May 2024 | Volume 14 | Issue 3

SUMMIT WEALTH PARTNERS, LLC

THE Rational Optimist™

Navigating Market Dynamics During a Presidential Election Year

BY CHAD WARRICK
CO-PRESIDENT & CEO

Another presidential election year is upon us, with a second face-off between two candidates lying in store. As usual, the political chatter is accompanied by heightened attention to the economy and financial markets. In election times, many of our clients tend to share their concerns with us as they fret about potential market fluctuations, looming cash needs, and overall returns.

When asked how we should handle volatility and investment strategy during election years, I typically offer a few key insights and data points based on historical performance trends.

First, since the inception of the S&P 500 in 1923, there have been 24 presidential elections. Of those 24 election years, 19 delivered an overall positive performance despite some short-term volatility. While the good years account for an optimistic 79% of the total, I wouldn't blame you if you start wondering what happened in the other years.

This is where the second key insight comes in. The years in which the S&P 500 index delivered a negative performance were 1932, 1940, 2000, and 2008. These digits should ring a few bells considering the major events that took place during those years. Economists and analysts agree that those events affected stock market performance far more profoundly than any political activities would have.

Continued on page 2

Historical U.S Presidential Election Results

Election Year	President Elected	S&P 500 Index Total Return
2020	Biden	18.4%
2016	Trump	12.0%
2012	Obama	16.0%
2008	Obama	-37.0%
2004	Bush W.	10.9%
2000	Bush W.	-9.1%
1996	Clinton	23.1%
1992	Clinton	7.7%
1988	Bush H.W.	16.8%
1984	Reagan	6.3%
1980	Reagan	32.4%
1976	Carter	23.8%
1972	Nixon	19.0%
1968	Nixon	11.1%
1964	Johnson	16.5%
1960	Kennedy	0.5%
1956	Eisenhower	6.6%
1952	Eisenhower	18.4%
1948	Truman	5.5%
1944	Roosevelt	19.8%
1940	Roosevelt	-9.8%
1936	Roosevelt	33.9%
1932	Roosevelt	-8.2%
1928	Hoover	43.6%

Source: https://www.ftportfolios.com/Commentary/Insights/2023/7/5/election-client-resource-kit---june-2023

FEATURES

UPCOMING

Savvy Senior Event
Thursday, May 16 from 10 a.m.
Frederick Meijer Gardens; 1000 E Beltline Ave, NE, Grand Rapids, MI 49525

Women & Wealth
Thursday, May 23 starting at 4 p.m.
The Old Goat Restaurant; 2434 Eastern Ave SE, Grand Rapids, MI 49507

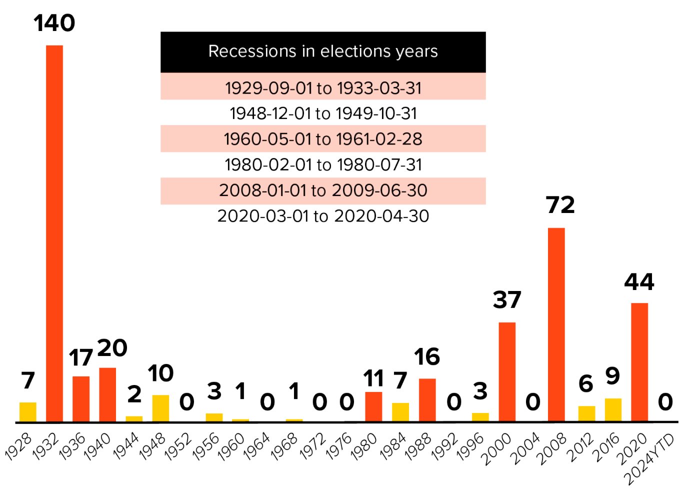
connect@mysummitwealth.com

The elections of 1932 and 1940 took place during the Great Depression, which was followed by the start of World War II in 1939. In 2000, the dot-com bubble burst, and then 2008 had the world reeling as the Great Financial Crisis struck.

Taking these facts into consideration, we can conclude that, historically, an election year in and of itself had little to do with the overall stock market performance. Nonetheless, we need to also consider worries about volatility, particularly on the part of clients with imminent liquidity needs.

The third insight I'd like to share is that when we drill down into market volatility by presidential election year, we find that since 1928, the number of days marked by sharp market swings was generally limited unless there were also major events during that year (as in 1932, 2008, and 2020).

This chart shows us the degree of volatility during election years, by measuring the number of single day stock market returns that were plus or minus 2%.



Source: https://www.blackrock.com/us/financial-professionals/literature/presentation/student-of-the-market-february-2024.pdf

Without any context, just looking at performance during election years, we could note some correlation between volatility/negative performance with election years. However, if we remove the anomalies (major events) from the data, we see that volatility and negative performance is not driven by the uncertainties of a political landscape.

Positive economic indicators which we see today include a strong labor market, wage growth, overall asset growth, falling inflation, and a strengthening leisure and hospitality market.

It is our belief that we should ignore the narrative - and choose to trust the data. Nonetheless, with this element of trust, we are grounded by prudent investing and consistent rebalancing back to targets.

Our team welcomes the opportunity to meet with our clients and discuss concerns, revisit upcoming goals and objectives, plan for liquidity needs, and ensure that our investment strategy is still aligned to your level of risk tolerance.

Our website has a new look!

Come check out our fresh new appearance at

mysummitwealth.com

Estate Planning and the 2026 Sunset: Taking a Proactive Approach

BY ANDREW DICKENS, AIF®, CEXP™, CBVS™
DIRECTOR OF PENSION SERVICES & WEALTH ADVISOR

As Mark Twain once said, "Plan for the future because that is where you are going to spend the rest of your life." He might have been jesting, but there is an undeniable truth to his words, especially when it comes to estate planning. As we approach the 2026 sunset of the lifetime estate and gifting exemptions, it becomes ever more critical to align our compasses and set forth with intent.

Before we start navigating this maze, we need to understand what is at stake. The lifetime estate and gifting exemptions were significantly increased by the Tax Cuts and Jobs Act of 2017, but they are scheduled to revert to their pre-2018 levels in 2026. This rollback implies potentially exposing a larger portion of substantial estates to federal estate taxes, which would be a significant blow to many.

Why it matters now more than ever

Increasing asset values: If your estate contains appreciating assets (think stocks and real estate), waiting might mean it exceeds the exemption limits by 2026, thus incurring a larger tax bill.

Gifting strategy: The current elevated exemption levels present an excellent window of opportunity. Transferring wealth now, especially assets poised to appreciate, might reduce future estate tax liabilities.

Uncertain future: The political landscape resembles shifting sands. No one can guarantee that future legislation will not further lower the exemption threshold before 2026, making it wise to act sooner.

Strategies for safeguarding your legacy

Front-load gifts: Utilize the high exemption amounts now. This does not only cover gifts in the traditional sense but also assets that can be strategically funneled into trusts or bequests.

Set up a spousal lifetime access trust (SLAT): Gift assets into a trust from which your spouse can benefit. This strategy effectively uses the current exemption and ensures that the assets (and their future appreciation) are removed from the estate.

Establish a grantor retained annuity trust (GRAT): Transfer assets into a trust and then receive an annuity for a specific period. If the assets appreciate beyond a certain rate, the excess can be transferred to beneficiaries tax-free.

Consider a generation-skipping or dynasty trust: These long-term trusts can secure your family wealth for multiple generations, potentially offering a shield against estate taxes for decades.

Create a charitable lead or remainder annuity trust (CLAT/CRAT): Ideal for philanthropically inclined individuals, these trusts allow designated charities to receive a benefit while removing assets from your estate. It is a win-win: achieving charitable goals while also transferring wealth without serious tax implications.

Review and reevaluate: Make sure you regularly review your estate plan with your financial advisor. As assets grow or shrink, relationships evolve, and laws change, adjustments can prove vital.

Incorporate flexibility: In the world of estate planning, rigidity can be counter-productive. Given the mutable nature of legislation and life circumstances, introducing flexibility into your estate plan is paramount. Provisions such as trust protectors, powers of appointment, or decanting powers allow for modifications based on future needs and changes.

Mark Twain also said,
"The secret of getting ahead is getting started."

As the sun begins to set on the current exemption landscape, getting started is exactly what we ought to do. With foresight, flexibility, and strategic planning, we can ensure that our assiduously built legacy transitions into the hands of our loved ones with minimal interference from Uncle Sam.

As a value-added service to you, please feel free to tell your family, friends and colleagues that they may use us as a sounding board for their financial concerns free of charge and without obligation.

How to Keep Student Data Safe

BY JASON PRINT, CFP®
CO-PRESIDENT & CEO

In today's digitally driven world, children grow up immersed in technology from a very young age. While the internet offers tremendous opportunities for learning and connecting, it also poses risks, with online identity theft being a prevalent concern.

Protecting your children from identity theft requires proactive measures and persistent vigilance. As the father of two school-age kids, I have come to realize that technology engagement is a fundamental requirement: We now live in a world with few textbooks, and my elementary schoolers are issued laptops from day one.

Here is a 10-step guide to keeping your kids safe online.

1. Educate your children: Knowledge is the first line of defense. Teach your children about the importance of online privacy, the risks of sharing personal information, and ways to recognize potential threats, such as phishing scams and fake websites. In our household, we often stress it is best to assume that whatever information they share online is available to anyone and is permanently out there for the world to see.

2. Adjust privacy settings: Ensure that privacy settings are appropriately configured on all devices and social media accounts your children use. Limit the amount of person information visible to the public and encourage your kids to keep their profiles private. Device manufacturers and social media platforms have gotten much better with the default "child settings" once the date of birth is entered, and this helps.

3. Insist on strong passwords and two-factor authentication: Emphasize the importance of using strong, unique passwords for each online account. Enable 2FA authentication wherever possible to add an extra layer of security. This ensures that even if a password is compromised, unauthorized access becomes significantly more difficult.

4. Monitor online activity: Regularly monitor your children's online activity, including their social media interactions and the websites they visit. Use parental control software to restrict access to inappropriate content and watch out for any signs of suspicious activity.

5. Be skeptical of requests for information: Teach your children to be wary of requests for personal information, especially from unknown or unverified sources. Warn them about the dangers of clicking on links or downloading attachments from suspicious emails or messages. If Bank of America gets in touch with your 5-year-old to discuss refinancing a mortgage, that should be cause for alarm.

6. Regularly update software applications: Ensure that the software applications on all devices your children use are regularly updated. Outdated software may contain vulnerabilities that hackers can exploit.

7. Secure Wi-Fi networks: Secure your home Wi-Fi network with a strong password and encryption. Avoid using public Wi-Fi networks for sensitive activities as they can be easily compromised by hackers.

8. Monitor credit reports: Regularly examine your children's credit reports for any signs of suspicious activity. Identity thieves may use stolen information to open lines of credit or commit other financial fraud. www.annualcreditreport.com offers a free credit report each year. If there is no credit report for a minor, that is a good thing. Many people rarely think about a credit report for a teenager, but when they apply for a student loan or their first credit card, some may discover that their personal information has been used fraudulently. Scammers may employ a variety of strategies to obtain valuable information about children. They might scour social media platforms, check public records, or even try to engage directly with the child online. If a parent is deeply concerned, they can freeze the child's credit report.

9. Encourage open communication: Create a safe environment where your children feel comfortable discussing their online experiences with you. Encourage them to report any suspicious activity or instances of online harassment. In 2023, the Federal Trade Commission received 22,229 reports of identity theft from Americans aged 19 and under. Gen Alpha's digital footprints start the day these children are born!

10. Lead by example: Set a positive example by practicing good online habits yourself, showing your children how to navigate the internet safely and responsibly.

In summary, protecting your children from online identity theft requires a combination of education, proactive measures, and constant vigilance. By teaching them about online risks, applying strict privacy settings, monitoring online activity, and leading by example, you can help keep them safe in today's digital age. Remember: Staying informed and involved is key to ensuring your children's online safety.

Jason

The Allure of Boring: Embracing Sound Investing Principles

BY RYAN GAVIN, CFA™
PORTFOLIO MANAGER

In the world of finance and investing, excitement often takes center stage, with tales of high-risk strategies, quick gains, and market anomalies capturing the imagination of many. However, seasoned investors and financial experts will often argue that the most successful approach to building and preserving wealth is rooted in the seemingly mundane and predictable realm of sound investing principles. Let's explore why these principles are often labeled as boring in the dynamic and ever-changing landscape of finance but are, in fact, the bedrock of sustainable financial success.

1. Consistency over flashiness
One of the primary reasons why sound investing principles are considered boring is their emphasis on consistency over flashy, high-risk maneuvers. The idea of patiently contributing to a well-diversified portfolio, rebalancing it periodically, and holding onto investments for the long term lacks the thrill of day trading or chasing the latest hot stock. However, it is this consistency that minimizes risk and enhances the probability of long-term success.

Investors who adhere to a steady, disciplined approach are less susceptible to the emotional rollercoaster that often accompanies volatile markets. By avoiding impulsive decisions based on short-term market fluctuations, they are better positioned to weather downturns and capitalize on the power of compounding over time.

2. Time in the market, not timing the market
Another aspect that contributes to the perceived boredom of sound investing principles is the emphasis on time in the market versus attempting to time the market. Trying to predict market movements or identify the next big trend might be alluring, but it is a notoriously difficult endeavor and often leads to suboptimal results.

A sound investing approach encourages staying invested through market ups and downs, thus benefitting from the overall growth trajectory over time. While the market can be unpredictable in the short term, historical data show that it tends to rise over longer periods. Patiently staying invested allows individuals to capture these gains without the stress and uncertainty associated with market timing.

3. Diversification: the antidote to excitement
A cornerstone of sound investing, diversification involves spreading investments across various securities and asset classes to reduce risk.

While this strategy might seem uneventful compared to concentrating funds in a single high-potential stock, it provides a level of risk mitigation that is essential for long-term financial success.

By diversifying, investors can limit the impact of poor performing assets on their overall portfolio. While the potential for extraordinary gains may be sacrificed, the potential for catastrophic losses is also minimized, creating a more stable and sustainable investment strategy.

4. Long-term goals trump short-term thrills
Sound investing principles focus on aligning investments with long-term financial goals rather than pursuing short-term thrills. This approach may lack the excitement of seeking quick wins, but it provides a sense of purpose and direction that is essential in financial planning.

Investors who maintain a focus on long-term goals are better prepared to handle market fluctuations and avoid being swayed by short-term events. This patient approach allows for the compounding of returns and the gradual achievement of financial goals.

While sound investing principles may lack the glamor of speculative trading and high-risk ventures, they form the foundation of sustainable wealth creation. The allure of boring lies in the steady, disciplined application of time-tested strategies that prioritize consistency, diversification, and a long-term perspective. Embracing the seemingly dull nature of sound investing principles can lead to financial success and security, proving that the most boring path is sometimes the one that truly leads to prosperity.

Ryan

SUMMIT SPOTLIGHT

A LOOK INTO THE LIVES OF THE SUMMIT TEAM

Learn more about your Summit team

Hi everyone,

My name is Glenn Downen and I oversee technology and back-office operations at Summit Wealth Partners. I have been with Summit Wealth Partners since well before the firm was even named that! While I've been a part of the team for quite some time, I mostly work behind the scenes, so I might not be recognizable to many clients. I joined Summit Wealth Partners in 2005 shortly after moving to Florida and it has been an absolute pleasure to work and grow with the firm over these many years.

When not working, I love to turn the electronics off and get out into nature. I have a passion for hunting, fishing, hiking, mountain biking, and woodworking, stemming from my upbringing in rural Nevada, where I cared for stable full of farm animals. College and the love of adventure pushed me to Montana for a decade before settling in central Florida.

My wife Tara and I share a love for travel, seeking out new adventures and experiences the world. We also have two high school aged boys, one preparing for college and the other turning 16, as well as a Labradoodle named 'Silas' and two cats to keep us busy.

Glenn

Summit Scramble Answer Key:
1. Economy 2. Allocation 3. Stocks 4. Bonds 5. Plan 6. Investment 7. Trust 8. Retirement 9. Risk 10. Currency

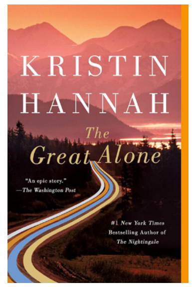
STAY CONNECTED WITH US:

linkedin.com/company/mysummitwealth

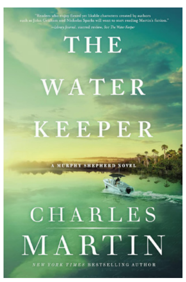
facebook.com/mysummitwealth

BOOKS WE'RE READING:

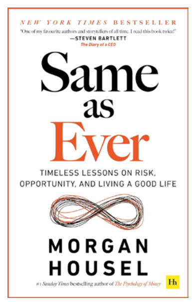
The Secret History of Food | *by Matt Siegel*
The Secret History of Food is a rich and satisfying exploration of the historical, cultural, scientific, sexual, and, yes, culinary subcultures of this most essential realm. Siegel is an armchair Anthony Bourdain, armed not with a chef's knife but with knowledge derived from medieval food-related manuscripts, ancient Chinese scrolls, and obscure culinary journals. Funny and fascinating, The Secret History of Food is essential listening for all foodies.



The Great Alone | *by Kristin Hanah*
Ernt Allbright, a changed and volatile Vietnam War veteran, relocates his family to Alaska's rugged wilderness. Thirteen-year-old Leni hopes for a fresh start, while her mother, Cora, follows Ernt despite the risks. Initially, Alaska offers solace, but as winter sets in, Ernt's mental state deteriorates, fracturing the family. In a gripping tale of human resilience, Kristin Hannah paints a vivid picture of survival amidst the beauty and danger of Alaska's untamed landscape in "The Great Alone."



The Water Keeper | *by Charles Martin*
Murphy Shepherd, a secretive man living on a deserted island, dedicates his life to saving others. Grieving the loss of his mentor, he rescues Summer from peril, setting off a perilous journey to find her missing daughter in the dark world of modern slavery. With unexpected allies, including a loyal Labrador and an ex-convict named Clay, Murph races against time to save the girl and confront his own haunting past in Charles Martin's poignant thriller, "The Water Keeper."



Same as Ever | *by Morgan Housel*
In "Same as Ever," Morgan Housel challenges traditional investment wisdom by urging readers to recognize enduring constants rather than predict the future. Through insightful anecdotes, Housel advocates for leveraging timeless truths to navigate uncertainty and optimize risk. His approach offers a pathway to not only financial success but also a fulfilling life. With clarity and wisdom, he emphasizes the power of understanding what remains unchanged in a rapidly evolving world.

SUMMIT SCRAMBLE

Instructions: Unscramble the letters to reveal common financial terms. Write your answers in the spaces provided.

MEOYENC: ____________________
OCTANILLOA: ____________________
KTSOCS: ____________________
DNOSB: ____________________
LANP: ____________________
ENTENSTVMI: ____________________
RUSTT: ____________________
RITENRTEEM: ____________________
KRIS: ____________________
CUEYRNCR: ____________________

Enjoy unscrambling these financial terms! Find the answer key on the bottom of page 6.

THE Rational Optimist™

FEATURES

SUMMIT WEALTH PARTNERS, LLC

ORLANDO
800 N Orange Avenue, Suite 302
Orlando, FL 32801
(407) 656-2252

NAPLES
999 Vanderbilt Beach Road, Suite 609
Naples, FL 34108
(239) 254-1875

FORT MYERS
15050 Elderberry Lane, Suite 6-1
Fort Myers, FL 33907
(239) 362-9077

GRAND RAPIDS
2959 Lucerne Drive SE, Suite 120-A
Grand Rapids, MI 49546
(616) 426-8014

SOLID GROWTH
SAFELY MANAGED
TRUSTED ADVICE