

# the SGROI FINANCIAL

NEWSLETTER

## Estate Planning: Items to Consider

*"If you don't have an estate plan, the state has one for you"*



**E**state planning is the "lipstick on a pig" way of saying death planning. People don't like thinking about their death and will often ignore estate planning all together, despite it being very important. Having an estate plan in place can help you feel more secure about the future and confident that your loved ones will be taken care of. Here are some of the more important estate planning documents that should be considered when coming up with your plan.

### Wills

A will is a written document that lets you direct how your assets and property is to be distributed to your heirs upon your death. You can also appoint an executor inside of your will and this is the person who manages the settling of your estate, ensuring that your assets go to the intended

heirs. A will also allows you to name a guardian to watch over your minor or disabled children, in your absence. If you die without a valid will, your estate is distributed according to the laws of the state in which you resided. Although these laws are designed to reflect what most people want, there's no guarantee that the distribution of your assets will reflect your personal wishes if you die without a will.

### Beneficiary Designations

Not all of your assets are required to pass via the will. Assets such as retirement accounts, life insurance, annuities, brokerage accounts (TOD), bank accounts (POD) and trusts, can have named beneficiaries on them. Whoever you have listed as the beneficiary/ies for your assets that allow

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a beneficiary designation, will supersede whatever is written in your will. Your will can state you want your IRA to go to your spouse, but if you have your three kids listed as beneficiaries of the account, then the account will go to your three kids upon your death.

### Power of Attorney

A Power of Attorney (POA) is a way to arrange for someone else to handle your financial, personal and medical affairs if you're no longer able to do

so. If you grant someone POA on yourself, make sure its either a durable POA or springing POA. With a durable POA, the power lasts past the disabling event of the person who granted the power. With a springing POA, the power will "spring into action" upon the disabling event of the individual that granted the POA.



### Trusts

Trusts come in many varieties, but all follow a basic three party arrangement. A trust is a legal vehicle set up by a grantor that allows a third party, the trustee, to hold assets on behalf of a beneficiary. Trusts allow you to control how your assets are directed after your death, not only to whom the money will be given but also under what circumstances they can access the money. This control can be a valuable feature when directing assets to individuals who may not be mature enough to handle a large sum of money or who may still be minors. Trusts can be created during your lifetime (*inter vivos trust*) or they can be created upon your death inside of your will (testamentary trust).

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## Welcome, Bonnie Gardner

**W**e are very excited to announce that Bonnie Gardner has joined the team as our new receptionist! Bonnie received her Associate's degree from ECC in 2002 and her Bachelor's degree from Houghton College in 2021. Bonnie is very involved in the community through the



*Bonnie, our newest receptionist*

West Seneca Marching Band, the West Seneca Little Loop Cheerleading, and the Life Church Buffalo, where she is the leader of the Moms group. She was born and raised in West Seneca, NY, and is a mom to six kids. In Bonnie's free time, she enjoys camping, swimming, and spending time with her family.

## *A Letter from the Partners*

### **How About the Kids?**

In our last newsletter we mentioned that we view our work as helping to guide our clients through the many financial decisions they make in their lives. Much like a guidance counselor who helps to navigate a path through school, we provide financial guidance throughout a lifetime. However, over the years we've come to realize that we should not be waiting until after graduation to start teaching the next generation. Too often we see how ill-prepared today's young adults are when it comes to financial literacy. Good financial habits are among the most important skills to set our children up for successful, fulfilling futures rather than falling behind

from the start. As parents, educating your children early on with the basics will empower them to build a solid financial foundation, this is where we can assist. Getting your children started early will help them make more improved decisions about money, avoid debt, and save for their future. Building your wealth

**Building your wealth doesn't stop with you, it translates into your children and grandchildren.**



doesn't stop with you, it translates into your children and or grandchildren.

Our staff takes pride in our longstanding commitment to assisting 2nd, 3rd, and even 4th generation families and we are dedicated to continuing this legacy. We understand the importance of generational wealth management and the unique challenges and opportunities that arise within families over time. We recognize the significance of building enduring relationships with our clients and are devoted to providing personal advice, education and support to ensure that future generations benefit from the same level of care and guidance. Our goal is to help your family thrive for generations to come! If you haven't already, start the conversation with your children and your advisor to see how best we can help and together let's work to build a better financial future!

On another note, we are pleased to welcome Bonnie Gardner to our Sgroi family. Bonnie is replacing our long-time receptionist Maria Weimer, who retired earlier this year. As always, we appreciate your continued trust and hope you have a great summer!


All the best,



Patrick Sgroi,  
Partner



John Clouden,  
Partner



We want to hear from you! Stay tuned for our end-of-summer survey! Participate to win one of three \$50 gift cards! Keep an eye out for more details on how to enter the giveaway, which will be available soon on our website and social media. Don't miss your chance to win!

PENCIL  PROJECT\*

## Classroom Giveaway

Are you a teacher or know a teacher that would like to win \$500 towards classroom supplies for the 2023-24 school year? Each year Sgroi Financial rewards five hardworking teachers in Western New York through our Pencil project promotion. Be sure to check our website over the summer as we'll be announcing our 6th Annual Pencil Project Classroom Giveaway contest starting on July 31st and running through August 20th! More details to follow on our website!



## Best Financial Planning Firm!

We are happy to announce that we have been nominated for The Buffalo News 2023 Best of 716 contest for Best Financial Planning Firm! Our Planners Patrick Sgroi and Jeff Haxton have also been nominated!

You can vote for us every day by text or online at the Buffalo News throughout July 24th to help us bring home the 2023 title of Best Financial Planning Firm and Planners!



*Text code 693 every day to 716-350-0717 to vote for us!*

*Vote for Pat (694) and Jeff (695) by texting to 716-350-0717 daily!*

***“In the Short Run, the Market is a voting machine, but in the long run it is a weighing machine.”***

*– Benjamin Graham*

**A**s we come to a close on the first half of the year, the stock market has surprised many. The S&P 500 is up 15%, the Nasdaq is up over 30%, and the Dow Jones is up 3.50%. Coming into this year, 2022 left investors with scars, as the S&P 500 tumbled over 18% and the Bond Market fell 13%. It was the first time in history that both the stock and bond market dropped double digits in the same year. Now in 2023, the Fed has finally “paused” the rate hiking cycle, but it turns out that it may only be a skip. The Fed has implied that 2 more rate hikes could be coming before the end of the year, more than investors anticipated.



The direction of where this market can go is very challenging. On one hand, the US economy has held up better than expected, and on the other, the recent strength in the incoming data means the Fed cannot afford to end its hiking cycle just yet. Investors will have to balance a resilient economy with a higher-for-longer rate environment, while also considering the risks of a delayed recession. For the market to climb higher from here, there needs to be conviction that the Fed will not go further than the two rate hikes communicated, the economy can manage to avoid a widely predicted recession, and mega-cap technology stocks (Alphabet, Apple, Amazon, Microsoft, NVIDIA) can hold onto or extend their AI gains. Any incoming data to counter these things could turn the optimism we have seen upside down, as stocks are priced for a rosy outcome.



Each of these narratives has merit. Once the Fed ends its hiking cycle, it will most likely be reluctant to restart, particularly as the US presidential election campaign starts to heat up. The US consumer is the lifeblood of the econo-

my, as it accounts for around 67% of GDP. If consumer data continues to surprise to the upside (even if overall economic data continues to slow), then this could be a tailwind in the back half of the year. Lastly, technology stocks, while possibly seeing some volatility in the near term, should prove transformative in the long run.



The main problem with these narratives is that they do not coexist. If consumer spending, the labor market, or the stock market prove too resilient, investors could start to believe the Fed will need to hike further than the communicated two more times. Fear of higher rates, disappointing data, or a shift in sentiment could unravel optimism about AI or a resilient consumer. There still is a path higher for stocks, albeit a narrow one. After a strong first half of the year, the upside is probably limited. Bonds have a much better risk/reward profile and beg the question of do investors want to risk stock market volatility or lock in historically higher yields on a high-quality fixed income? In our portfolios, we prefer a slight tilt to fixed income, while investing in funds that can outperform if the market does continue to surprise to the upside, and hedging with funds that can play defense and have not seen the same appreciation that growth and technology names have seen this year. We also believe gold plays a crucial role in the portfolios, as it can provide a hedge against long-term inflation, and a weaker US dollar.



In closing, as always, we appreciate the trust and support our clients have put into Sgroi Financial over the years. We are always here to answer any questions that you may have and hope you can enjoy a warm summer with friends and family! 🌞



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