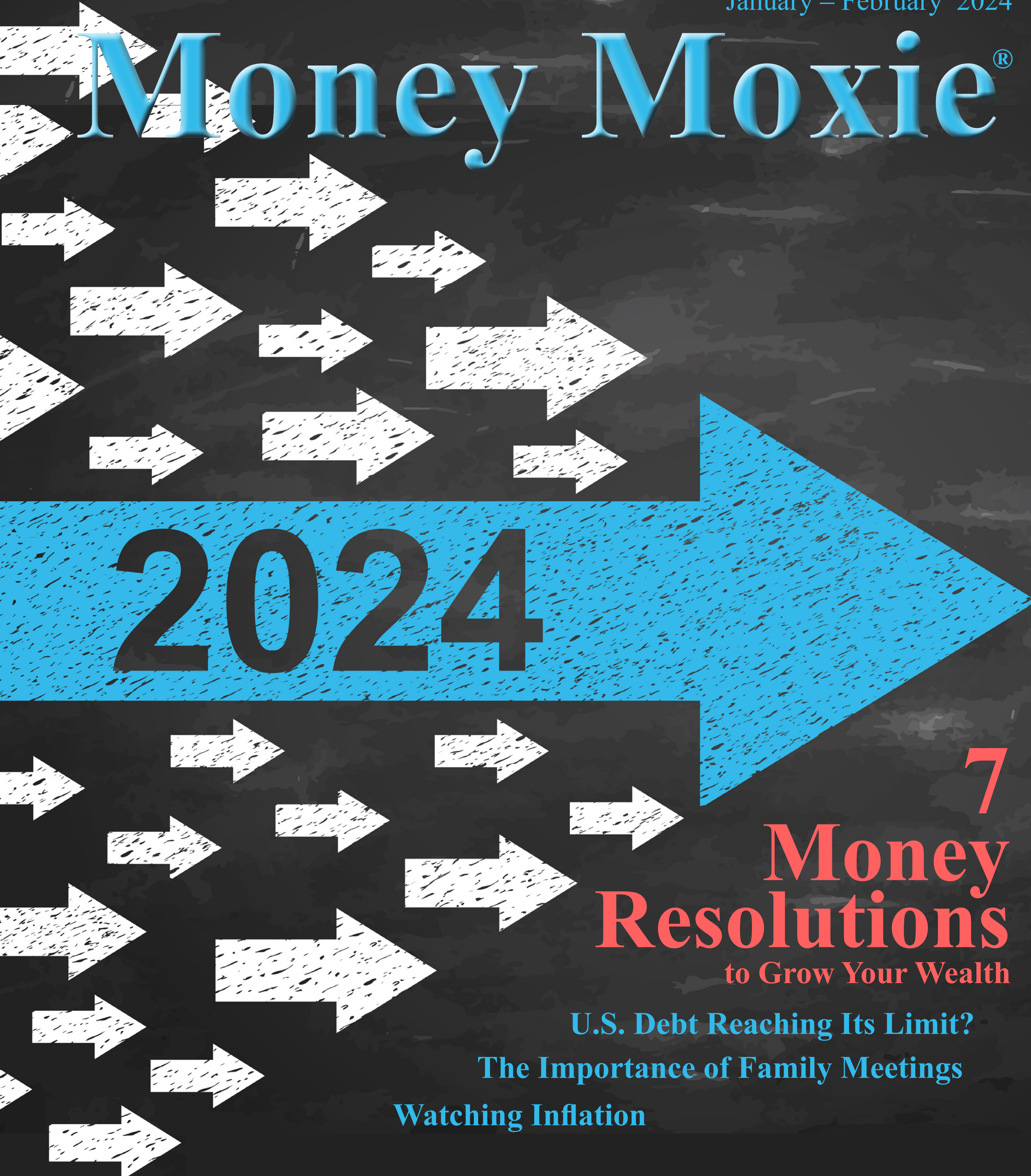
January – February 2024

Money Moxie®



7 Money Resolutions to Grow Your Wealth

U.S. Debt Reaching Its Limit?

The Importance of Family Meetings

Watching Inflation

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Happy New Year!

A new year opens the door to new perspectives, opportunities, and plans. So why do we often feel overwhelmed? Simply saying "New Year" brings thoughts of making New Year's resolutions: rigid ideas of what we need to do for self-improvement, better health, and financial prosperity. If you are like me, the list can be daunting!

Taking a different approach can offer a more enlightened and encouraging experience. Rather than making a long list of financial improvements, perhaps we can choose two or three items where we can make progress and enjoy the feeling of success. This will help prevent feelings of discouragement when you accomplish one thing on your list only to be faced with ten or more things you still need to do. Give yourself some grace!

If you want to have a better handle on your finances, get a financial tracking app to keep track of spending and saving. If you are trying to reduce splurge spending, give yourself a spending limit. Keep track of the amount and be cognizant of how you spend your money. Tackling this one thing is a step in the right direction. In this issue of Money Moxie, Parker Thompson's article "7 Money Resolutions for Your Year" provides helpful insight for setting financial goals.

Health and money go hand in hand. If your goal is to eat healthier, switch to one healthy meal daily. As the week goes on, add another healthy meal. This helps transition into new eating habits without feeling deprived. Small steps make for a smoother path. Remember, real change takes time.

The good news is duplicating these strategies by taking small steps can help you find success in any of your goals. Most importantly, celebrate your victories, even if they are small accomplishments. Encourage yourself, and if you make a poor decision, don't dwell on it. Determine what you must do to get back on track and move forward.

Another way to find fulfillment and happiness is in our relationships. The relationships we nurture have a profound impact on our sense of well-being. Finding ways to help others and make new acquaintances can be very satisfying and can result in long-lasting friendships.

With a clean slate, create the path you want to follow in 2024. Whatever your goals and desires, I hope you succeed in all your endeavors.

Sharla

Sharla J. Jessop, CFP®
President

Tax Documents and QCDs

Tax documents will be mailed as late as March 6th.
If you made a Qualified Charitable Distribution, please make sure you describe it accurately to your CPA. You want to avoid amending your taxes later.

Save the Date

The *SFS Money Matters Women's Conference* is coming on Friday, April 26th!
Watch your email for more information on how to register.

7 Money Resolutions 2024

Happy New Year

By Parker L. Thompson

If you're struggling with your New Year's resolutions around this time of year, don't worry; it happens to all of us. The treadmill starts to look a little less exciting, and your meal-prepped food loses its savor. Here are some financial goals you can set to reach in 2024.

These will not be your typical money goals like "spend less," "save more," "stick to a budget,".. or even "invest each month." They won't be number-related like "contribute the max percentage to my 401(k)" or "save a certain amount for a new car." As you will see, these goals will focus on the more significant effect money has in our lives.

1. Create a greater sense of ease

This goal redirects us to think about the peace and ease of mind that an emergency fund affords us. The same can be said about life insurance or proper protection for our assets. Having a buffer for the worst of times in life can help us feel prepared and navigate those tough times.

2. Spend in ways that are true to who you are, not others' expectations

Do we ever stop to think why it is we want something? Could there be pressure from friends or family influencing that decision? Challenge yourself to rethink your purchases and the material things you buy. Spend money where it means the most to you, not according to others' expectations of what you should have, given their lifestyle.

3. Buy yourself time

Time is money. We don't always think about it when we're lost in the rush of getting the day's tasks done. The purpose of buying yourself time is to do the things that mean the most to you. What do you do with your money to buy more time? This could be as simple as cooking or cleaning. If it takes up all your free time, consider outsourcing some of those tasks to gain time back for yourself.

4. Express your values

Our clients do this amazingly well. We help to foster value-based decision-making by encouraging meaningful gifts, helping pay medical bills or tuition, charitable donations, or even family time. Money decisions should all be made with your values in mind and what you treasure the most.

5. Don't confuse what you buy with joy

What we buy may not constitute the end result or feeling we wish to accomplish with the purchase. This means that the feeling that we seek from purchasing that item may not come from the item. How can we seek out happiness without material objects?

6. Focus on what brings you contentment

One exercise is to think of what you liked to do as a kid. How can you bring more of that back into your life? What is it that you have passion for or used to enjoy doing, and how can you reactivate that in your life?

7. Figure out your relationship with money

What role do you want money to play in your life? "It only does what we tell it to do." Are we telling our money what to do? If so, are we satisfied with our relationship with it? Even reading a book or listening to a podcast can change our minds about money. Find out if there is a gap between where you are and where you want to be and seek to bridge it.

Sahadi, Jeanne. "Forget 'Spend Less' or 'Save More.' Make This Your No. ..." CNN Business, 28 Dec. 2023, www.cnn.com/2023/12/28/success/financial-new-years-resolution/index.html

$34,108,749,835,069 in Debt!

By Jordan R. Hadfield, CFP®

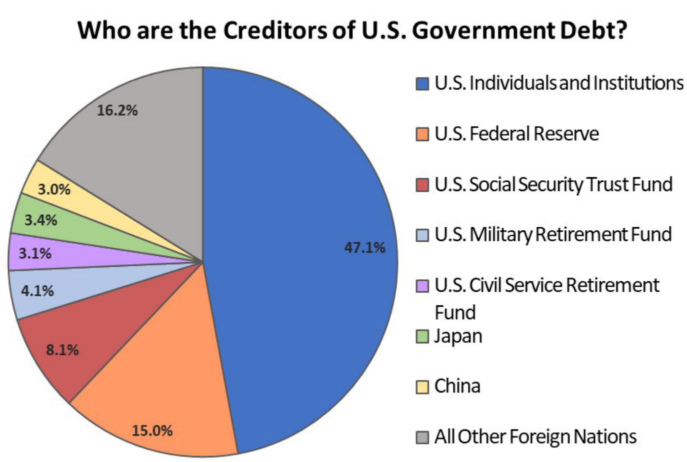
In 2020, the Congressional Budget Office projected that U.S. debt would hit 34 trillion dollars in 2029. Challenge accepted! The government blew through that number in December 2023.

This represents a 50% debt increase in less than four years. Many now claim that America's financial future is doomed. I believe this is inaccurate and produces unnecessary anger and fear.

What Is Government Debt?
The government does not have credit cards. It borrows by issuing treasury bonds. What we refer to as government debt is an accounting record of outstanding bonds in the world economy.

Treasury bonds are considered a safe and secure investment. In times of economic uncertainty, private investors and world governments run to treasury bonds for financial stability.

Liability or Asset?
If it were possible to magically erase the government debt, I'm confident that most would choose to do so. But what if we magically erase government treasury bonds?



Treasury bonds are a valued asset that support pension funds and provide stability to retirement accounts and investment portfolios. They represent a significant portion of Americans' savings. To erase treasuries would be a costly mistake. However, the national debt and treasury bonds are two sides of the same coin – to erase one would be to erase them both.

When a liability is counted on one side of the ledger, an asset must be counted on the other. If government debt is an asset to the public, then a government deficit is a public surplus. $34 trillion in government debt is equal to $34 trillion in investment savings.

Government Debt Is Very Different from Other Debt
A significant misunderstanding is that government debt and household debt function similarly. I personally have a budget constraint. I cannot continue to add to my personal debt without eventually defaulting and going bankrupt. Neither can my neighbors nor can businesses. Therefore, it seems reasonable to conclude that government finances work the same way. They do not.

For one, the government issues the currency. The issuer of the currency cannot run out of money. They can never have bills that can't be paid. They cannot become insolvent. The saying "money doesn't grow on trees" is true for us, but it is not true for them.

Economic Growth Requires Government Spending
Let's say that the government wants to invest $1 trillion into infrastructure, and they finance it by way of debt. They will issue $1 trillion worth of bonds. Investors purchase these low-risk bonds and are rewarded with interest. But infrastructure projects also create jobs and require trade, which grows the workforce. With a larger workforce, public income is increased. With higher income comes greater spending, which creates greater demand. This demand stimulates, grows, and strengthens the economy.

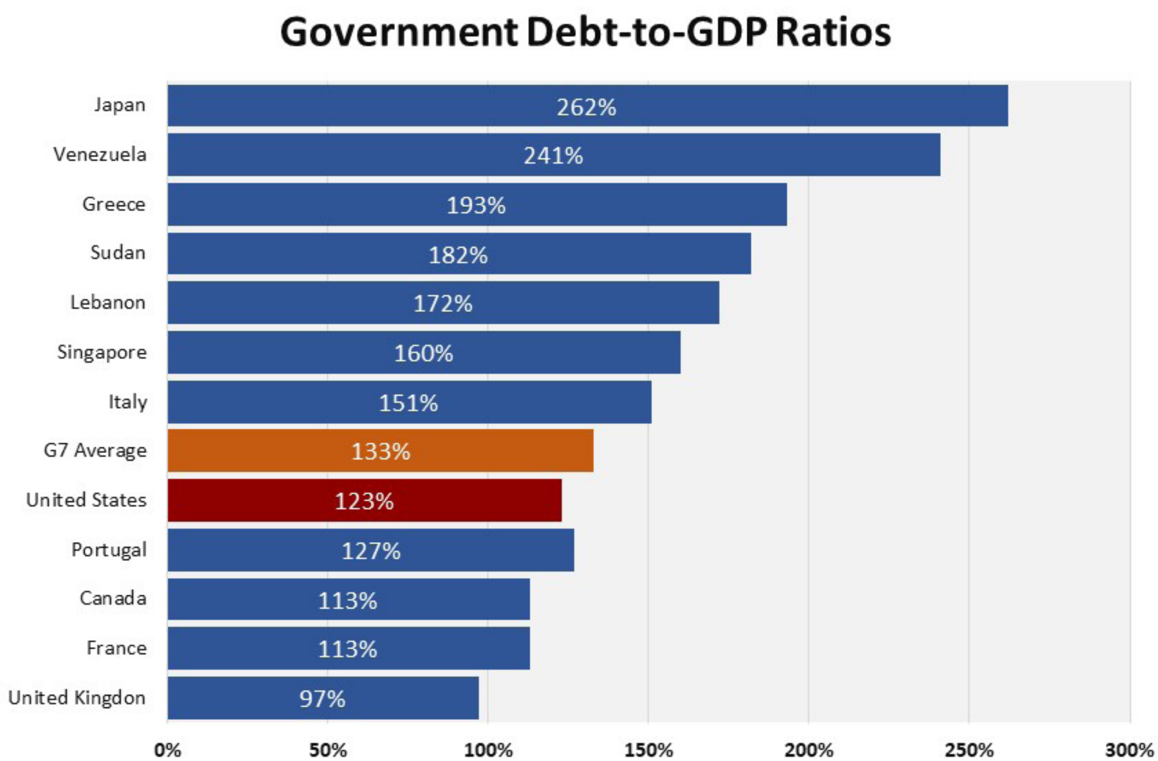
So not only does this government debt provide the public with investment bonds, a more robust workforce, and a stronger economy, but it also provides the infrastructure for a better community and greater capacity for future growth. We would not have the economic strength, luxuries, and stability that we enjoy today without government debt.

Government Debt to Gross Domestic Product (GDP)
Despite the fact that government debt is essential for a growing economy, there is a balance that should be maintained. However, looking at the value of the debt alone does not provide any meaningful information. A better indicator in determining the sustainability of the national debt is to compare it to the size of economic activity or the Gross Domestic Product (GDP).

The current debt-to-GDP ratio for the U.S. is 123%. There is great debate as to what a healthy debt ratio is. Some economists claim this is a healthy level, while others believe it is high. The conservative consensus is that we should be under 100%.

So, Does the Debt Matter?
It does, but not like most people think. There are many tools available to the government to manage the debt - tools that are not available for you and me. The primary objective is not a balanced budget but a balanced economy.

The result of too much debt is not default. Again, the government can always print money to pay their obligations. Too much debt and money printing can result in inflation and higher interest rates. These are the threats of too much government debt. These are indicators that central banks monitor.



If investors believe the debt is too high, they may see more significant risk in treasuries and demand better rates or invest elsewhere. World investors believe in the U.S. government and are comfortable investing in U.S. bonds.

I believe the nation's current spending rate is unsustainable in the long term. I would like to see the current debt-to-GDP ratio come down. I advocate for more responsible spending from our federal government. But I would also like to see real conversations about federal spending and less fear-inducing headlines. We are not at crisis levels of debt. $34,108,749,835,069 is a massive number, but in context, it is not a devastating one.

The Importance of Family Meetings

By Mikal B. Aune, CFP®

Families face many issues that can pull them apart. Wealth can be a big contributor to this demise if not handled correctly. Some even choose to forgo giving to heirs in order to avoid contention. Others give to their children with strings attached, hoping to control how the money is used. The key to proper wealth transfer is through education and communication. Family meetings provide a platform to discuss, plan, and align the family's goals.

Effective family meetings reveal meaning and bridge generational gaps, creating connection and unity.

A family meeting is different from a family reunion. Family reunions are for having fun together and creating stronger relationships.

Family meetings delve into the rich history, relationships, and shared values that form the core of a family's identity.

Effective family meetings are not just about making decisions; they are about revealing meaning and bridging generational gaps.

Types of Family Meetings

1. **Wealth and Values**
2. **Family Education & Enterprise**
3. **Ownership and Inheritance**
4. **Conflict and Issue Resolution**

Wealth and Values Meeting: This meeting focuses on understanding between generations. The elder generation should share stories that illustrate their history and how they developed their values. The younger generation can be asked to define their values. The shared values can be used to create a family values statement, mission, and vision. More than any other meeting, this can help bring families together because it creates unity.

Family Education & Enterprise Meeting: This meeting is centered on teaching and training the next generation. Topics may include investment principles or management of family businesses. One core principle to teach is that "wealth" is much more than just money. It is human and intellectual capital. Financial capital should only be used to improve human or intellectual capital.

Ownership and Inheritance Meeting: Dedicate this time to sharing information about assets, estate plans, and expectations. This meeting creates transparency within the family and sets policies for confidentiality outside the family. The focus should always be on the purpose of the assets and plans.

Conflict and Issue Resolution Meeting: When differences arise, this meeting should be held with the intent to constructively address issues, uphold family values, and prevent the disintegration of the relationships.

Each family must tailor the meetings to suit its unique characteristics and needs. Whether crafting a Values Statement during the Wealth & Values Meeting or utilizing educational development sessions for the Family Education & Enterprise Meeting, customization ensures the effectiveness of these gatherings.

Each meeting must be held with mutual respect, love, and a desire to work together. Many people need help to hold effective family meetings. A family advisor, whether a wealth manager or attorney, can contribute significantly to the success of these meetings by guiding discussions and addressing specific goals.

If used correctly, family wealth can increase family purpose and unity. Family meetings can be a powerful way to communicate and educate so that families learn and grow together as a cohesive unit.

Watching Inflation

The Economy and the Salt Lake International Airport

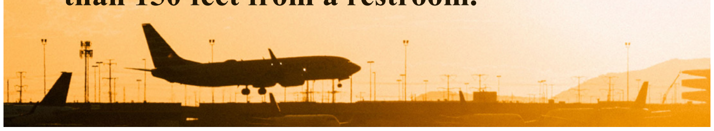
By James R. Derrick Jr., CFA®

The new Salt Lake City International Airport has expanded gradually to over 4 million square feet since it opened in 2020. Walking to the end of Concourse B is roughly 2/3 of a mile. Movement has improved with the addition of 18 moving walkways. This easier movement has been similar to our economic landscape until recently.

Fun Facts

Salt Lake City International Airport

- **SLC is the 22nd busiest North American airport, with an average of 70,500 passengers boarding 320 daily flights.**
- **The airport is over 4 million sq. ft. (5.5 times bigger than the Delta Center arena).**
- **A travelator is a moving walkway, and SLC currently has 18 of them moving at 1.4 mph.**
- **Inside the airport, passengers are never more than 150 feet from a restroom.**

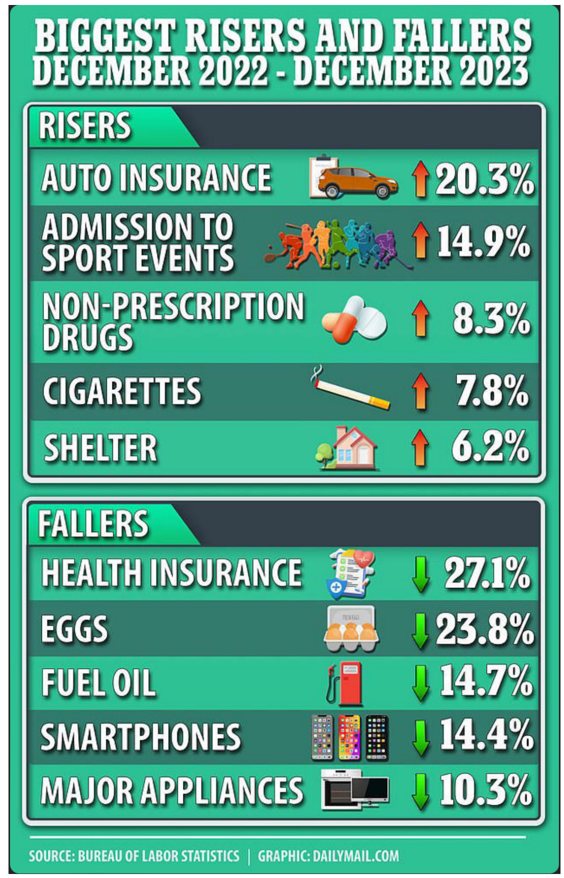


Over the last 40 years, inflation has been falling, allowing interest rates to drop as well. This has helped the economy, especially since 2008 when the Federal Reserve (Fed) dropped rates near zero.

Low rates equal low borrowing costs. Their impact has been felt for centuries. As Adam Smith noted in his book, *The Wealth of Nations*, published in 1776, “Land prices had risen in recent decades, as interest rates declined.”

Low rates meant lower returns unless one took more risk. As the saying goes, “The worst loans are made at the best of times.”

In 2021, inflation surged due to higher demand and pandemic-related supply issues. Blaming it all on supply, the Federal Reserve called it “transitory inflation.” Inflation was not all temporary. Prices for commodities like lumber and gasoline may have returned to prior levels. Finished products like homes and vehicles have not.



In response, interest rates rose significantly in 2022 and have stayed higher. This was the moment when the economy stepped off the moving walkway. It felt abrupt. Some may have lost their balance.

If prices turn lower, it would give the Federal Reserve flexibility to turn the moving walkway back on.

If inflation resurfaces as it did in the late-1970s and early-1980s, we will continue to walk without Fed help.

There are no guarantees what the future will bring. One benefit of higher rates is that savers and investors can now get paid more interest than they have in two decades.

Sources: Federal Reserve Bank of St. Louis, slcairport.com, and the Council of Economic Advisors.

Your SFS Team

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Wealth Accumulation
- •Managed Accounts
- •Indexed Investing
- •Mutual Funds
- •Exchange Traded Funds (ETFs)
- •Stocks and Bonds
- •Alternative Investments

Family Protection
- •Term Insurance
- •Whole Life Insurance
- •Universal Life Insurance
- •Variable Universal Life Insurance

Retirement
- •Social Security Maximization Strategies
- •Medicare Supplement
- •Guaranteed Income (Annuities)
- •Lifetime Income Planning

Disability (Injury)
- •Short-Term Disability Insurance
- •Long-Term Disability Insurance

Elder Care
- •Long-Term Care Insurance
- •Hybrid LTC

Employers and Self Employed
- •Health Insurance
- •401(k) Plans

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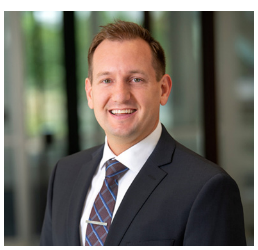

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