



The Independence

OAK PARTNERS INC. | SPRING 2023

ISSUE HIGHLIGHTS

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The Debt Ceiling

Jack DeHaven, Wealth Advisor

As the calendar continues its march forward and May becomes June, Washington D.C. is headed towards a major decision on what to do about the nation's debt ceiling. In what stands to be a very contentious debate between President Biden in coordination with his Democratic counterparts in Congress versus the Republican majority in the House, the issue will be hashed out publicly. The Democrats want the debt ceiling raised without any strings attached to the concession. The Republicans in D.C., however, want spending cuts tied to their approval of the raised ceiling.

There is little dissension amongst Congressmen, or anyone else for that matter, that a first-ever default by the federal government would be devastating for an already teetering economy. With pesky inflation causing the Fed to hike rates in an unprecedented fashion, the markets have been thrown into turmoil over the past 12 months. Couple that with rising recession fears and we have an economy and stock market that are standing on somewhat unsteady ground.

Whether it means the Republicans concede to raising the debt ceiling with a promise from the President that there will be discussions on spending cuts, or it means the Democrats agree to trim their budget, an agreement needs to be found. And sooner rather than later would be preferable for those of us with our eyes regularly on the ticker. Let's hope that as we face this critical moment, our elected officials in whom we place our undying faith (sarcastic font here) can do their jobs and figure this out.





What Is The 50/30/20 Rule?

Andy Smith, Wealth Advisor

No matter where you are in your financial journey, a budget is key to ensuring you're set up for success. A budget can also help you rebuild your savings or hack away at high-interest credit card debt.

One budgeting method, the 50/30/20 rule can be a simple strategy if you need help starting a budget or you're getting back on track after a setback.

The 50/30/20 rule is a budgeting technique that involves dividing your money into three primary categories based on your after-tax income. 50% to needs, 30% to wants, and 20% to savings and debt payments.

Needs are expenses that are necessary for survival and basic well-being. These include housing, utilities, food, transportation, healthcare, and childcare. Wants are often called nonessentials, but these expenses allow you to personalize your budget. Whether it's self-care or eating out, including some fun in your budget may make you more likely to stick to it.

While 30% may seem extravagant, the wants category is usually doing some double duty by including any upgrades you may wish to make in your needs section. While you may need a cell phone, getting the newest device or paying for a premium plan may be a want. You definitely need clothes, but you may opt to buy a special outfit or a more expensive brand.

The 50/30/20 plan prioritizes savings and debt reduction, but the breakdown of savings or debt payments will depend on your personal circumstances.

Savings can include retirement contributions, an emergency fund, or a goal like homeownership or travel. If you are debt-free or your only debt is a low-interest mortgage, you may want to devote the full 20% of your net income to savings.

Paying down high-interest debt can be an important step toward financial stability. However, be sure not to neglect retirement contributions to tax-advantaged accounts, especially if your employer matches those contributions.



Invest in Our Planet

Hannah Christy, Business Support Specialist

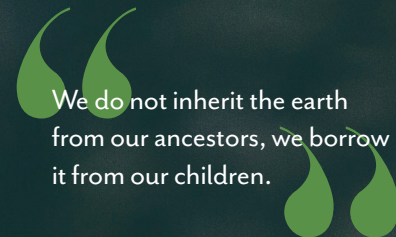
Following the 53rd anniversary of Earth Day, I thought it would be a good time to reflect on the relationship between sustainability and finance. Earth Day was started in 1970 by Senator Gaylord Nelson and was critical in the passing of basic legislation needed to protect the environment.

While the first sustainable investing mutual fund was launched in 1971, the ensuing 50 years have seen remarkable growth and evolution. As of 2019, 85% of U.S. individual investors express interest in sustainable investing, while half take part in at least one sustainable investing activity. ¹

LPL Financial is just one example of companies leading the way in the sustainability initiative.

In the year 2021:

- \$9.3 million dollars was saved by investors converting to paperless
- LPL held \$770.6 million in net new assets in sustainable investments
- 12,326 LPL advisors have nearly 400,000 clients who invested in more than \$11.5 billion in sustainable funds
- The number of ACH letters sent via regular mail is down 99% from 2020



We do not inherit the earth from our ancestors, we borrow it from our children.

- Native American Proverb

So - what can you do to make a difference? Sign up for Account View to see all of your accounts anytime, anywhere!

Between May 17th and June 30th, clients with a non-retirement account will see a message in Account View offering a \$5 reward payment when you elect to “Go Paperless”.

- Look into making Qualified Charitable Distributions to a climate-friendly charity, or any charity for that matter, which may be used to satisfy your RMD (Required Minimum Distribution)
- E-signing documents can save time, eliminate paper, and secures your personal information
- Opt to receive important documents via secure email, instead of waiting for them in the mail

Always consult your financial professional to see what benefits may be available to you!

¹ Morgan Stanley, Sustainable Signals 2019.



MAKING YOUR CASH WORK FOR YOU

Mike Marshall, Wealth Advisor

As a result of higher than anticipated inflation, the Federal Reserve is nearing the end of the fastest interest rate hiking cycle in 40 years. For the first time in a long time, savers have options for putting their bank savings to work.

In my conversations with clients, I encourage them to check on the interest rate they are receiving from their bank. Chances are if you are banking with one of the big banks you have seen very little change in the interest rate, they are paying you. These banks know their clients are likely too busy to notice and/or too committed to their bank to make any changes. That doesn't mean there aren't options available to earn interest on your bank cash. Many online banks are now paying a high-yield savings account. CD rates are up substantially from the beginning of 2022 as well. We don't know how long these rates will last, so I recommend being proactive if you are looking to get the most return from your cash.



Oak Partners' Clint Henry Shows His Love for Community and VHS Baseball with

NEW SCOREBOARD SPONSORSHIP

by Autumn Meyers

Below is a story that was covered in NWLife on our very own partner, Clint Henry. We hope you enjoy it!

Amazing acts of generosity happen in the community every day, and Valparaiso High School's (VHS) athletics department just received a very thoughtful gift. Clint Henry, VHS JV baseball coach and a partner and wealth advisor for Oak Partners, recently gave a considerable donation to VHS to fund a new scoreboard for the baseball field.

Henry has been with Oak Partners for 18 years. Oak Partners has always been committed to giving back to the communities it serves and encourages its employees to do the same. Henry has definitely taken that encouragement to heart. Despite not currently having kids in the high school baseball program, Henry has volunteered for VHS baseball for five years.

Clint's love for the game began early. He played since he was a young boy and throughout high school. His claim to fame was hitting the game winning run that would lead the Pirates (Merrillville High School) to state in 1996. Years later he continued his passion for baseball by coaching his three boys and now as the JV coach at Valparaiso High School.

Henry first served as an assistant and mostly helped the boys train in the off-season. This year, though, with the support of his firm and family, he decided he wanted to support the team even more and took on the role of JV coach.

"Many people don't understand why I do this when I don't have any kids who currently play. I'm here for my love of the game. I get to coach the kids and help them get better at baseball and life. That's what matters to me, and if something I teach sticks with them in their life, that's enough," said Henry.

Two years ago, the VHS athletic fields underwent a massive renovation. The natural grass and dirt baseball field was replaced with a turf field that has made training and playing games much easier for the team, especially considering Northwest Indiana weather in the Spring season.

With such a beautiful new field, Henry was inspired by his co-workers and firm who are always finding ways to give back to the community through sponsorships, so he decided that for his first significant sponsorship, he wanted to sponsor a new scoreboard.

"Everybody at my firm gives back in some way because we're very grateful for the community that we have here in Valparaiso. This is my way," said Henry.

Together, Henry and his Oak Partners firm gave a donation to the VHS athletic department for a scoreboard topped with a branded truss emblem with the Viking mascot and "Valparaiso High School". Construction got started, and by the time the baseball team came back from spring break, they had a wonderful new scoreboard.

"The kids were ecstatic. Of course, our goal is to be sure we'll have more runs showing up there than the other teams we play," laughed Head Baseball Coach Todd Evans.

Sponsoring the new scoreboard was ultimately the perfect way for Henry to take his support for VHS baseball one step further. The scoreboard looks sharp with the new field and brings it all together—when you look at it you can't help but feel school and community pride.

The entire VHS baseball team is grateful to Henry and all that he has done for them over the years. Whether it was helping the team train, teaching the kids a life lesson, or providing a gift that will keep on giving to the team for many years to come, Henry has shown that he is more than just a passionate volunteer. He's a person who cares deeply for his community and will do everything he can to make sure it thrives.

"The scoreboard is just a physical representation of how he gives back—he's given back in so many more ways than this," said Evans.

Henry is glad everyone loves the new scoreboard as much as he does, but he's mostly just happy to be part of such a special team.

"I just love having the opportunity to give back to something I thoroughly enjoy. This is where I live. The kids I'm coaching on the JV team are kids that I've been coaching since they were 6 or 7 years old, so I have so many connections with them and their families. It's about being a part of something that you love while also showing your support," said Henry.



Planning Tips to Make Things Little Bit Easier



Bridget Shoemaker

We recently had a client that was in the hospital for an extended period of time. His wife was beginning to worry about benefit coverage and needed to have some questions answered on her husband's behalf. Luckily, they had done the necessary work ahead of time, and she was able to call and receive the information she needed. These are some lesser-known planning tips to help make life a little bit easier, especially in difficult situations:

Authorization to Disclose Personal Health Information (CMS-10106)

By law, Medicare must have your authorization to allow someone in your family or another trusted person to speak to Medicare on your behalf. This is not the same as having a healthcare power of attorney. A healthcare power of attorney allows for someone to make medical decisions on your behalf. When you fill out Medicare's Authorization to Disclose Personal Information form, you can designate the individuals that you would like to have access to your personal health information. You also get to decide how much and what types of information can be disclosed. This authorization can be revoked at any time via written request.

Authorization to Share Personal Information for Supplement or Medicare Advantage

Medicare supplement plans and Medicare Advantage plans will have their own additional company specific authorization form. You'll need to contact your agent or the company directly for those forms. Anyone who we've referred to John "Hoppy" Hopkins can just call our office and we'll get the ball rolling.

Social Security Advance Designation

Social Security Advance Designation allows you to recommend someone that you trust to help manage your Social Security benefits when you cannot. You may choose up to three people to serve as your representative payee; this is someone that Social Security appoints to manage your Social Security benefits if you are no longer able to do so. The Social Security Administration (SSA) will send you a notice each year so that you may review the individuals that you have chosen. The easiest way is to add Advance Designation is online, using your my Social Security account.

my Social Security Online Account

Whether you've been collecting Social Security for years, getting close to retirement, or just started in the workforce, we highly suggest setting up an online my Social Security account. This will allow you to keep an eye on your benefits and can save you time and headaches by not having to call or visit a Social Security office. Your online account will allow you to do things such as view your benefits estimate, set up direct deposit, request replacement cards, change your address and phone number, apply for benefits online, add Advance Designation and more. If you are setting up a my Social Security Account, you will be required to set up a log-in with either Login.gov (our recommendation) or ID.me.

As you're going through this process, you may be thinking of other planning items that have gotten pushed aside. You may be wondering if you need a will, a trust, healthcare power of attorney, or if you have the right Medicare supplement plan. Whatever your concern, we're here to help make things a little bit easier.



MARKETS DURING RECESIONS: EXPECTATIONS VS. REALITY

Mark VandeVelde, Wealth Advisor

If the economy goes into a recession, it is reasonable to expect some losses in your stock portfolio. But how much should you expect to see your portfolio go down?

Morningstar recently did a survey on investor expectations of how much they would lose in a recession vs. the reality of how much stocks have actually declined in previous recessions.

That survey found that investors expected an average loss of 22% in stocks if a recession were to occur. However, looking at all 11 recessions that have happened since World War II, the average stock market drawdown during the actual recession has only been 3.1% (using the S&P 500 as the benchmark for US stocks). Only one time has the market declined more than 20% during a recession, and that was the Financial Crisis (2007-2009).

Why are expectations and reality so vastly different?

One answer may be recency bias. The most recent recession we have experienced, outside of the self-induced Covid recession in 2020, was the Financial Crisis. It just so happens that was also the worst recession since the Great Depression. Future recessions are not likely to be as severe, but that is our most recent connection with what a recession feels like.

Another reason for the discrepancy between expectations and reality may be our inclination to think about the worst case scenario as a means of protecting ourselves. If we expect things to end up much worse than they ultimately are, we aren't caught off guard and feel more prepared.

Here's the bottom line. It's natural to be concerned about the market when the news every night is about a looming recession, which may or may not come to fruition. It is also important, though, to remember that the market impact may not be as bad as we fear. You'll get the best results by focusing on the long-term, even if a recession does occur.

Actual Outcomes for Stocks: Before, During & After Recessions

Recession Start	Length (months)	During Recession	6mo Before	12mo before	12mo After	3yr After	5yr After
July 1953	10	15.9%	-6.7%	9.5%	25.9%	66.4%	76.9%
August 1957	8	-7.9%	3.8%	5.2%	0.6%	44.1%	50.8%
April 1960	10	8.1%	-0.6%	3.8%	20.9%	33.7%	66.3%
December 1969	11	-3.1%	-6.9%	-1.4%	7.5%	39.1%	-1.8%
November 1973	16	-12.3%	-1.0%	1.7%	-44.5%	23.3%	23.4%
January 1980	6	9.4%	7.7%	17.5%	30.0%	47.7%	83.8%
July 1981	16	0.4%	-1.0%	19.7%	-11.0%	35.0%	95.5%
July 1990	8	8.5%	3.8%	16.5%	13.5%	39.7%	68.9%
March 2001	8	-6.1%	-18.7%	-6.8%	1.5%	6.2%	24.3%
December 2007	18	-38.8%	-2.1%	7.9%	-43.2%	-1.3%	17.4%
February 2020	2	-7.8%	10.7%	22.0%	30.1%	-	-
Average	10.3	-3.1%	-1.0%	8.7%	2.8%	33.4%	50.6%

Source: Morningstar Direct, Standard and Poors, data to 12/31/2022. Index returns are gross of fees, if fees were added, the returns would have been lower. Past performance is not indicative of future returns.

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News & Announcements

Crystal DeHaven, Director of Client Experience

We hope that you are enjoying the beautiful Spring weather. With the warmer weather comes fun outdoor events.

In May, the ladies of Oak Partners participated in a team building Women's Build with Habitat for Humanity. We helped assemble a home in Lake Station for a single mother and her children. I couldn't be prouder to be surrounded by an incredible group of women. Giving back to our community is very important to us and this crew right here took that job serious.



In June, Oak will be hosting our 30th Anniversary party. We have the band ARRA lined up (classic rock) and Mission BBQ, Damos Dogs, Cute as a Cupcake and Norman the Magic man. The event will be Friday, June 30th. Stay tuned for a FUN invite headed to your inbox soon.

As always, if you have an event idea, please feel free to send me an email at crystal.dehaven@oakpartners.com

UPCOMING EVENTS:

Friday, June 30th - Oak turn 30 Party

Friday, July 7th - Waterpark Event

If you are interested in RSVPing for any Oak events, please call 219-795-1000.



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