



# JGC Wealth Management, LLC

Fee-Only Financial Planning and Asset Management

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## Second Quarter Update June 30, 2023

### TRANSITION FROM TD AMERITRADE TO CHARLES SCHWAB

You have no doubt recently received emails or letters about the acquisition of TD Ameritrade by Charles Schwab. Announced in late 2019, most of the company merger has been behind the scenes and has not affected your experience as a client. This will be changing in the next month as the merger is completed.

First, we want to emphasize that we are still your advisor and there is no change to our role or our investment philosophy. Our relationship with you is not going to change, and Schwab's role in this is to support our relationship with you and safeguard your assets.

- On or around August 1, 2023, you will receive a Key Information Packet that will include a letter and an insert. Regardless of your communication preference, the packet will be sent via the U.S. Postal Service, as it will be the official notification of your new eight-digit Schwab account number.
- You will be prompted to create a Schwab Alliance login ID and password, which will be needed to access your account information after the conversion. We strongly recommend that you do so, even if you don't plan on routinely monitoring your accounts.
- Your investments, statement preferences, and bank links will be transferring over to Schwab. You will also be able to easily access several years of transaction history, performance, and statements.
- Client Portal: this is not changing. You will still be able to view your allocation and track your performance by accessing our client portal.

If you have any questions about the transition, or need assistance with accessing the new platform, please don't hesitate to reach out to us. We are here to help and appreciate the trust you place in us.

### THE QUARTER IN REVIEW AND HOW SHOULD WE REACT

Recent numbers are now in, with good news to share: financial analysts are describing a "gravity-defying" "monster rally" across major market indices, and most disciplined investors have been richly rewarded for sticking with their appropriate investment allocations. Even if quarterly and year-to-date numbers were not so sweet, we would have advised you to remain invested as planned anyway. The same can be said for whatever the rest of the year has in store. We know markets have delivered positive returns over time, but we never know what they'll do from one quarter to the next.

So, let's celebrate the current surge! While you're at it, keep some of today's positive energy with you, for next time you may question your resolve. Because, despite the folly of forecasting, the 24x7 newsfeeds are forever planting fresh seeds of doubt in our fertile minds. The previous quarter was no exception to this rule. We entered it in the aftermath of the Silicon Valley Bank collapse and the threats posed to our larger banking

system. These events were soon followed by political brinksmanship over U.S. government debt. Then there were the wider, geopolitical concerns of the day, with ample news coverage stoking a bonfire of “*what if?*” anxieties at every turn. It’s human nature to feel alarmed over real financial threats as they play out. Any of them can generate very different quarter-end numbers. We were lucky they did not.

But that doesn’t mean we should abandon our long-term focus in reaction to near-term news. An evidence-based investor is wise to expect global human enterprise to generate satisfying market returns over time, even as we fortify ourselves for those fewer times when it does not. As Fortunes & Frictions author Rubin Miller, CFA describes in “How Returns Happen”:

***“[I]f we don’t know which days will be good and which days will be bad, and the stock market goes up over time, the recipe for success is obvious.”***

Just as Miller suggests, we believe investors are best served by building decent portfolios, sticking with them through hot and cold quarters, and waiting for the returns to come in “Field of Dreams” fashion, even when they’re not imminently in sight.

### **TURNING COLLEGE SAVINGS ACCOUNTS INTO RETIREMENT SAVINGS**

One of the best ways to save for college is the 529 plan. The Oregon College Savings Plan is one example of the plan, and each state has their own version. In an effort to broaden their flexibility in situations where families have extra funds in an account, Congress created a new rollover option. This can be very useful when students have significant scholarships, pursue a military or trade career, or otherwise don’t exhaust the funds in the account.







Starting in 2024, 529 plan beneficiaries can roll over up to \$35,000 to a Roth IRA over their lifetime. Here are the specific rules:

- Any rollover is subject to annual Roth IRA contribution limits, so a beneficiary can't roll over \$35,000 all at once. For example, in 2023, the Roth IRA contribution limit is \$6,500 (for people under age 50) or earned income, whichever is less. If the limit remains the same in 2024, a beneficiary would be able to roll over up to \$6,500.
- In order for the rollover to be tax- and penalty-free, the 529 plan must have been open for at least 15 years. If the 529 account owner (typically a parent) changes the beneficiary of the 529 plan at any point, this could potentially restart the 15-year clock.
- Contributions to a 529 plan made within five years of the rollover date can't be rolled over — only 529 contributions made outside of the five-year window can be rolled over to the Roth IRA. For more information on determining the date of contributions, contact the 529 plan manager.

*Example:* Kate opens a 529 account for her son Joe when he is three years old. Kate contributes to the account for 15 years. At age 18, Joe enters college. Kate continues to contribute to the account while Joe is in college. Joe graduates, and there is money left over in the 529 account. Because the account has been open for at least 15 years, Joe is eligible to roll over funds from the 529 account to a Roth IRA in his name. He can roll over an amount up to the annual Roth IRA contribution limit, provided he doesn't transfer any contributions made to the 529 account in the past five years. Joe can continue rolling over funds from the 529 plan to the Roth IRA (consecutive years or intermittent years) until he has reached the \$35,000 lifetime limit.

# Quarterly Market Summary



















## Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2023	STOCKS				BONDS	
	8.39%	3.03%	0.90%	0.71%	-0.84%	0.73%
						
Since Jan. 2001						
Average Quarterly Return	2.3%	1.5%	2.5%	2.2%	0.9%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%	4.6%	4.6%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2001 Q3	2008 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2023 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2023, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

Index returns as of June 30, 2023

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1 Year</b>	STOCKS				BONDS	
	18.95%	17.41%	1.75%	-3.02%	-0.94%	1.51%
						
<b>5 Years</b>						
	11.39%	4.58%	0.93%	1.35%	0.77%	0.95%
						
<b>10 Years</b>						
	12.34%	5.40%	2.95%	3.80%	1.52%	2.48%
						

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## Quarterly Reports

Enclosed are the reports on your portfolio for the quarter ending June 30, 2023. If you want to discuss your portfolio, have had changes in your financial situation, or have any other financial concerns or questions, please call us.

The information presented is provided in good faith without any warranty and is intended for the recipient's background information only. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. Before taking any action, we recommend that you seek professional advice from subject matter experts who can assist you with your specific situation and needs.

# WM PREFERRED MANAGED PORTFOLIOS

More Aggressive

More Conservative

	OBJECTIVE	ALLOCATION	PORTFOLIO EXPENSES <sup>1</sup>	PORTFOLIO GROSS PERFORMANCE <sup>2</sup>																		
Portfolio 100	This portfolio is suitable for someone who wants to take advantage of the long-term potential of the markets and has a risk tolerance to handle the gyrations of the market.	<ul style="list-style-type: none"> <li>U.S. Equity 65%</li> <li>Int'l Equity 30%</li> <li>Real Estate 5%</li> </ul>	0.26%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>4.07%</td> <td>14.44%</td> <td>16.77%</td> <td>6.72%</td> <td>8.69%</td> </tr> <tr> <td>Benchmark</td> <td>3.83%</td> <td>11.03%</td> <td>12.82%</td> <td>5.45%</td> <td>7.77%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	4.07%	14.44%	16.77%	6.72%	8.69%	Benchmark	3.83%	11.03%	12.82%	5.45%	7.77%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
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Benchmark	3.83%	11.03%	12.82%	5.45%	7.77%																	
Portfolio 80	This portfolio is suitable for investors who want to take advantage of the long-term potential of the markets but want to reduce the volatility of the portfolio by mixing in bonds.	<ul style="list-style-type: none"> <li>U.S. Equity 51%</li> <li>Int'l Equity 24%</li> <li>Bonds 20%</li> <li>Real Estate 5%</li> </ul>	0.22%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>2.88%</td> <td>10.95%</td> <td>12.52%</td> <td>5.63%</td> <td>7.27%</td> </tr> <tr> <td>Benchmark</td> <td>2.69%</td> <td>8.17%</td> <td>9.30%</td> <td>4.53%</td> <td>6.48%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	2.88%	10.95%	12.52%	5.63%	7.27%	Benchmark	2.69%	8.17%	9.30%	4.53%	6.48%
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Benchmark	2.69%	8.17%	9.30%	4.53%	6.48%																	
Portfolio 60	This portfolio is suitable for someone who is nearing retirement or someone who has a moderate risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 40%</li> <li>U.S. Equity 39%</li> <li>Int'l Equity 18%</li> <li>Real Estate 3%</li> </ul>	0.18%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>2.20%</td> <td>8.52%</td> <td>8.45%</td> <td>4.78%</td> <td>6.17%</td> </tr> <tr> <td>Benchmark</td> <td>1.87%</td> <td>6.28%</td> <td>5.93%</td> <td>3.79%</td> <td>5.40%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	2.20%	8.52%	8.45%	4.78%	6.17%	Benchmark	1.87%	6.28%	5.93%	3.79%	5.40%
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Benchmark	1.87%	6.28%	5.93%	3.79%	5.40%																	
Portfolio 40	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 60%</li> <li>U.S. Equity 26%</li> <li>Int'l Equity 12%</li> <li>Real Estate 2%</li> </ul>	0.15%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>1.32%</td> <td>5.52%</td> <td>4.32%</td> <td>3.51%</td> <td>4.76%</td> </tr> <tr> <td>Benchmark</td> <td>0.87%</td> <td>3.80%</td> <td>2.48%</td> <td>2.63%</td> <td>3.97%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	1.32%	5.52%	4.32%	3.51%	4.76%	Benchmark	0.87%	3.80%	2.48%	2.63%	3.97%
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Benchmark	0.87%	3.80%	2.48%	2.63%	3.97%																	
Portfolio 20	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 80%</li> <li>U.S. Equity 11%</li> <li>Int'l Equity 8%</li> <li>Real Estate 1%</li> </ul>	0.11%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>0.20%</td> <td>2.41%</td> <td>0.83%</td> <td>2.42%</td> <td>3.30%</td> </tr> <tr> <td>Benchmark</td> <td>-0.15%</td> <td>1.34%</td> <td>-0.25%</td> <td>1.83%</td> <td>2.72%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	0.20%	2.41%	0.83%	2.42%	3.30%	Benchmark	-0.15%	1.34%	-0.25%	1.83%	2.72%
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Benchmark	-0.15%	1.34%	-0.25%	1.83%	2.72%																	
Portfolio Income	This portfolio is suitable for someone who is in retirement or someone who has a very low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 100%</li> </ul>	0.08%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>-0.83%</td> <td>-0.65%</td> <td>-2.91%</td> <td>1.09%</td> <td>1.79%</td> </tr> <tr> <td>Benchmark</td> <td>-1.16%</td> <td>-1.12%</td> <td>-3.25%</td> <td>0.74%</td> <td>1.34%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	-0.83%	-0.65%	-2.91%	1.09%	1.79%	Benchmark	-1.16%	-1.12%	-3.25%	0.74%	1.34%
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Benchmark	-1.16%	-1.12%	-3.25%	0.74%	1.34%																	

\*Source: Morningstar & fi360 through June 30, 2023

Note: Returns are not net of any management or fiduciary fees. <sup>1</sup>Portfolio Expenses (Net Expense Ratio) as Weighted Average Total

Historical performance is based on an assumption that an investor has owned the exact portfolio in the exact allocation reflected in the snapshot for the previous three months, one-, three-, five- and ten-year periods.