NEWSLETTER

Integrating Your Values, Vision & Wealth

Planning for Uncertainty

Here we are, Spring of 2023, and in the last year, **I have written about "uncertainty" 3 times.** I don't know about you but it's **getting a bit old!** While the range of what is "uncertain" is changing, and if we are honest, is anything "certain"? It's hard to keep waiting for the "second shoe" to drop. **My goal with this quarter's newsletter is to help YOU take control where you can take control, let go of what you can't control and PLAN as best as you can when things are not as certain as we would all like.**

Before we dive into some strategies for Planning for Uncertainty, let's recap what is uncertain right now:

- Where interest rates are going?
- Whether we will have a recession this year
- What the stock market will do with all that
- What will happen with the Russia/Ukraine conflict and whether that has any impact on us personally & financially?
- Where is inflation (including oil prices!) going and how might that impact our: retirement, summer travel plans, monthly cash flow?
- Are banks safe?

Ok, I could keep going but that's probably enough uncertainty for you. **The reality is that there will ALWAYS be uncertainty in the markets, and somewhat in the economy, and maybe even in your own life. So, how do we plan for those unknowns? Well, we PLAN, flexibly.** That's why we at Omega update your planning analysis regularly…lots of variables, things change (for you and the economy/ markets), and your scenarios and goals may change- lots of variables and not a "one and done" process.

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Turning the Page ... continued from page 1

(See our Planning column that talks more about how we plan for uncertainty and how you might want to be looking at the projections that we are running these days.) We are always reassessing the markets, their risks and opportunities, but that doesn't mean we are changing your strategy all the time. **Be sure to check out Jared Jones' column on what's happening with the financial markets & interest rates and why moving from cash to bonds MAY be starting to make some sense.**

On a separate, but very important, note around the "uncertainty" of losing a loved one...please be sure to read our thoughts on the importance of "stress-testing" your estate and the most important planning issues that high net worth families often overlook, that you can learn from.

Since we take a more integrated approach here at Omega, looking at and supporting both your personal and financial goals, this is a great time to manage the parts of your life that you can control such as:

- Reviewing your expenses and subscriptions for any excess or duplicative expenses that you can go without.
- Taking care of your health- which can be a cost if not taken care of- and physical/emotional/ spiritual wellness can help us better weather the uncertainties in our lives.
- Clean out a closet, clean up some financial files- take some control, clean out the clutter and allow yourself to feel good about making progress SOMEWHERE in your life.
- Take on something new, perhaps as a distraction or for a sense of accomplishment.
- Plan a vacation, give yourself something to look forward to.
- Build your flexibility and resilience "muscles" to pivot as life brings you the inevitable shifts and changes to your "plan".

We are here to walk the journey with you...to be your thinking partner and your accountability partner (as needed) to help you meet your most important life and financial goals in a thoughtful way. If you are feeling unsure or "adrift" PLEASE reach out so we can help you re-moor yourself to your long-term plans and options for the future.

With gratitude for our partnership,

Lisa AK Kirchenbauer

Lisa A. K. Kirchenbauer, CFP®, RLP®
Certified Financial Transitionist® (CeFT®)
President and Founder

Planning Updates

by Lisa A. K. Kirchenbauer, *CFP®, RLP®, CeFT®*

PLANNING for the Unexpected & Uncertainty

As you might imagine, our theme this quarter around **planning for uncertainty is an important topic for the financial planning work that we do for you.** The reality is that when we run the financial planning analysis for you, **we have many variables that are involved, each one of which can change your results dramatically.** What we also know is that we all do not live linear lives- stuff happens, **things change.** We have plenty of client examples within our business of unexpected events that weren't planned for.

So, **how can we help support YOU in "planning for the unexpected"?**

1. Running several planning scenarios representing different sets of assumptions.

We always want to give you options, provide a "Plan B" and/or "stress-test" your financial scenarios. If there is a particular concern or scenario that you are most concerned about, let us know! We can work with you to make the best assumptions possible, run the numbers and then discuss how we mitigate any less than positive outcomes. **We can also model different inflation rates and investment return rates to see the relationship between assumptions made and your results. In an uncertain time like this, understanding what "levers" you can manage and then how other inputs impact your future can at least give you a better sense of control.**

2. Have several solutions for the same potential problem.

While the interest rate doesn't look great, this is exactly why we often encourage clients to set up Securities Backed Lines of Credit or "SBLOCs". The loan is against your portfolio and doesn't go through the same kind of underwriting as traditional bank loans that often look at income- which often doesn't work for retirees. This is also a great solution when a family member needs a loan, your house sale is not going to close when the new house purchase does, or an unexpected cash need comes up when the portfolio is down or will cause a great deal of taxes to be due. Having several options for cash is something we are often thinking about but may be relatively unexpected for you. **Or could a 401k loan help? Or could a Home Equity Line of Credit solve the cash need? There are often a few options.**

3. Being flexible and creative.

One of the most important skills in dealing with uncertainty and the unexpected is being able to "roll with the punches". **Being creative about how you use your assets, prioritizing which expenses are more critical, and just generally trying to calmly approach what we can't totally control helps.** Focus on what you can manage and let us "game out" the variables you can't control.

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4. Continuing to update the planning analysis regularly.

Good financial planning is not "one and done". It has to be fine-tuned, updated, and scenarios & assumptions revisited. While we can't provide complete certainty on how things will turn out, we will be able to see the trends and the trajectory in a way that allow you to plan more confidently for the future.

The most important way you can help Omega help you is to TRY to give us the most accurate information possible in the following areas:

- Expenses Income including accurate Social Security and Medicare projections
- Assets linked into the eMoney/Omega system so we can automatically feed those values into our planning software
- Mortgage information including accurate property tax and insurance information
- Other important goals that you want us to be planning for: education, a second home, travel, etc...

Finally, as those of you who have worked with us for awhile know, **one of the "worst" looking planning scenarios we run is "Bad Timing"- basically using 2 back-to-back negative investment portfolio return years just as you "retire" or start drawing on the portfolio. While we can't absolutely protect clients from a Bad Timing result and we never know when they will come** (who saw 2020 or last year coming... REALLY?), **we CAN structure your portfolio to mitigate or "weather" the risk of your portfolio being down just when you need to access it.** Ideally, you want to have cash and conservative investment strategies that are not as impacted by the stock market, available to shorter-term cash needs. Or you want to revisit #2: have several solutions for the same potential cash need. If you want to learn more or discuss what we are doing for you...just reach out!

HELP US HELP YOU:

Please Send Us The Following Information As You Receive It To Help Us Prepare To Advise You

- Most recent tax return- let us know and we can send a secure link to you or your CPA
- Updated Social Security benefit info prior to starting to receive SSA benefits
- Updated mortgage and Home Equity Lines of Credit statements
- Please keep your investment accounts linked in the eMoney system
- Updated, at least end of year, corporate retirement plan statements and any changes in investment options
- *More important these days:* where you are holding your cash (money markets, CDs and their maturity date and interest rates)

THANKS!!!

Investment Outlook

by Jared Jones, CFP®, CIMA®, CeFT®

Q2 Market Column

The financial headlines were busy during the first quarter of 2023. **Bank runs, concerns over strong economic data, fear of an impending recession, and the Fed's interest rate policy have kept investors focused on the markets and the economy.**

Despite the recent events and corresponding uncertainty, the year has started positively in terms of performance. **As we look ahead, the biggest concern on everyone's mind is the potential for a recession - or if there will be one.** It's unclear what a recession would mean for the markets, as this would be one of the more anticipated recessions.

Let's examine the most important events from the quarter and review a framework for navigating these uncertain times.

First Quarter Recap

In January, it was widely believed that the Federal Reserve had done enough to curb inflation and would likely lower rates by late 2023. This left investors optimistic that 2023 would be a better year than 2022. **As a result, much of the stock market had a strong performance in January, with the S&P 500 finishing up 6.3% for the month.** Many of us hoped that the old saying "as January goes, so goes the year" would hold for the markets in 2023.

However, in February, it became apparent that the economy was still running very strong. Inflation failed to decline as much as was hoped. Additionally, unemployment numbers had reached 40-year lows, which would typically be very welcome news. However, the market believed the tight labor market would keep inflation high and give the Fed more reason to keep rates elevated for longer. That expectation forced markets to reassess their January forecasts and we saw a slight retreat across the markets during the month.

Then came March, the crescendo of the quarter. **The collapse of Signature and Silicon Valley Banks, without a doubt, made the biggest headlines of the quarter.** As with almost everything surrounding markets and the economy right now, interest rates were the primary culprit. The banks found themselves in trouble and were caught offside after interest rates increased at their fastest rate in 40 years last year. Fortunately, while it appears that Silicon Valley Bank and Signature Bank were unique cases, it can take some time for risk to work through the system, so the story may not be complete.

Looking at the first quarter of 2023, a clear story is emerging. **First, there is uncertainty surrounding the direction of the market and economy, with a constant shift in narrative taking place every other week. Second, eight of the top 10 performing stocks this year are in the technology sector.** This sector, which suffered the most in 2022, is now performing the best in 2023. This is evidenced by the technology-heavy NASDAQ finishing up 17% in Q1, compared to the S&P 500's 7.5% increase.

The technology sector of the S&P 500, which comprises about 25% of the index, has had a massive influence on the stock market's overall performance this year. Big names like Apple, Microsoft, Amazon, Google, Nvidia, Tesla, and Meta have all seen considerable gains this year. However, the rest of the S&P 500 is not quite keeping pace.

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If we weighed all sectors in the S&P 500 equally, the index would be up around 2%, compared to the 7.5% performance the index saw in the first quarter. The takeaway here is that the recovery we've seen in the early innings of 2023 may not be quite as strong as it appears. We'd much prefer to see a robust recovery with all sectors contributing.

In the fixed-income world, 2023 has been a much better start to the year than 2022. **There are only three years on record in the last 100 years when both stocks and bonds finished the year in negative territory, and 2022 was one of them.** Since the start of this year, Treasury yields have declined, suggesting that the bond market also believes the Fed could be close to shifting away from raising interest rates. We've worked with many clients to secure high-paying yields on safe assets. **If you've been waiting to lock in a high-interest rate on your cash, now may be the right time. We recommend considering a high yield savings account paying around 3.90% or a Certificate of Deposit (CD) paying around 5% if you have less of a need for liquidity.**

What Lies Ahead?

As previously stated, the impending recession is on everyone's mind. **Over the last three months, the narrative has shifted between one of three outcomes - no recession, a mild recession, or a typical recession.** Most prognosticators are placing the highest probability on a mild recession, but it's anybody's best guess in these strange times. We've heard that the recession is six months away every month for the past nine months, and the timing of when it will start is hard to pin down. There's a saying that the Federal Reserve raises interest rates until something breaks, and the Fed seems content to continue increasing interest rates until something actually breaks.

The Silicon Valley Bank and Signature Bank collapses appear to have been contained, so we can't say anything quite broke. **What's left to be answered is how tighter lending standards from small and medium-sized banks will impact the economy.** Regional banks are the lifeblood of small business loans, and as those begin to dry up, we may see some pain emerge within the economy.

Everyone's primary concern is what a recession would mean for the markets. If there is a recession in 2023, it would be one of the most anticipated recessions of all time. Far more often, recessions catch economists and investors by surprise. So, with that in mind, it's unclear how much of a recession's expectation is already baked into the current market. History would indicate that markets often decline early in recessions as investors reassess their risk tolerance and rally about six months on average before the recession ends. **If the recession is of the mild variety, that could mean a brief decline and quick recovery, and you wouldn't want to try and time an entry or exit based on that expectation.**

For OWM clients, we are constantly reviewing portfolio allocations for our clients to ensure their investments align with their tolerance and cash needs. President John F. Kennedy has a great quote I always think about in regard to portfolio allocation. "The time to fix the roof is when the sun is shining."

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We want to ensure that all our clients who rely on the portfolio for cash needs are well prepared for whatever lies ahead. If you find yourself in that category, please let us know if you have any needs we haven't discussed or if your cash needs have changed.

2023 Year to Date Performance as of 3/31/2023 by Index:

Benchmark	Benchmark Returns YTD	Category
Dow Jones Industrial Average	0.40%	U.S. Large Cap Stocks
S&P 500 Index	7.50%	U.S. Large Cap Stocks
MSCI EAFE Index	8.47%	International Stocks
Barclays Global Aggregate Bond	2.90%	Intermediate Term Bonds

Operations' **CORNER**

by Andrew Mehari, CFP®

Operations Corner: Planning for Uncertainty

In volatile market environments, investors will naturally choose to keep more cash on-hand, especially for upcoming spending needs. Below are some options for parking your cash and planning for some uncertainty:

Cash Reserves

SEI's government money market fund (ticker: AABXX) is currently paying a 3.74% interest rate. This rate is subject to change as the Fed either increases or decreases rates in the future. If you are interested in locking in interest rates longer term, SEI also offers certificates of deposits (CDs) at slightly higher fixed rates for 12-month terms. Other institutions that have similar offerings include: Betterment at 4.25%, and Marcus (Goldman Sachs) at 3.75%.

Cash Access Account (CAA)

SEI's partnership with Bancorp includes a checking account product that is linked directly to an investor non-retirement brokerage account. The checking account includes an account and routing number, checkbooks, and a minimum balance that will replenish from the linked brokerage account on the 20th of the month if enough funds are spent from it during the previous month. For example, if your target minimum balance on your CAA is $5,000, and throughout the month you have spent $1,000, on the 20th of the next month, $1,000 will be automatically transferred from your chosen SEI non-IRA account to your CAA to bring the balance back up to its target of $5,000 from $4,000. The target minimum balance is initially set by the investor and can be changed later. Accounts are FDIC-insured up to $250K per account. CAA accounts pay small interest. Debit cards are also available upon request. This is another way to set cash aside and access it when you need to, without having to wait for fund trades and an ACH disbursement from SEI.

Securities-backed Line of Credit (SBLOC)

SEI's partnership with Bancorp and Nationwide includes lines of credit products that can be collateralized by the value of an investor's non-retirement brokerage account(s). The line of credit account includes an account number, checkbooks (Bancorp only), and the ability to link an external bank account to automatically pay the interest on the balance on a monthly basis. Interest payments are required; principal payments are optional but can also be set up on a recurring basis. The interest rate is variable and depends on the Fed's actions. No other fees apply, and no income verification is needed. SBLOCs are typically used for: real estate investments, taxes, tuition, gifts to children, or other liquidity needs. The primary benefit is that they can help an investor avoid realizing potential gains on their investment account by opting to tap into the SBLOC instead for a significant cash need:

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Product Summary:

Custodian	Product	Current Interest (%) (APY)
SEI	Money market fund (mutual fund)	3.74% (Investor earns)
Bancorp via SEI	CAA (checking account)	0.73% (Investor earns)
Bancorp via SEI	SBLOC (line of credit account)	~7.25% (Investor pays)*
Nationwide via SEI	SBLOC (line of credit account)	~7.12% (Investor pays)**

Please contact us if you are interested in opening either account with SEI/Bancorp/Nationwide.

**Bancorp's interest rate is subject to changes based on the Wall Street Journal's prime rate and the total line amount applied for. Rate adjusts monthly.*

***Nationwide's interest rate is subject to changes based on the forward-looking term Secured Overnight Financing Rate (SOFR) and the total line amount applied for. Rate adjusts weekly.*

Disclosure:
A Securities Backed Line of Credit or "SBLOC" is a loan or interest-only line of credit against all or part of your investment accounts at SEI. By taking an SBLOC against your portfolio, your full portfolio continues to be invested. You also continue to pay us the full investment management fee on the entire portfolio. This could be seen as conflict of interest. You can choose to just pay interest on the SBLOC, and it will vary with changes in short-term interest rates and/or you can choose to also make principal payments. The interest and principal payments can be deducted from your portfolio periodically, but any sales from your portfolio to cover these payments may be subject to capital gains and income taxes on those gains.

Assessing Your Banking Relationship

With the failures of Silicon Valley Bank and Signature Bank, you may be questioning whether your banking relationship is secure and the funds you have with them are liquid. What we learned in the SVB failure and bank run (but was not well-reported in the press) was that many of their business clients had deposits very much in excess of FDIC limits, and more concerning, had been forced to sign loan documents with covenants that required businesses to leave more of their assets at SVB. While the deposits were ultimately protected and made liquid, think about what happened in 2008 to Lehman Brothers vs. Bear Stearns? One survived and one did not. **You don't want to be at the bank that the FDIC decides not to backstop. Unfortunately, the reality is that for those of us with loans at banks right now, we may be stuck with the relationship until interest rates move back down from where they are now. In the meantime, it seems like a good time to "stress-test" your baking relationship and see what you can do to protect your assets, spread the risk, and to know what restrictions you have, if any, in moving banks.** The other lesson that we learned at Omega was that not every online bank wants our money, so you may not be able to set up a business bank account at some of the most competitive high yield banks. **Here are some questions and ideas to consider:**

- **Review any loan documents for covenants around which accounts must be at your bank**. Sometimes, it says just the "operating" account, other times it may be ALL accounts. And be careful moving some money to another bank if they ask you to set up an operating account along with a higher yield money market or savings account since that may cause you to breech your loan covenants.
- **If you are getting paid less than 1% on your cash at your bank, ask them if they participate in a program to farm your money out to other banks to get a higher yield and reduce your FDIC exposure** (turns out this may have been in place for awhile but no one talks about it.)
- **If you do NOT have a covenant around where your accounts need to be held or it only mentions the main operating account** and you could set up another banking relationship that doesn't force you to create a second operating account, or you have no loans and do not have to adhere to any covenants, then you can shop some other banks to spread your risk and perhaps increase your yield.
- **If you cannot move banks, at least ask your banker to provide some ideas on higher yielding accounts** so that you can make something on the cash you are holding with them.
- **Be careful of online banks, or as some call them...shadow banks.** You want to make sure they have FDIC coverage, otherwise you have created even more risk with your cash.

Finally, we are just passing tax filing time. This can be a stressful time for business owners trying to make both final prior year tax payments as well as 1st quarter 2023 payments. As much as possible, **work with your CPA to build a plan around regular check ins on income/expenses and taxes expected to be due each quarter.** Ideally, you get a plan for the current year in January and then check in to see if your income/expenses are as expected and how you might need to adjust the payments quarter to quarter. **Our goal is to have NO surprises in April and to not have a big prior year balance due. If you are finding that your CPA isn't able to be as proactive as you need or you are having trouble getting your books in order- we have resources and can make referrals!**

OWM TEAM UPDATES

Our Financial Planning Associate John Weber successfully passed the CFP® exam in March of this year, and officially earned the CFP® mark on April 11th, 2023. John has been with the firm for two years, initially starting out as a summer intern as a Virginia Tech Financial Planning Program student. John currently works behind the scenes on meeting preparation, financial plan analysis, and investment research and support.

According to John, he works for Omega because:

> ***"Financial planning to me extends far beyond finance or investing. People have deep beliefs and views of money, and those beliefs directly affect how they might interact with their wealth. Omega's holistic and life-planning approach to financial planning aligns with my personal beliefs of what the financial planning process should look like. The process at Omega allows for a genuine relationship between advisors and clients and provides me an opportunity to serve alongside a committed team that desires to put clients first in all situations."***

Omega Wealth Management, LLC is pleased to announce that Lisa Kirchenbauer, CFP®, RLP®, CeFT®, Founder & President was recently named to the Washingtonian magazine's Top Wealth Advisor Hall of Fame (a designation for advisors who have made the Washingtonian's list for at least 5 out of the last 8 years). As Founder of Omega in 1999, Lisa has been honored to be recognized by her peers as one of the best advisors in Washington, DC for a number of years. With the help of her Team, Lisa has grown Omega to a Team of 8 people with 4 advisors who have been trained not only as Certified Financial Planner practitioners but also as Registered Life Planners and Certified Financial Transitionists. As we continue to grow, we are increasingly focusing on working with high net worth individuals & families in significant transition and looking to protect & build significant legacies through smart estate organization and thoughtful estate settlements.

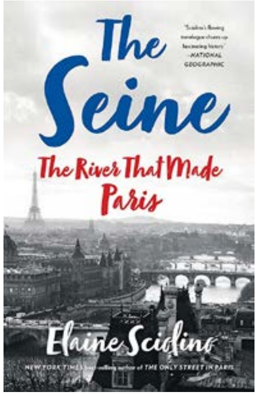
DON'T FORGET - Important Dates and Reminders

Monday, May 29th – Memorial Day – Omega closed

Monday, June 19th – Juneteenth – Omega closed

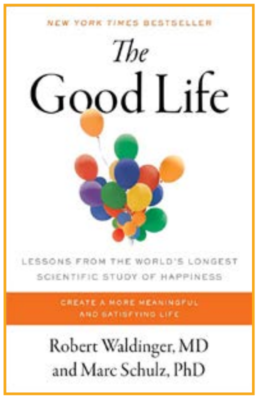
Tuesday, July 4th – Independence Day – Omega closed

BOOKS & **RESOURCES**



The Seine: The River that Made Paris by Elaine Sciolina

Blending memoir, travelogue, and history, The Seine is a love letter to Paris and the river that determined its destiny. Master storyteller and longtime New York Times foreign correspondent Elaine Sciolino explores the 483-mile estuary river from the plateaus of Burgundy through Paris and to the sea. The Seine is a vivid, enchanting portrait of the world's most irresistible river.



The Good Life: Lessons from the World's Longest Scientific Study of Happiness

What makes a life fulfilling and meaningful? The simple but surprising answer is: relationships. The stronger our relationships, the more likely we are to live happy, satisfying, and overall healthier lives. The invaluable insights in this book emerge from the revealing personal stories of hundreds of participants in the Harvard Study spanning more than 80 years as they were followed year after year for their entire adult lives. As The Good Life shows us, it's never too late to strengthen the relationships you have, and never too late to build new ones.

Be Your Future Self Now by Dr. Benjamin Hardy

Many of us live our lives just "falling" into our future. What if you intentionally thought about who you REALLY want to be 5, 10 25 years into the future. Ben Hardy helps you think intentionally about the kind of person you want to be and what it will take to get there. The idea is to "think and act FROM your goal, rather toward your goal." As a firm committed to the practice of integrated wealth management, this is a must-read for anyone who wants to live a rich, fulfilling life REGARDLESS of where you are in life right now.

Credit Karma (app)

Yes, we have mentioned this before. More than ever, your credit score is an important asset, especially with interest rates at a recent historic high. Your credit score drives many decisions from car loans to home insurance premiums and apartment rentals to jobs. CK allows you to check your score informally, on a regular basis to understand how decisions and actions you take positively or negatively impact your score. It also gives you a quick way to see who is checking your score (your mortgage company and other lenders may be checking more often than you realize!)

ck

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