the SGROI FINANCIAL
NEWSLETTER

Estate Planning 101

Continued from last issue

Power of Attorney

In the final part of this two-part series, we delve into the fundamental component of a comprehensive estate plan- A Power of Attorney (POA). This is another common estate planning tool which allows an individual to name one or more individuals as an agent to act in their stead in a variety of different circumstances as chosen by the individual. There are generally two types of POAs: general and durable. A general POA is only valid while the individual granting the POA is mentally capable. A durable POA continues even if the individual granting the POA becomes incapacitated in the future.

A durable POA can allow for an agent to quickly and easily step into an individual's shoes in the event they are temporarily or permanently unable to make decisions for themselves or their loved ones.

A POA can be as broad or as narrow as the individual granting it wants by granting full authority to do almost anything that the individual could do themselves, or limiting it to certain types of activities such as paying bills or speaking to a financial adviser.

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Health Care Proxy

The last major component of a typical estate plan is a Health Care Proxy (HCP) or living will. An HCP allows for an individual to name an agent to make health care decisions in the event the individual becomes medically incapacitated, while also listing out the individual's personal wishes on the types of treatment they do or do not want in their incapacitated state.

Most HCPs have provisions that include the individual's preference for dealing with common and uncommon medical situations including keeping one on life support, do not resuscitate orders and medications the individual does not want given to them in the course of treatment.

If you have any questions about a will, a POA, or a HCP, please reach out to your attorney, or speak to your adviser at Sgroi Financial to be referred to an attorney so we can help ensure you and your family are prepared for the future.

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outperformance has rotated over time. While the S&P 500 has outperformed since 2007, it returned just 38% between 1999-2007, compared with a 129% gain in the international markets. Another rotation cannot be ruled out in the future.

In closing, we want to also make note that this is an election year. Although the outcome could affect public policy, economics, and markets, investors need to avoid making major portfolio shifts based on political views. Picking winning investments based on US elections is not straightforward, and often leads to being too optimistic or pessimistic at exactly the wrong time. As always, we appreciate all of the trust you have put into Sgroi Financial through the years and encourage you to reach out to your financial advisor for any questions that you may have. Here's to a warm spring!

Mailing Reminder

As a reminder, we will be mailing your quarterly reports annually. If you would like to view them more frequently you can do so through our client portal! Login or sign up here: https://portal.sgroifinancial.com/login.

A Letter from the Partners

Safeguarding Your Digital and Financial Existence

In today's digital landscape, cyber security is more critical than ever. Identity theft and check washing pose significant threats to personal and financial security. Too many times you hear about a friend, neighbor or even a family member whose been a victim from these hackers.

Identity theft involves stealing personal information for fraudulent purposes, which can lead to financial loss and reputational damage. Similarly, check washing takes advantage of paper-based transactions, where individuals modify a check by altering the information and rewriting it for a different amount or to benefit someone else.

To combat these risks, it's essential to implement strong security measures including using strong passwords, regularly updating security software, and implementing measures such as credit locks to enhance your protection.

Furthermore, staying educated and informed with the latest threats and best practices is so important. Continuous education can help you to better shield yourself against these threats.

To increase awareness and understanding of these threats, we are holding a webinar with retired FBI agent Jeff Lanza discussing the importance of cyber security and identity theft on April 16th at 5:30pm. There will be a recording available on our website for 30 days after the event. Scan the QR code below to watch. We hope you enjoy!

All the best,

Patrick Sgroi,
Partner

John Clouden,
Partner

Understanding Current Insurance Market Conditions

The insurance market is struggling with multiple challenges, resulting in some sharp increases in auto and home insurance premiums. Among the factors influencing the premium increases are:

Catastrophic Losses
$140 Billion was paid out in 2022 due to Hurricanes, Flooding and Wildfires. States mostly impacted were California, Florida, and Louisiana but the expense is felt throughout the United States.

Increasing Property Values
Property values are increasing due to growing demand, limited supply, and the low interest rate environment prior to 2022.

Home Replacement Costs
Costs have risen 55% since 2019 due to wages and construction cost increases as well as lack of available materials.

Skilled Labor and Parts Shortage
Lack of available labor and scarcity of auto parts have increased the time the vehicle is in the collision shop as well as the cost of a rental vehicle has taken a sharp increase due to demand.

Increased Cost of Fixing Cars
Up 23%, nearly 4X compared to the average price increase.

Insurance Company's Strict New Business Guidelines
These have made it difficult to write new business especially in certain areas of the country.

Limiting Areas
Insurance companies are pulling out of certain areas and states limiting Agent's ability to offer competitive premiums.

My suggestion to get through this tough time is to pay your premiums on time. Once the company cancels you for non-payment they will not reinstate. Also when it comes to small claims you should talk to your Agent to get advice before entering a claim. It may be in your best interest to pay out of pocket if you are able.

These are huge factors for insurance companies as they decide to offer you a renewal or a cancellation. It will be a challenge to get you insured once you have been cancelled and the premiums may be doubled.

Call me today for a full complimentary review to see if your protection and premiums are where they should be.

Lori Kuzan • Personal Lines Sales Executive, Lawley • 716-849-8620

"Don't Fight the Tape, Don't Fight the Fed"

Martin Zweig

The first 3 months of 2024 have brought both good and bad news as investors try to gauge if the economy will head toward a *soft landing* (economic growth remains strong, but not too strong, while inflation continues to drop) or a *hard landing* (economic growth falls and inflation surprises to the upside). Job gains have surpassed expectations and US GDP came in far above most economists forecast. But at the same time, inflation surprised to the upside, with a January reading higher than expected. Markets have shaken off bad news and continued to embrace the idea that rate cuts are coming. With all of that, the S&P 500 is up almost 10% YTD, and the Bond Market is down 1.03% (more on bonds later).

A consequence of this combination of resilient growth and stronger-than-expected inflation has been a readjustment of Fed expectations for both the stock and bond markets. Investors came into 2024 expecting 7 rate cuts, this now sits at 3 total. This shift in expectations has been attributed to strong data here in the US and inflation remaining sticky and not moving as quickly toward the Federal Reserve's 2% target. We believe 3 rate cuts are realistic. Although US Job growth has remained strong, the latest data has shown the labor market is cooling enough to keep the Fed on track to cut 3 times. The unemployment rate rose to 3.9% in February, the highest in two years, while average hourly earnings grew at a slower pace. The big risk in our opinion is what is not priced into the market. If inflation suddenly starts to creep higher, while growth here in the US slows significantly, this could cause some volatility. With all of this, we remain cautiously bullish on stocks and prefer high-quality bonds.

Although bonds have been under some pressure for the last 3 years, we remain very optimistic. Bonds are a key building block for portfolios and are a key diversifier in times of stock market stress. While we think rates are going to fall, current bond yields can be locked in, providing more portfolio income over time. Historically, bonds delivered higher returns than cash over the long term, and their probability of outperforming cash rises with longer holding periods. Bonds have also combated stock market risks/shocks. In all but three of the past 98 years, bonds have delivered a positive performance in years when the equity markets fell. Lastly, if we get that hard landing scenario discussed above, this would mean yields could fall faster, because bond prices and yields share an inverse relationship, with bond yields already starting at historically higher levels, we could see double-digit returns.

For equities, we continue to favor an agnostic approach, as AI could continue to fuel optimism and those mega-cap technology names will be at the forefront of this. However, for this rally to continue, we believe a broadening of the market has to take place and for other areas of the market to start to outperform, which is why we still invest in those "value" names and the international markets as well. It is important to remember that the US market has not always led. Historically, this

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