

IN TOUCH



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Nurturing Your Mental Wealth

In the realm of personal well-being, the concept of wealth has traditionally been associated with financial abundance. However, a shift is occurring, placing greater emphasis on the importance of mental wealth. Mental wealth goes beyond the balance in your bank account; it encompasses the state of your mental and emotional well-being, your resilience, and your overall satisfaction with life. Let's explore the intersection of mental wealth and holistic financial planning, highlighting ways to enhance your mental wealth for a more fulfilling and balanced life.

Mental wealth is the sum of our psychological resources, resilience, and emotional intelligence. It is an integral part of our overall well-being and has a profound impact on our financial decisions and life satisfaction. Holistic financial planning recognizes the interconnectedness of mental and financial health, acknowledging that a healthy mind is a crucial foundation for making sound financial choices.



Financial Mindfulness:

One key aspect of cultivating mental wealth is practicing financial mindfulness. This involves being present and intentional in our financial decisions, understanding the emotional aspects of money, and cultivating a positive relationship with our finances. Mindful spending, saving, and investing can lead to a sense of financial security, reducing stress and promoting mental well-being.

Goal Setting for Balance:

Holistic financial planning encourages individuals to set goals that align with their values and priorities. Setting achievable financial milestones provides a sense of accomplishment, boosting confidence and fostering a positive mindset.

Building Resilience through Financial Literacy:

Financial literacy is a powerful tool for building mental wealth. Understanding your personal financial plan empowers you to make informed decisions, reducing anxiety and uncertainty. Financial education equips us with the skills to navigate economic challenges and helps stay the course with our long term plan.

Embracing a Growth Mindset:

Abilities and intelligence can be developed through dedication and hard work. Embracing challenges and viewing failures as opportunities fosters a positive mindset. This mindset extends to financial endeavors, encouraging us to learn from financial setbacks and make informed adjustments.

Cultivating Social Connections:

Social connections play a significant role in mental wealth. Holistic financial planning emphasizes the importance of building a strong support system. Open communication about financial goals, challenges, and successes with friends, family, and your financial advisor can alleviate stress and provide valuable perspectives. Strong connections contribute to a sense of belonging and security, enhancing overall mental well-being.

Prioritize Self-Care:

Financial planning goes hand in hand with self-care practices. Balancing work, leisure, and relaxation is vital for mental wealth. Adequate sleep, regular exercise, and mindfulness contribute to emotional resilience, allowing individuals to approach financial decisions with a clear and focused mind. Staying healthy through retirement is critical for enjoying those golden years.

Mental wealth is an essential component of a fulfilling and balanced life. Holistic financial planning recognizes the intricate relationship between mental and financial well-being, offering a comprehensive approach to personal growth. By practicing financial mindfulness, setting balanced goals, building resilience through financial literacy, embracing a growth mindset, cultivating social connections, and prioritizing self-care, you can enhance your overall mental wealth and pave the way for a more satisfying and prosperous future. 🏡

Julie Ellenbecker-Lipsky,
CFP®, CDFA®
President and Senior Wealth Advisor
Ellenbecker Investment Group



Family & Finances

As we all embark on our individual journeys, reflecting on the past often unveils the driving forces that shape our present lives.

For me, the inception of EIG was rooted in a profound experience while working as a Trust Officer at a local trust company. My parents, like many others, were denied the benefits of comprehensive financial planning because their investable assets didn't meet a stated minimum threshold. I have always believed that financial planning and investment management should not be exclusive to only the affluent. Everyone deserves high quality and comprehensive financial planning services, regardless of their net worth.

As a traditional stockbroker, I was never exposed to financial planning. I was encouraged to focus only on selling securities with no emphasis put on the long-range impact on how those securities would impact a client's entire life planning. Evaluating a client's investment strategy, along with their estate and tax plan, is an important tool for individuals as they navigate life's uncertainties.

It is for this reason that EIG is committed to ensuring financial planning is accessible to everyone. The fundamental principles of financial planning are universal and apply to individuals from all walks of life. Whether you are starting your career, raising a family, or planning for your retirement, the benefits of strategic financial planning are invaluable. We have created solutions at EIG to support and mentor all emerging investors and love the opportunity to work with the next generation of our client's legacy.



Karen J. Ellenbecker

Founder & Senior Wealth Advisor
Ellenbecker Investment Group

Another misnomer in the investment world is that family meetings are only for super wealthy families. We hear about "Family Offices" and old family money but what most individuals do not understand is the importance of sitting down with your family to discuss how they hope to pass their wealth down to their beneficiaries. It does not matter how much money you have... what matters is how you transition wealth with a positive outcome for your family. Wealth transfer is not a simple financial transaction but an understanding of family values, communication, and interpersonal relations between beneficiaries. Every family has its own set of dynamics and addressing them during one's lifetime is a positive step towards creating harmony and ensuring a seamless transition of wealth to future generations. Transparent discussions about wealth, values, and expectations set the stage for family stability and connection. The truth is that our kids do keep score and addressing potential conflicts or disparities in how finances have been dispersed during your lifetime can resolve future conflicts, mitigate misunderstandings, and set the stage for a positive outcome.

Wealth transfer is about preserving and enhancing the family's well-being across generations. One of the best ways to prepare for transferring wealth is to regularly have a family meeting. Make time to create a safe space for family members to have open communication, become familiar with your plan and to express any concerns or fears they may have. One last thought that often hinders a family meeting is the fear of sharing your net worth with your beneficiaries. There is no need to share how much your estate is valued at, it is about setting the stage for wealth transfer from a singular event into ongoing dialogue that enhances family relationships.

At EIG we are prepared and available to meet with you and your family. We can help facilitate an understanding of your estate plan and how it will unfold at your death or incapacitation. 🏡

Advisors Who Respond®



PLANNING SOFTWARE: EXPLORING THE POSSIBILITIES

Jamie Williams, CFP®
Wealth Advisor
Ellenbecker Investment Group



When it comes to financial planning and developing an understanding of your personal approach to wealth, the use of a planning tool can assist with creating a picture of what you are ultimately looking to accomplish not only in the near term, but to launch a successful path to retirement. When used properly, the software can help with starting a meaningful conversation that can be thought provoking and often leads to uncovering answers to questions that may have not previously been considered. Much of this relates to the emotional side of money and investing, so this process can help with getting on the same page with your own money mindset along with your spouse, as well as wealth advisor.

Let's explore how working with your advisor and the use of software can add value, whether you are just getting started or updating your current plan.

PUT YOUR GOALS IN PERSPECTIVE

With the ultimate goal of retirement income in mind, the software is customizable to frame your unique and personal long and short-term objectives. Often a starting point is to identify your timeline in terms of when you intend to fully retire and what your income needs might entail in terms of your lifestyle interests. Many of the programs also allow you to model "what if?" scenarios which can be helpful by adding a variety of elements to your plan such as a travel budget, a new vehicle, or second home purchase.

ACCURATE DATA IS KEY

Gathering up-to-date information relating to your current balances and investment holdings for current, and sometimes former, employer-sponsored retirement plans; 401k and 403b

plans, along with savings elections (percentage of income) and employer-matching contributions is essential. In addition, sharing details on any personally held IRAs, Roth IRAs, and taxable brokerage accounts helps to build an accurate picture. Finally, identifying additional items such as social security income, pensions and other contingencies like a home sale can then be factored into the plan well.

UNDERSTANDING THE ASSUMPTIONS

Advances with this type of technology now assist with understanding tax ramifications, inflation, and expected returns based on how your portfolio is allocated. Growth rates and time value of money concepts are used to provide quality projections. Income expectations are typically input using today's dollars and expressed in the future net of federal and state taxes. The software uses advanced modeling calculating a range of 1000 outcomes measuring the probability of plan success. These results are then reviewed, and often adjusted to achieve success in the plans desired "confidence zone."

Identifying key areas such as retirement income, college funding, or other important lifestyle considerations, programs such as Money Guide Pro®, along with many others, can serve as a solid starting point. Taking a quality approach can help you see if you are on track or if you need to revamp your approach. Think of software like a roadmap, or the GPS in your car that pinpoints where you're at like the "red arrow" that says, "you are here". Finding the place where you are today will help to overcome any fears or questions and will assist you with navigating your path to financial success. Reach out to your EIG Wealth Advisor to schedule a review of your planning software today! 📞

Advisors Who Listen®



Spring Housing Market

In March, I hosted a Spring Housing Market Seminar, which was just one of the many educational events we host at EIG. The seminar featured industry experts who provided invaluable insights, projections, and guidance on navigating the competitive housing market.

The upcoming spring housing market is expected to be fiercely competitive, characterized by robust buyer demand and limited inventory, likely resulting in upward pressure on prices. To enhance your prospects of success in finding your dream home amidst this challenging environment, consider implementing the following key strategies:

First and foremost, ensure you are well-prepared and proactive in your search. Stay abreast of market trends, attend open houses, and collaborate closely with a knowledgeable real estate agent. A full-time agent can help you identify potential opportunities and act swiftly when the right property emerges. Discuss negotiation strategies and contingencies with your realtor.

Secondly, prioritize securing your financing. With numerous buyers competing for limited housing options, having a pre-approved mortgage will position you as a serious and reliable contender to sellers, granting you a competitive advantage in negotiations. For even greater leverage,

consider providing the seller with a fully underwritten contingent loan commitment.

Moreover, maintain flexibility and adaptability. In a competitive market, you may need to compromise on location or specific features. Keeping an open mind will expand your options and enhance your chances of a successful purchase.

Lastly, exercise patience while remaining persistent. The spring market may move swiftly, but it's crucial to remain focused on your objectives. With determination and a well-considered approach, supported by a skilled realtor, wealth advisor, and lender, you can navigate the competitive 2024 Spring housing market successfully.

Buying or selling a home can be both stressful and exciting. If you want to discuss the possibility of selling your home or purchasing a new home and how it will impact your overall financial plan, reach out to your EIG wealth advisor. 📞

Tammy Niemann
Wealth Advisor
Ellenbecker Investment Group





***“To all my retirees reading this –
GO MAKE SOME MEMORIES!!!”***

EMOTIONALLY PREPARING FOR RETIREMENT

Once you hit a certain age you will start thinking, maybe even dreaming, about retirement. When we become “seniors” we start to enjoy the small benefits of age – senior discounts at a restaurant or even preferred parking at the movie theater or grocery store. These small “perks” of aging and creating a vision of retirement often leave us with a smile on our face.

Fast forward to the final year of preparation for retirement – the feelings may be very different. Concern may set in as we try to navigate the dates of signing up for Medicare and Social Security. Then we quickly try to map out how we are going to generate an income stream to replace a salary. So, until you actually retire, retirement planning has been more of a financial puzzle that can create angst.

The preparation for retirement gets emotional – I see it on the faces of new clients that walk in the doors of EIG. Think about it, work gives us so much more than a salary. Whether you love your career or endured it, work gives you a sense of purpose and a feeling of belonging. You have an identity with your employment and community. The exciting part of planning for retirement is you can “create” a new you with all your passions and interests. I am going to encourage you to create a Vision Board of what your retirement looks like. A gift to you from EIG is just that - a Vision Board kit that you can request to create your own personal retirement Vision Board. Contact me or your financial advisor to get started.

Having helped individuals and couples plan for their retirement, I have a few thoughts you may find helpful.

First, start early. Think beyond cleaning the attic, basement, or garage. What are you doing day-to-day? How do you replace that sense of community, belonging and purpose? You might consider volunteering, getting creative and pursuing art or a hobby, getting physical at the gym, continued learning at a college, or mentoring a business with your skills/knowledge. Whatever this looks like for you, test it out to see if you truly do enjoy this activity.

You do you! It's great to learn and talk with other people about their retirement but know that no two retirees will have the same journey and passions. It's time to create an interesting you!

Dollars and Sense. Do your finances make “sense” for the vision you have created? Connect with your financial advisor to determine how your financials impact your ability to live your dream.

Build a community. The best insight I have gathered from my clients is – couples each need to have separate friends and interests in addition to other friends/interests that they connect with together.

After all the planning is done, let life unfold and modify accordingly. Life is an adventure. To all my retirees reading this – GO MAKE SOME MEMORIES!!! 🍷

Jean Range, CFP®
Senior Wealth Advisor
Ellenbecker Investment Group



REIMAGINING THE 60/40 PORTFOLIO

As we head into the 2nd quarter of 2024, I've been coming across articles that pull me back to the events of 2022 and the market recovery of last year. Many articles circulating are raising questions about the effectiveness of a 60/40 portfolio, some even going as far as saying 60/40 investing is dead. If you understand what's at the heart of 60/40 investment strategy, you'll see that it's very much alive and ever evolving.

A mixture of 60% stocks and 40% bonds is known as a 60/40 portfolio, and was born from Modern Portfolio Theory, which can trace its origins back to Harry Markowitz in 1952. Markowitz's theory revolutionized the investment world by showing that investors can achieve better returns over time by choosing a mixture of low risk and higher risk investments, rather than staying in all low-risk investments. Markowitz would go on to win a Nobel Prize for his theory and the 60/40 portfolio would become a retirement staple for investors and advisors alike for decades to come.

The idea of a risk-return tradeoff is at the heart of the strategy, but if the strategy is only viewed by looking at the risk, like many advisors do, investors could lose confidence anytime the stock and bond markets deviate from the norm. When focusing on risk, success in this strategy depends on bonds acting counter to stocks when the stock market is performing poorly. Historically, bonds tend to rise when stocks are falling. Stocks tend to fall when the economy slows. We see a rise in unemployment, a fall in consumer spending and corporate profits. Bonds tend to rise in those same circumstances, but not always. 2022 was a difficult year for stocks and bonds. Many economists feel that the two asset classes are becoming more closely correlated, meaning we could see this type of market environment again.

We've always taken a whole-person approach to your financial plan, and that includes rethinking Markowitz's theory and the 60/40 portfolio. We've taken the idea of the 60/40 portfolio and built you into it, starting with you and your needs front and center, because after all, you are more than a risk profile.

Any investment strategy can be determined dead, or resurrected, depending on the particular year's market performance, but we believe the real success of Modern Portfolio Theory comes when we bring you into the portfolio. For success, we need to add the "live"

component – that's you! Your income needs, your comfort level, your legacy goals. Built into Markowitz's theory is the idea of income protection; covering your income needs in a down market by spending from the area of the portfolio that is up. But what if nothing is up? This is where we've taken income protection a step further by making sure we can outlast a down market. We look to protect your income needs for seven years, which is double the longest down market we've seen. It's those income needs that really drive your allocation, not just your risk tolerance. Depending on your needs, your 60/40 might actually be 70/30, or 50/50, or even 40/60, but by making it personal, we've ensured success in the long term. It's only after we determine your income needs that risk comes into play. If we can build your portfolio to outlast a market downturn, then the recovery becomes a waiting game where risk is measured by volatility. We need to not only have your income needs covered, but have you positioned in a way that you can handle the market volatility and stay the course for the recovery. It's coupling your income needs with your risk tolerance that provides long-term success. 🌐

Advisors Who Call®



Kristina Schnuckel
CFP®, AIF®
Director of Client Experience & Wealth Advisor
Ellenbecker Investment Group



Presented by Ellenbecker Investment Group, this unique radio show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.

Hosted by Jill Economou, EIG's Director of Community Relations, on Sundays at 10:00 AM on WISN AM 1130. Listen to past shows at ellenbecker.com/radio.



The Heart of Milwaukee Philanthropy®

Guests from Q1 2024

- | | |
|---|---|
| Battle Scar Kids Foundation | LifeWise Academy |
| Combat Veterans Motorcycle Association of Wisconsin | Literacy Services of Wisconsin |
| Connect, Nourish, Grow | Living Waters Bible Camp |
| Disability Rights of Wisconsin | Milwaukee Police Band |
| Dogs to Dog Tags | Milwaukee Police Dept Mounted Patrol Foundation |
| Elmbrook Education Foundation | Pewaukee Parks & Recreation |
| GPS Education Partners | Pillows with Wings |
| Greater Brookfield Chamber of Commerce | Positively Pewaukee |
| Hebron House | Sherman Phoenix Foundation |
| Hope Center of Waukesha | The Starting Point Project |
| Hunt4Life | WRTP BIG STEP |
| Independence First | |
| Life Camp USA | |

SAVE THE DATE

Shredding & Recycling Day

SATURDAY, JUNE 1ST, 2024 | 9:00 AM - 12:00 PM

- ✓ Paper Shredding
- ✓ Electronics Recycling
- ✓ Eyeglasses & Hearing Aid Collection
supporting Lions Club International

View a complete list of accepted items at ellenbecker.com/events

SPRING CLEANING YOUR FINANCES

We often think of spring as a time to clean and freshen up our homes as we prepare to come out from the winter hibernation. Some of my favorites are decluttering a closet or junk drawer, organizing my gardening supplies, and swapping out seasonal clothes. In addition to cleaning up what's taking up space, another area to focus on is your personal finances, before the distraction of summer activities, travel, and college move planning sets in.

Here are some financial-related areas to spend some time on to feel confident in your plans and opportunities.

DIVE INTO CASH FLOW!

Keeping track monthly of what income comes in and what expenses go out is an important part of a strong financial plan. Take time to look back at a whole year to get a better perspective and compare your plans for the upcoming year. You can figure out any necessary adjustments to set your plan for the next 12 months.

ASSESS YOUR SUBSCRIPTIONS.

As part of cash flow tracking, you can see how much you spend on streaming services, magazines, memberships and then make a decision on which ones are truly valuable to you. If you have a subscription that you don't use, no matter how much you think you will, it is time to let it go. For me, it was the meditation app! Subscription or not, I don't meditate.

CHECK YOUR CASH BALANCES.

A healthy emergency fund may be 3-6 months or even up to 12 months of spending. Once your emergency fund is set, then consider what to do with any excess. Or maybe now is the time to reset your budget to refill your emergency fund.

UPDATE YOUR GRAB-AND-GO BINDER.

The grab-and-go binder should have your most up to date information so if something happens, you or whoever steps in, can use the binder as a place to start. Update contact information for your financial team and important people. Refresh your inventory of accounts. Consider if consolidation makes sense.

CHECK YOUR BENEFICIARIES.

It's an important exercise to make sure you have the right beneficiaries on all of your accounts and insurance policies, especially anything opened since the last time you checked. Be sure to include all bank accounts and work-provided benefits.

CHECK YOUR RETIREMENT PLAN CONTRIBUTIONS.

The annual IRS limits change each year (for 2024, 401(k)/403(b) max is \$23,000 with a \$7,500 over 50 catchup). Make sure you are maxing out the match, or even adding up to the IRS limit if cash flow allows. Again, this goes back to cash-flow tracking to help guide you on what you can save for your future.

CONSIDER AN INSURANCE REVIEW.

Check with your property/casualty insurance agent about an insurance review. Making sure you have proper coverage levels is important with increasing costs to repair or replace after an accident. Ensure you are with a highly-rated provider as well – quality is always the most important!

CLEAN OUT YOUR FILE CABINET.

Records need to be saved for 7-10 years depending on the document. So each year, remove the oldest year and file the most recent documents. Be sure to safely dispose of old records by shredding them. Check out Page 9 for more information on EIG's upcoming Shredding & Recycling Day!

Taking the time each year to declutter will give you peace of mind and the space to focus on what matters most to you, your values and your future. 🧼



Heather Deaton
CFP®, CSRIC™

Wealth Advisor
Ellenbecker Investment Group

READING YOUR CONSOLIDATED ASSET SUMMARY REPORT

On a quarterly basis, along with your review meetings, a Consolidated Asset Summary (CAS) report is provided for review of your portfolio performance based on the timeframe. Ellenbecker Investment Group has had the opportunity to manage your portfolio.

When reviewing your Consolidated Asset Summary Report, it is important to understand the information provided in the report. On a quarterly basis, along with your portfolio review meetings, a CAS is provided to review your current investment allocation, to ensure it is still within your risk tolerance, and to provide a historical portfolio performance summary. At EIG, we report your performance on a Time-Weighted basis. The Time-Weighted Rate of Return percentage is your portfolio's performance over a given period, excluding the effects of contributions or distributions from your portfolio. It also includes the effects of compounding based on your investment holdings performance over a given period. The Time-Weighted Rate of Return is visible on your report in the portfolio performance summary (net of fees) section, the performance by account section, and annual portfolio performance summary section. The performance percentage on your reports is calculated net of fees and on the portfolio summary section on page 3, a line item will display your year-to-date management fees. As an RIA, we are committed to transparency with fees and will always report these on your CAS report.

To understand your investment allocation, or mix between equities versus bonds, you will want to look at the pie chart on page 2 of your report. This pie chart depicts the amount of assets you have in fixed income (blue), stocks with a dividend focus (red) and stocks focused on growth (green). Each portfolio we manage is unique and built to fit your goals and your stated risk tolerance. Your fixed income portfolio

is designed to have low market volatility and steady income. If you are in the retirement phase, we make sure we have enough in your fixed income portfolio to cover any spending needs for 5-7 years. This allows us to keep you invested in high quality equities when the market gets volatile. Regardless of your breakdown between dividend focused stocks and growth focused stocks, we focus on high quality stocks that will come back after a market correction, we just need to give them time. The pie chart depicted to the right of your portfolio asset allocation is the weighting of your overall portfolio between foreign and domestic investment allocations where yellow is a depiction of your international holdings, and blue is representative of your domestic holdings.

When reviewing the portfolio performance summary, whether it is year to date, by account, or as a summary, the beginning market value will be depicted, along with dividend income, interest income, additions, and withdrawals, to provide a total ending value for the period in question. In reviewing the additions and withdrawals section, some items to consider outside of a normal contribution or distribution from the portfolio are Roth Conversions and internal money movement from one account into another to satisfy a distribution. Anytime money leaves an account, the withdrawal section of the report will list the amount even if it was transferred into another account and held without being distributed. If distributions are occurring from your portfolio and one account is used as the primary source of this will be reported as both a withdrawal from the account and an addition into the portfolio used for distributions. When the funds are distributed into your bank account, it will list the transaction again as a withdrawal. Education is one of our EIG Core Values, and we are committed to helping you build comfort with your portfolio and your quarterly reports.

Another great way to view your portfolio is to log into our EIG Total View Portal. Our portal will provide you with up-to-date information in a format that looks and feels like your CAS report. If you have any questions on your quarterly report, or if you need help setting up your EIG Total View Portal, please reach out to your advisory team.

Transparency = Trust®



Ryan Lundeen, CFP®, CIMA®
Wealth Advisor
Ellenbecker Investment Group

WHAT IS BOI REPORTING?

Ed Henning, CPA
Tax Planning Advisor
Ellenbecker Investment Group



Beneficial ownership information (BOI) refers to identifying information about the individuals who directly or indirectly own or control a company. The reporting requirement originated from the Corporate Transparency Act of 2021 and as of January 1, 2024, requires many companies to report BOI to the Financial Crimes Enforcement Network (FinCEN). FinCEN uses this information to crack down on anonymous shell companies used by money launderers and criminals.

WHO HAS TO REPORT?

Corporations, Limited Liability Companies, and any other entities created by the filing of a document with a Secretary of State office, or any similar office are required to report BOI to FinCEN.

HOW DO I REPORT?

Filing is completed electronically through a secure filing system available via FinCEN's BOI E-filing website (<https://boiefiling.fincen.gov>). You are not required to use an attorney or CPA to submit BOI to FinCEN and most will be able to file on their

own using guidance FinCEN has issued.

WHEN DO I REPORT?

- If your company was registered to do business before 1/1/2024, you have until 1/1/25 to file the initial BOI report.
- If your company was registered to do business in 2024, you would have 90 calendar days to file after receiving notice that the registration is effective.
- If your company was registered to do business after 1/1/2025, you will have 30 calendar days to file after receiving notice that the registration is effective.

There is no annual reporting requirement, so you are required to file the initial BOI report and provide updated BOI reports as needed. There is no fee for submitting your BOI report to FinCEN. FinCEN will provide guidance and updates related to the reporting requirements on its BOI webpage (www.fincen.gov/boi). If you need help meeting the reporting requirements, please reach out to your tax advisor.

The Tax Team is Growing... *Welcome Catherine!*



Meet The EIG Tax Team
ellenbecker.com/tax-planning



PERSISTENT INFLATION MEANS "HIGHER-FOR-LONGER" RATES

Richard Schiller, CFA, CPA
Portfolio Manager & Wealth Advisor, Pavlic Investment Advisors, Inc.

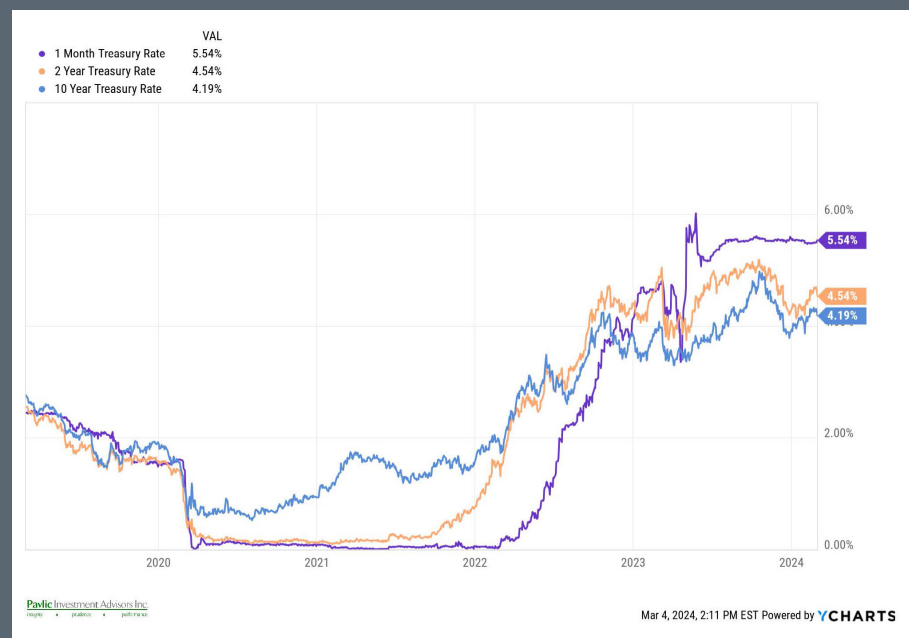
After the U.S. 10-year Treasury yield hit almost 5.0% (the actual intra-day high was 4.98%) on October 16th of last year, yields subsequently fell over 1.0% sending the 10-year U.S. Treasury yield down to 3.90% by year end. Falling interest rates meant a welcome increase in bond market values (bond market prices move inversely to interest rates) which was a nice break from the proverbial "swimming upstream" where coupon interest earned was being offset by market value declines in a rising rate environment. In the first quarter of 2024, we have witnessed inflation metrics that have continued to move lower, albeit at a slower pace. This in turn has pushed out expected interest rate cuts by the Federal Reserve with the first rate cut now expected to be this summer instead of spring. The 10-year U.S. Treasury rate responded accordingly, moving up from 3.9% at the end of 2023 to 4.25% at the end of February. Our messaging in this interest rate environment has remained steadfast: focus on collecting the \$100/ bond par value at maturity in addition to collecting the coupon interest payments along the way. We continue to take proceeds from bond maturities and make new bond purchases at annualized yields near 6% when held to maturity.

One question that had surfaced as interest rates moved lower in 4Q23 was, "Is the "higher-for-longer" interest rate

environment dead?" We don't think so, with the reason being we expect the last mile of the fight against inflation—getting inflation from 3% to a consistent ~2%—to be the most difficult part of the journey. Economic data has remained robust, and wage growth has remained elevated, which all points to a more persistent higher rate of inflation above the Fed's 2.0% target. This in turn has maintained upward pressure on yields in the first two months of the year. Yes, market rates are lower than they were in October of last year, but they remain well above the average rate we were able to achieve in the investment grade bond market for much of the last 15 years.

While we believe rates will stay rangebound at these higher levels, our investment grade bond strategy

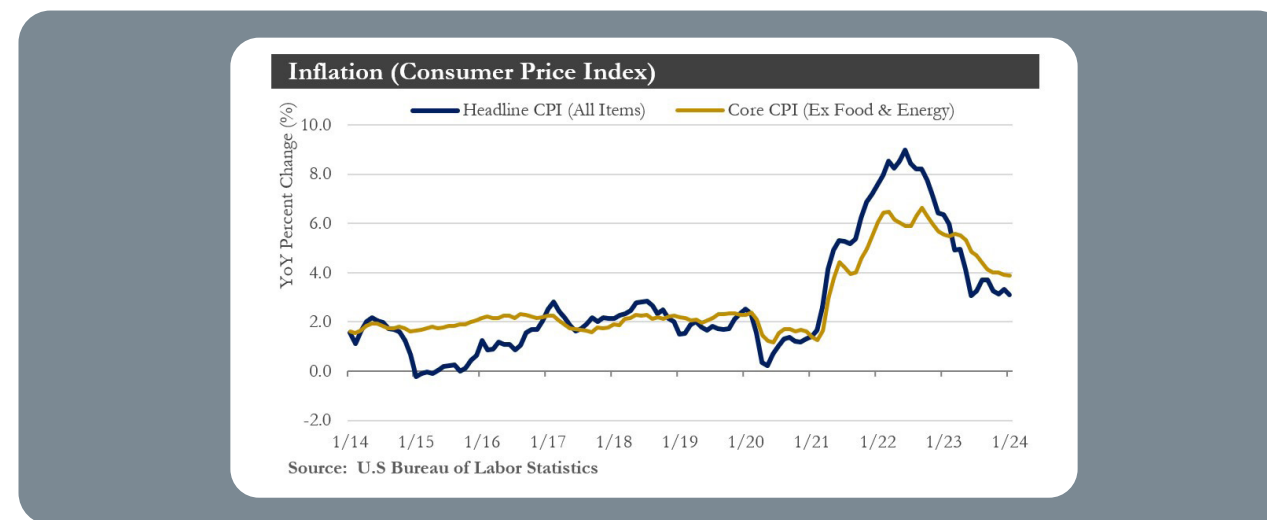
by design does not attempt to predict the path of interest rates. Because our bond strategy looks to minimize interest rate risk by staying short to maturity, the portfolio has not suffered large market losses compared to commonly held bond mutual funds and ETFs, especially those that have average maturities of over 10 years. With our typical investment-grade bond ladder structured at 1-10 years in length in equal increments, our average length to maturity is ~4.5 years which helps to reduce interest rate risk while still generating ~6.0% annualized yield in today's bond market environment. Please don't hesitate to reach out to your EIG Wealth Advisor if you would like to discuss our investment grade bond strategy in greater detail!



ECONOMIC UPDATE



The U.S. economy entered the year with considerable momentum, as the better-than-anticipated performance for fourth quarter GDP sets the economy up for a strong pace of growth in the first quarter of 2024. Employers added over 350,000 new jobs in January, and average hourly earnings rose 0.6% during the month, which was a favorable development for income growth, up 1% in January. The core personal consumption expenditures price index (core PCE), the Federal Reserve's preferred gauge of inflation, advanced at a 2.8% over the past year, yet another milestone of a declining inflation trend.



A firm jobs market should remain supportive of consumer spending over the year. When coupled with the anticipated continued downtrend in inflation, after-inflation income growth will likely remain a favorable tailwind for consumer spending this year. With inflation expected to continue its downward trend in the coming months, and the first rate cut by the Federal Reserve is likely to come in May or a bit later in the year. However, the path of the Fed's interest rate policy will ultimately depend on how the data on the economy evolves in the next few months.

The cracks in the economic picture that were materializing in the second half of last year remain and could cause a more pronounced moderation in growth than expected this year. The financial health of households is a crucial concern, as delinquencies rose further in the fourth quarter and interest payments kept eating into purchasing power. Yet, at the same time, activity in interest rate-sensitive sectors is perking up as long-term interest rates have moderated. Rising shipments and new orders for durable goods suggest we may be on the cusp of a recovery in manufacturing, and residential investment activity also looks to be finding a bottom.

Economic prospects have brightened in the past month, though storm clouds remain on the horizon. The Fed's patience in changing their interest rate policy will likely continue causing economic uncertainty. Yet, a picture is emerging that the U.S. will likely avoid recession and experience a subdued period of growth this year.

Sources: Department of Labor, Department of Commerce

WELCOME: New Team Members

Catherine Watson, Tax Planning Advisor

Catherine joined Ellenbecker Investment Group in January 2024 as a Tax Planning Advisor. Catherine's experience in accounting and tax includes small business accounting and tax-focused retirement planning. Prior to entering the accounting field, she worked as a program manager for a government contractor developing software and database programs and served in the Air Force as a communications-computer officer. Catherine graduated from Wright State University with an MBA in Finance and an MS in Mathematics. She holds a BS in Mathematics from the University of Notre Dame. Catherine is looking forward to completing the CPA examination process and being licensed as a Certified Public Accountant by the state of Wisconsin in 2024. Catherine lives in Brookfield with her husband, Jeff, and the youngest of their three sons who is a junior in high school. Her two older sons are in various stages of college and career. She enjoys traveling, learning new things, being active outdoors, and spending time with family, preferably all at once.



Lexie Brown, Investment Operations Associate

Lexie joined Ellenbecker Investment Group in January 2024 as an Investment Operations Associate. As a UW-Madison graduate with a degree in personal finance, Lexie began her career in her hometown of Appleton, WI working with a family friend at their financial planning firm. While there she obtained her FINRA Series 7 General Securities License and Series 66 - Uniform Combined State Law Exam, along with her insurance license. Lexie then took a position in downtown Milwaukee working as an investment associate from 2009 through the end of 2023. Lexie and her husband, Tony, live in Wauwatosa with their three children, William, Cecelia and Stella, who keep them very busy. She enjoys returning to Appleton to spend time with family and friends and loves playing and watching just about any sport, especially basketball.



ICYMI (IN CASE YOU MISSED IT)

Do you follow EIG on Facebook and/or LinkedIn? If not, you may have missed this exciting news from Q4 2023!

We were thrilled to contribute to Wisconsin Humane Society's 5th Annual "Poorly Drawn Pets" and host CBS 58 as they covered this unique fundraiser! (Turns out we have some very talented artists on our team!)

Stay up to date on EIG's upcoming events, radio shows, and other important news by following us on social media.

facebook.com/EllenbeckerInvestmentGroup

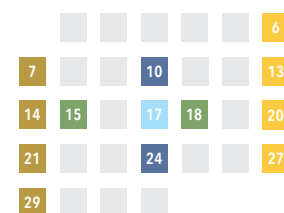
linkedin.com/Ellenbecker-investment-group



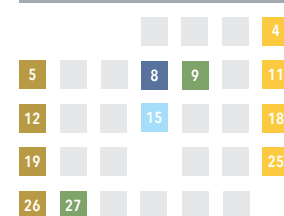
CALENDAR OF EVENTS

To register and view the most current list of events, visit: ellenbecker.com/events
To receive our weekly emails, please email: info@ellenbecker.com

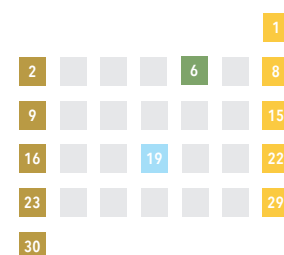
APRIL



MAY



JUNE



EVERY SUNDAY

- Money Sense on WISN AM1130 ■ 12:00 PM
- Milwaukee's Philanthropic Community on WISN AM 1130 ■ 10:00 AM

EVERY SATURDAY

- Money Sense on WISN AM1130 ■ 2:00 PM

APRIL

- 10 Women's Bible Study ■ 5:30 PM
- 15 Tax Day ■
- 17 Wisconsin Widows Connected (WWC) ■ 5:30 PM
- 18 Financial Seminar ■ 5:30 PM
- 24 Women's Bible Study ■ 5:30 PM

MAY

- 8 Women's Bible Study ■ 5:30 PM
- 9 Field Trip: Burial Traditions at Forest Home Cemetary ■ 2:00 PM
- 15 Nonprofit Organization Education Seminar ■ 1:00 PM
- 15 Wisconsin Widows Connected (WWC) ■ 5:30 PM
- 27 Memorial Day: Office Closed ■

JUNE

- 1 Shredding & Recycling Day ■ 9:00 AM
- 6 All About EIG Tax ■ 3:00 PM
- 19 Wisconsin Widows Connected (WWC) ■ 5:30 PM

JULY

- 18 EIG Car Show 4:00 PM

SEPTEMBER

- 5 Veterans Appreciation Event 4:00 PM

HR UPDATE

Employee of the Month

Congratulations to these employees for going above and beyond and being chosen as EIG's Employee of the Month!

- Courtney Hull
- Janet Otten
- Cameron Roth

Employee Anniversaries

January

- Ed Henning – 2 years
- Brent Adams – 3 years
- Sandra Geisler – 6 years
- Stephanie Ellenbecker – 8 years
- Jean Range – 15 years
- Jill Economou – 16 years

February

- Kate Lind – 1 year

March

- Michele Pawlak – 1 year
- Courtney Hull – 8 years
- Kristen Cantrell – 24 years

Anniversary Donations

- Cornerstone of Grace
- Doxology - Lutheran Center for Spiritual Care
- H.A.W.S. - Humane Animal Welfare Society
- K-Love
- Life's Connection
- Lost Dogs of Wisconsin
- National Education Alliance for Borderline Personality Disorder
- Variety - A Children's Charity

Ellenbecker Investment Group CAR SHOW

Thursday, July 18th | 4:00 pm - 7:30 pm
Unique Vehicles | Live Music | Food & Beverage

Have a vehicle to showcase? Contact events@ellenbecker.com



Ellenbecker
Investment Group

(262) 691-3200

N21 W23350 Ridgeview Parkway
Waukesha, WI 53188



TUNE IN TO HEAR US ON THE RADIO

The Voice of EIG®



Saturdays at 2:00pm, Sundays at Noon | WISN AM1130

Tune in as Ellenbecker Investment Group Wealth Advisors share their unique financial perspective as they interview local and global economists, attorneys, tax professionals and other interesting guests.



Sundays at 10:00am | WISN AM1130

Presented by Ellenbecker Investment Group, this unique show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.



Listen to past shows at ellenbecker.com/radio

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