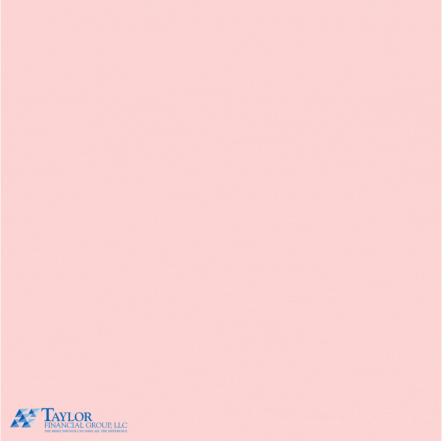
Taylor Financial Group, LLC

Weekly Update

May 15, 2023

To all those who guide us, **thank you**!



Happy Mother's Day to all the wonderful moms out there! And to those who are not mothers, your love and impact on the world is just as important. Let's celebrate all the amazing women who inspire us to be our best selves.

What the Looming Debt Ceiling Means for Investors (Beginner)

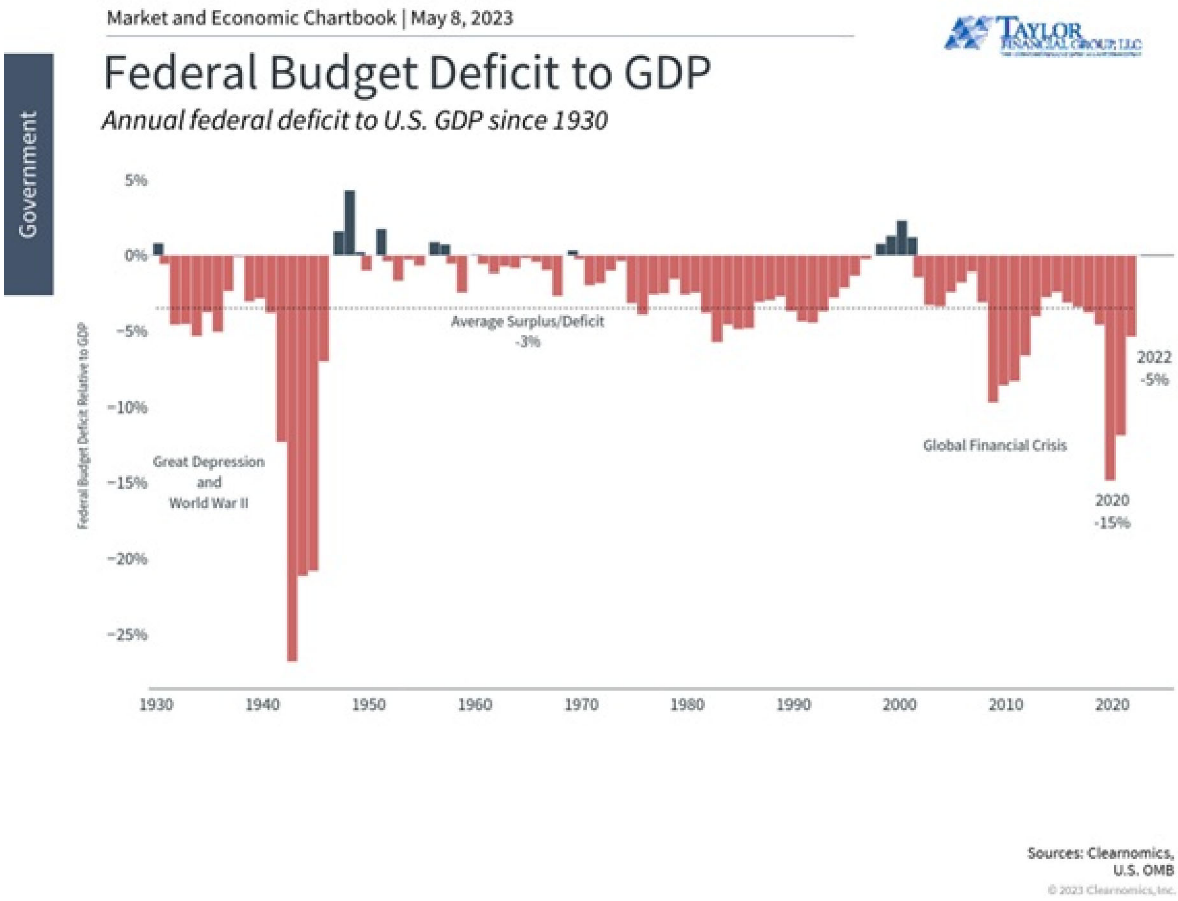
Dear Friends,

The federal debt limit is once again in the news as the country rapidly approaches a critical deadline on June 1. Investors are understandably nervous about Washington failing to reach an agreement, a possibility that both sides agree would be a self-inflicted catastrophe. **While it's unclear how this will play out in the coming weeks, the fortunate news is that financial markets are mostly taking these events in stride, likely due to the expectation that "This**

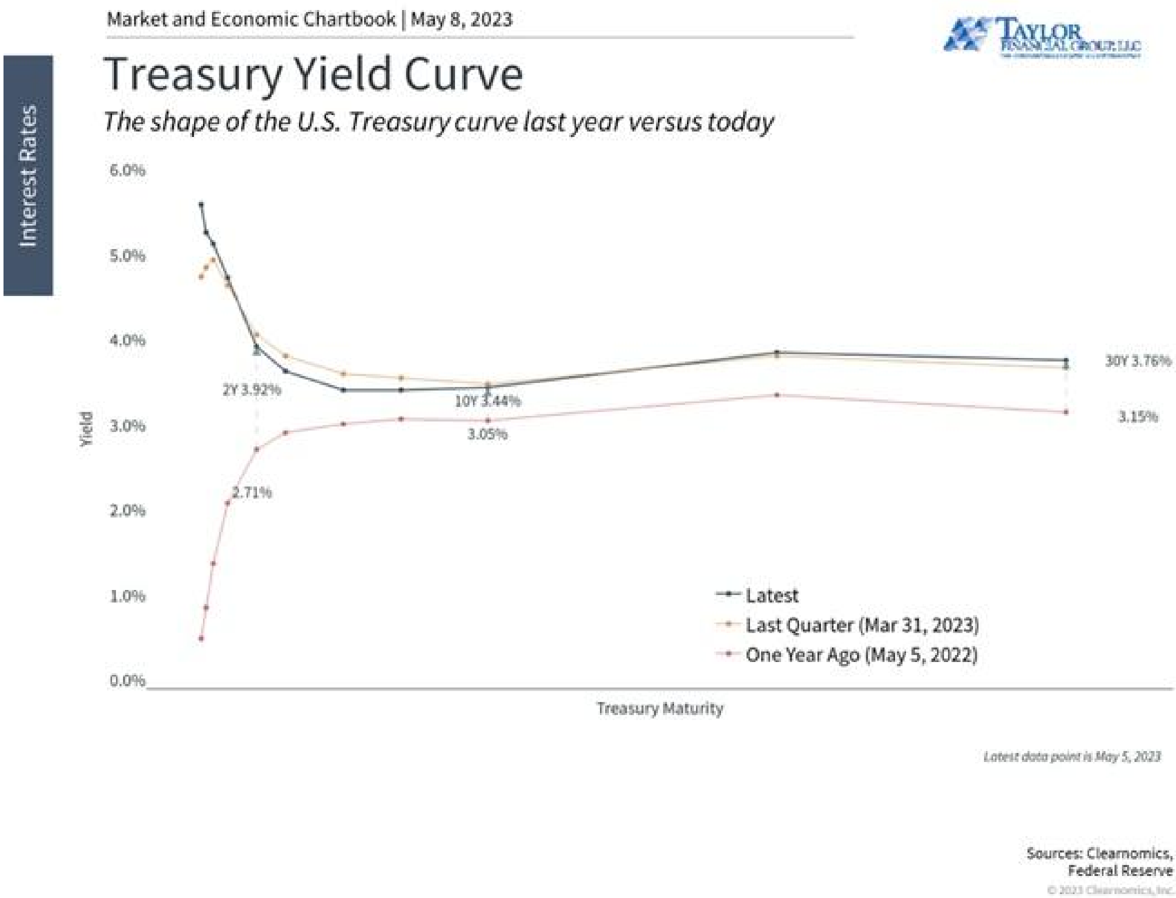
too shall pass." We discuss below some things to know.

1. Federal borrowing reached the debt limit this past January: First, it's important to understand what the debt limit is and is not. In simple terms, the federal government borrows money to pay its bills by issuing Treasury securities. This is necessary because the federal government often operates with a deficit whereby spending (on defense, Social Security, emergency pandemic stimulus, and more) exceeds government revenues (which consist primarily of tax revenues). While tax revenues increase as the economy grows (even without raising tax rates), they have been outpaced by spending over time. This borrowing adds to the national debt which hit the $31.4 trillion debt ceiling in January. Since then, the Treasury Department has been employing what it calls "extraordinary measures" to ensure that the country does not default on its obligations.

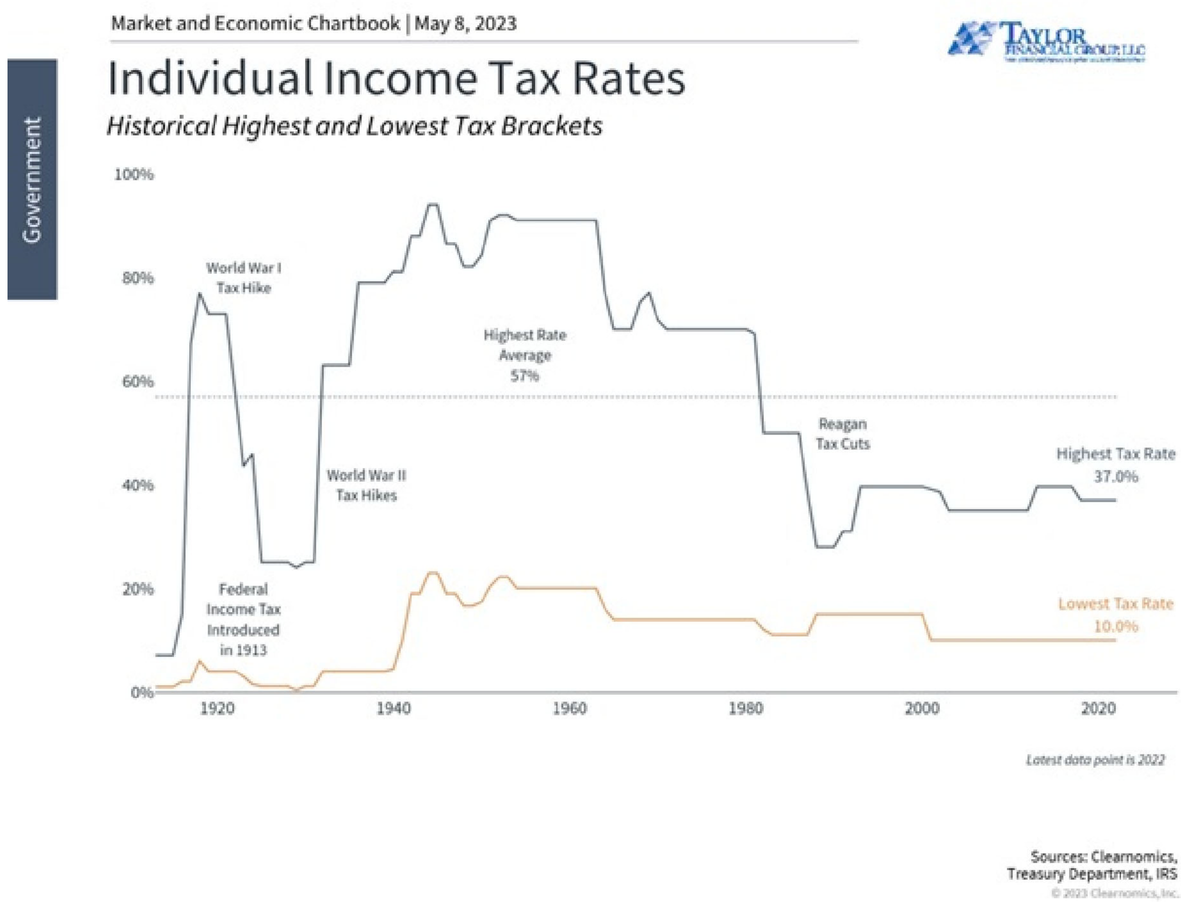
Thus, the only question around the debt ceiling is whether the government can and should pay its bills. This is akin to signing the papers for a new car then afterwards requesting an increase to your credit limit. For most of us, the decision to buy something can't be separated from whether we will pay for it, even if it's with debt. Unfortunately, the Congressional process for approving a budget by September 30 each year is separate from whether the Treasury can actually pay the bills.



2. Near-term Treasury rates have jumped but longer-term rates are steady. The U.S. is currently experiencing a standoff between Democrats and Republicans over the debt limit. The House recently passed a bill increasing the debt limit through March 31, 2024, or until the national debt increases by another $1.5 trillion, but it includes provisions that make it unlikely to pass the Senate and be signed into law. Previous debt ceiling standoffs have occurred, but despite investor concerns, they have had little long-term impact on markets, with the exception of the 2011 debt ceiling crisis, which led to Standard & Poor's downgrading the U.S. debt and the stock market falling into correction territory. The U.S. has never defaulted on its debt, and economists and policymakers agree that doing so would lead to turmoil in the financial markets and increase borrowing costs for businesses and everyday citizens. Despite the political grandstanding around the issue, a new budget will likely be approved, and markets will bounce back. **We believe this will be the case once again - brinkmanship, then an agreement.**



3. Income tax rates are still low by historical standards. The US national debt has doubled over the past decade and has grown nearly every year over the past century, according to recent reports. Although most agree that the government should not spend more than it generates in tax revenues, this unfortunate reality has not been addressed by either party in recent years. As such, deficits are unlikely to go away, and investors need to focus on what they can control to differentiate how things work from how they would like them to be. One factor beyond the market and economic effects is that the odds of higher tax rates may increase as the national debt worsens. Today, the highest income tax rates are slightly above their lows after the Reagan tax cuts, but still far below historical peaks. High-earners in the mid-1940s paid rates as high as 94% on their marginal incomes. Even those in the lowest bracket would have paid 20% or more during the 1940s, 50s and 60s, which is double today's rates. U.S. corporate tax rates were also among the highest in the world until the 2017 tax cuts. **Engaging in a financial plan that takes advantage of relatively lower rates today and prepares for higher rates in the future can help to protect investors from future tax uncertainty.**



The bottom line? The debt ceiling and federal debt issue will very likely be resolved in the coming weeks. As with many political issues, it's important for investors to separate their concerns from the markets and not react too hastily. History shows that staying invested is the best approach to navigating drama in Washington.

As always, please reach out with any questions.

Debbie

Consumers are Doing OK, but Don't Feel Good About The Future (Beginner)

Consumers are Doing OK, but Don't Feel Good About The Future

Article Provided by Sonu Varghese - The Carson Group, LLC

The Conference Board's Consumer Confidence Index declined from 104 in March to 101.3 in April 2023. This index is a measure of how consumers perceive the current and future state of the economy. The Present Situation Index, which measures consumers' assessment of current business and labor market conditions, actually increased from 148.9 to 151.1. The Expectations Index, which measures consumers' short-term outlook for income, business, and labor market conditions, fell from 79.6 to 74.2.

The Present Situation Index's increase is an encouraging sign, as it suggests that consumers are feeling relatively good about the current state of the economy. This index is still above its pre-pandemic level and well above its low point during the pandemic. Consumers may be feeling positive about the job market, as unemployment has been declining and job growth has been relatively strong.

On the other hand, the decline in the Expectations Index is a bit concerning. This index measures consumers' outlook for the next six months, and a decline in this index could indicate that consumers are becoming less optimistic about the future of the economy. There are a few possible explanations for the decline in this index.

One possibility is that consumers are worried about inflation. The Consumer Price Index rose 7.5% in January 2023, the highest rate of inflation in 40 years. Inflation erodes the purchasing power of consumers' income, making them feel less confident about their financial future. If consumers believe that inflation will continue to rise, they may be less likely to spend money.

Another possible explanation for the decline in the Expectations Index is the war in Ukraine. The war has caused energy prices to rise and has disrupted global supply chains. This could lead to higher prices for goods and services, which could make consumers feel less confident about their financial future.

Despite the decline in the Expectations Index, it is important to keep in mind that consumer confidence is cyclical. It tends to fluctuate up and down over time, and a single month's decline does not necessarily indicate a trend. It is also important to note that the Conference Board's Consumer Confidence Index is just one measure of consumer sentiment. There are other measures of consumer sentiment that may not be as bleak. For example, the University of Michigan's Consumer Sentiment Index rose to 65.2 in April 2023, its highest level since February 2020. The fact that this index is rising suggests that not all consumers are feeling pessimistic about the economy.

It is also worth noting that consumer confidence is not the only indicator of economic health. While consumer spending is a significant driver of economic growth, it is not the only one. Other factors, such as government spending, business investment, and trade can also have an impact on the economy.

In conclusion, the decline in the Conference Board's Consumer Confidence Index is a bit concerning, particularly in the Expectations Index. However, it is too early to say whether this decline is a sign of a broader economic slowdown. The economy is still growing, and consumers are still spending money. It is important to keep an eye on consumer sentiment, as it can be a leading indicator of economic trends, but it is also important to look at other economic indicators to get a more complete picture of the economy's health.

Read More!

Market Commentary: (Intermediate)

Weekly Market Commentary 05.15.2023
Published by The Carson Group, LLC

Click Here To Read More!

ITS TIME TO RSVP TO OUR MAY LADIES EVENT!

Women's Event Calendar

WOMEN'S 2023 EVENTS

Wednesday, March 22	4:00 PM	Women & Wealth Conversation & Gourmet Pizza Party @ Debbie's Home We had a great time making pizza!
Thursday, April 27th	1:00 PM	Bowling Event @ Montvale Lanes & Happy Hour @ Brother's Smokehouse BBQ Congratulations to our bowling winners!
Tuesday, May 23rd	**5:00 PM**	**Ladies Cooking Demonstration (Asian Style) @ Debbie's Home** **Come see a demonstration of great cooking techniques and then feast on the TASTY results. A lot of fun will be had by all!**
Wednesday, June 7th	4:00 PM	Women's Golf Clinic @ Ramsey Country Club
Wednesday, June 21st	5:00 PM	Ladies Cooking Demonstration (Greek Style) @ Debbie's Home
Wednesday, June 28th	4:00 PM	Co-ed Client Golf Clinic @ Ramsey Country Club
Thursday, July 13th	3:00 PM	Co-ed Client Golf Clinic @ Ramsey Country Club
Wednesday, August 2nd	10:30 AM	Beach Day in Asbury Park @ Debbie's Apartment
Saturday, September 30th	4:00 PM	25th Anniversary BBQ @ Debbie's Home (Co-ed Event)
Friday, November 10th	5:00 PM	Fall Harvest Celebration @ Debbie's Home **BRING A FRIEND!**
Friday, December 8th	12:00 PM	Women's Holiday Cooking Demonstration & Luncheon @ Debbie's Home

Want To RSVP Early? Click Here!

In Case You Missed It!

April Monthly Update
04/20/2023

Send Us Your Tax Returns!
04/23/2023


TAYLOR FINANCIAL GROUP, LLC
THE RIGHT PARTNER CAN MAKE ALL THE DIFFERENCE

A monthly update on TFG, the markets, and more.

April 2023
Social Security Month

Dear Friends,

Social Security wasn't designed to replace all of your income, but coupled with retirement savings, it on average replaces 37% of your past earnings. These are the different types of social security that you should know about.

Let's start off with retirement benefits. These are the benefits most of us are familiar with. The earliest you may receive a monthly payment is at age 62. The full retirement age is between 66 and 67. It's rising to 67 for those who were born in 1960 and after. So, when should you grab your benefit? There's no hard-and-fast rule, but the best guideline is to wait as long as you can. The longer you wait, the greater the benefit, up to 70 years of age.

If you are married, you have other items to consider. At full retirement age, you can take either 100% of your own retirement benefits or 50% of your spouse's, whichever is higher. If you are divorced and you were married for 10 years or more, you can receive benefits based on your ex-spouse's Social Security record (up to 50% of their full retirement benefits). This won't affect your current spouse's benefit if you've remarried. If you're widowed, you can receive either your own retirement benefit or up to 100% of your spouse's benefits, whichever is higher. These are guidelines and are designed to provide you with a broad understanding of Social Security basics.

Next, you have Social Security disability. Typically, if you have work experience between five and ten years, and have a severe medical impairment (physical or mental) that's expected to prevent you from doing "substantial" work for a year or

April is our Social Security Month - everything you need to know in one newsletter. Go check it out!

View Our Monthly Update Here!

Tax Season is over! If you haven't sent us copies of your 2022 tax returns, please do so as soon as possible.

View Our Announcement Here!

Referral Request Announcement

04/27/2023

We'd love to set up a complimentary phone consultation for any friend or family member that you believe could benefit from working with a firm like ours!

View Our Announcement Here!

First Republic Bank Announcement

05/02/2023

On the morning of May 1, it was announced that First Republic Bank had been taken over by the FDIC and sold to JPMorgan Chase. How does this impact our financial system?

View Our Announcement Here!

KEEPING UP WITH TFG

She may be our newest member, but we want to wish a Happy 31st Birthday to Ashley this week!

Philly joining in on the birthday celebrations. He was hoping to get some of the delicious German Chocolate cake!

CONTACT US!

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