application on the studentaid.gov website. Some important notes:

- Student loan forgiveness should happen within six weeks after submission of the application, but you will be notified if more information is required to process your request.

- While you have until December 31<sup>st</sup> of 2023 to apply, it is recommended that you apply earlier. This increases the likelihood that you would receive, and get to keep, your student loan forgiveness should one of the lawsuits currently filed against the federal government succeed.
- Beware of any scammers offering to file the form on your behalf for a fee; there is no fee to apply for student loan forgiveness through the studentaid.gov website.
- While you may have heard that student loan forgiveness may be taxable in some states, Oregon is not one of them.

## Long-Term Market Summary

Index Returns as of September 30, 2022

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1 Year</b>	<b>STOCKS</b>				<b>BONDS</b>	
	-17.63%	-23.91%	-28.11%	-20.49%	-14.60%	-9.86%
						
<b>5 Years</b>						
	8.62%	-0.39%	-1.81%	0.17%	-0.27%	0.71%
						
<b>10 Years</b>						
	11.39%	3.62%	1.05%	3.58%	0.89%	2.21%
						

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2022 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2022, all rights reserved. Bloomberg data provided by Bloomberg.

### **Quarterly Reports**

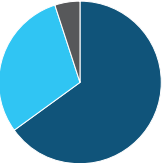
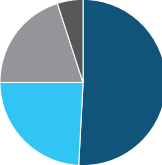
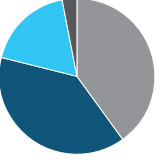
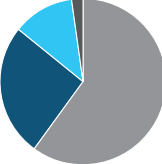
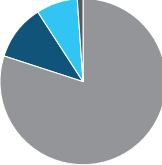
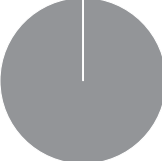
Enclosed are the reports on your portfolio for the quarter ending September 30, 2022. If you want to discuss your portfolio, have had changes in your financial situation, or have any other financial concerns or questions, please call us.

The information presented is provided in good faith without any warranty and is intended for the recipient's background information only. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. Before taking any action, we recommend that you seek professional advice from subject matter experts who can assist you with your specific situation and needs.

# WM PREFERRED MANAGED PORTFOLIOS

More Aggressive

More Conservative

	OBJECTIVE	ALLOCATION	PORTFOLIO EXPENSES <sup>1</sup>	PORTFOLIO PERFORMANCE*																		
Portfolio 100	This portfolio is suitable for someone who wants to take advantage of the long-term potential of the markets and has a risk tolerance to handle the gyrations of the market.	<ul style="list-style-type: none"> <li>U.S. Equity 65%</li> <li>Int'l Equity 30%</li> <li>Real Estate 5%</li> </ul> 	0.26%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-6.33%</td> <td>-15.11%</td> <td>5.00%</td> <td>3.60%</td> <td>8.17%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-6.64%</td> <td>-18.36%</td> <td>2.85%</td> <td>2.86%</td> <td>7.31%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-6.33%	-15.11%	5.00%	3.60%	8.17%	<b>Benchmark</b>	-6.64%	-18.36%	2.85%	2.86%	7.31%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-6.33%	-15.11%	5.00%	3.60%	8.17%																	
<b>Benchmark</b>	-6.64%	-18.36%	2.85%	2.86%	7.31%																	
Portfolio 80	This portfolio is suitable for investors who want to take advantage of the long-term potential of the markets but want to reduce the volatility of the portfolio by mixing in bonds.	<ul style="list-style-type: none"> <li>U.S. Equity 51%</li> <li>Int'l Equity 24%</li> <li>Bonds 20%</li> <li>Real Estate 5%</li> </ul> 	0.23%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-6.01%</td> <td>-14.81%</td> <td>3.54%</td> <td>2.97%</td> <td>6.76%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-6.29%</td> <td>-17.57%</td> <td>1.72%</td> <td>2.30%</td> <td>6.02%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-6.01%	-14.81%	3.54%	2.97%	6.76%	<b>Benchmark</b>	-6.29%	-17.57%	1.72%	2.30%	6.02%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-6.01%	-14.81%	3.54%	2.97%	6.76%																	
<b>Benchmark</b>	-6.29%	-17.57%	1.72%	2.30%	6.02%																	
Portfolio 60	This portfolio is suitable for someone who is nearing retirement or someone who has a moderate risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 40%</li> <li>U.S. Equity 39%</li> <li>Int'l Equity 18%</li> <li>Real Estate 3%</li> </ul> 	0.22%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-4.93%</td> <td>-13.42%</td> <td>2.45%</td> <td>2.52%</td> <td>5.50%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-5.21%</td> <td>-14.89%</td> <td>1.42%</td> <td>2.21%</td> <td>5.02%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-4.93%	-13.42%	2.45%	2.52%	5.50%	<b>Benchmark</b>	-5.21%	-14.89%	1.42%	2.21%	5.02%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-4.93%	-13.42%	2.45%	2.52%	5.50%																	
<b>Benchmark</b>	-5.21%	-14.89%	1.42%	2.21%	5.02%																	
Portfolio 40	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 60%</li> <li>U.S. Equity 26%</li> <li>Int'l Equity 12%</li> <li>Real Estate 2%</li> </ul> 	0.19%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-4.26%</td> <td>-12.73%</td> <td>0.89%</td> <td>1.74%</td> <td>3.99%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-4.52%</td> <td>-13.36%</td> <td>0.42%</td> <td>1.66%</td> <td>3.72%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-4.26%	-12.73%	0.89%	1.74%	3.99%	<b>Benchmark</b>	-4.52%	-13.36%	0.42%	1.66%	3.72%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-4.26%	-12.73%	0.89%	1.74%	3.99%																	
<b>Benchmark</b>	-4.52%	-13.36%	0.42%	1.66%	3.72%																	
Portfolio 20	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 80%</li> <li>U.S. Equity 11%</li> <li>Int'l Equity 8%</li> <li>Real Estate 1%</li> </ul> 	0.16%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-4.01%</td> <td>-12.22%</td> <td>-0.37%</td> <td>1.11%</td> <td>2.43%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-4.24%</td> <td>-12.10%</td> <td>-0.39%</td> <td>1.22%</td> <td>2.35%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-4.01%	-12.22%	-0.37%	1.11%	2.43%	<b>Benchmark</b>	-4.24%	-12.10%	-0.39%	1.22%	2.35%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-4.01%	-12.22%	-0.37%	1.11%	2.43%																	
<b>Benchmark</b>	-4.24%	-12.10%	-0.39%	1.22%	2.35%																	
Portfolio Income	This portfolio is suitable for someone who is in retirement or someone who has a very low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 100%</li> </ul> 	0.11%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td><b>Portfolio</b></td> <td>-3.91%</td> <td>-12.44%</td> <td>-2.03%</td> <td>0.28%</td> <td>0.83%</td> </tr> <tr> <td><b>Benchmark</b></td> <td>-4.09%</td> <td>-11.60%</td> <td>-1.64%</td> <td>0.53%</td> <td>0.95%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	<b>Portfolio</b>	-3.91%	-12.44%	-2.03%	0.28%	0.83%	<b>Benchmark</b>	-4.09%	-11.60%	-1.64%	0.53%	0.95%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
<b>Portfolio</b>	-3.91%	-12.44%	-2.03%	0.28%	0.83%																	
<b>Benchmark</b>	-4.09%	-11.60%	-1.64%	0.53%	0.95%																	

\*Source: Morningstar & fi360 through September 30, 2022

<sup>1</sup> Portfolio Expenses (Net Expense Ratio) as Weighted Average Total

Note: Portfolio returns are reported net of all internal expense ratio fees. Returns are not net of any management or fiduciary fees. Historical performance is based on an assumption that an investor has owned the exact portfolio in the exact allocation reflected in the snapshot for the previous three months, one-, three-, five- and ten-year periods. Past performance is no guarantee of future results.