



Preparing For... (What's Ahead)



As we contemplated the theme for this quarter, **it became clear that there is a lot to both contemplate AND also potentially to be preparing for...**

- The Election
- A Possible Recession
- Interest Rate Cuts (at some point?!)
- Market Volatility
- Higher Inflation for Longer
- Possible Changes in Tax Rates (Income and Estate) in 2026
- Escalated Geo-Political Unrest

Even a change in our custodian's client facing software: Access My Portfolio

Sometimes it can be overwhelming and hard to know what to do or where to start. It's also fair to say **that if the Federal Reserve doesn't quite have a handle on inflation or interest rates then we are all left to figure it out for ourselves and just... prepare for a variety of incomes.** In this issue of Omega's quarterly newsletter, **we will attempt to provide some insights and tips on how you can take some of the uncertainty out of your own financial situation.** The key is preparation, and preparation for a variety of scenarios. While that may feel a bit unsettling, and most human beings (and the markets) prefer certainty, that's not always what we get. As we often say, **flexibility & resilience are very important 21st century skills.**

I will often say that **economics, medicine, and even financial planning are often nothing more than**

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“art masquerading as science”- unknowns hiding behind numbers. That’s why although AI is definitely coming for many jobs, the ability to pull together future unknowns and understand how humans will react and what will be the optimal solution, still lies in the hands of humans...for now.

For those of us who have been around the block for a while, a real extended potential recession may feel more possible than for someone younger who has not lived through a multi-year (not the 2 month downturn of the pandemic) recession of past times. It also feels much more scary once you are retired. That said, for younger job seekers, things are seemingly softening up and less of a sure thing. **Markets are confounded by the Fed’s actions or inactions, and the elections are a wildcard. In most years, history tells us that elections DO NOT have a big long-term impact on the financial markets, just some added volatility due to the short-term uncertainty.** And like it or not, the markets don’t care about social issues unless somehow, they will lead to extended economic disruption and economic impact. **The markets DO care about tax policy and this year’s election COULD have an impact of taxes in 2026 in beyond.** As a result, **we will be watching the rhetoric more closely and helping our clients prepare for potential changes that may increase their income and estate tax rates,** in advance. Why in advance?

Well, check out **Davis Gardner & Saki Kurose’s Planning Column** for more details, but suffice it to say...waiting until any changes are made will leave you farther down the line behind clients who planned ahead. As always, be sure to check out **Jared Jones’ thoughts in the Investment Column** to understand how we help you, our clients, prepare for the potential unknowns that lie ahead.

Finally, at Omega, **we don’t just like to prepare for the negative impacts that come our way. We also like to proactively and intentionally plan** for longevity (see Books & Resources for a link to our recent webinar on “Creating a Healthspan Plan Aligned with Your Financial Life Plan”) AND we like to weave in our signature life planning and annual life & financial goal setting. **Exercising your agency over the parts of your life that you can control and can go a long way towards being resilient against all things that you cannot control in life.** If you need a boost in this area, don’t hesitate to reach out!

With this quarter, we also begin a new era in Omega’s history... we’ve moved (see Omega Team Updates), and begun our next 25 years in business. Much to celebrate and to be grateful for in spite of the unknowns that lie ahead in our business and personal lives.

Thanks for being part of the journey,



Lisa A. K. Kirchenbauer, CFP®, CPWA®, RLP®
Certified Financial Transitionist® (CeFT®)
Founding Partner & Senior Advisor



Do Markets React to Presidential Elections?

No matter how you identify politically, it's perfectly normal to be anxious about how the presidential election will impact the direction of our country, and whether there could be shockwaves felt in the stock market based on potential election results. While this year's election may present some new and unique challenges, as far as the stock market is concerned, it's really nothing special.

The market does not react strongly to presidential elections:

- *Since 1928, the market has returned an annual average of just under 10%. If we focus on just the years in which there was a presidential election, the average is about 7.5%.*
- *The market rarely produces negative annual returns during presidential election years. Only three times since 1952 has the market experienced a negative annual return during an election year: 1960, 2000, and 2008.*
- *The last thirteen elections including an incumbent candidate have seen a positive annual return – regardless of whether the incumbent won the election.*

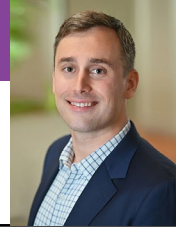
We know that past performance does not indicate how the market will perform in 2024, **yet these figures show that the market has shown solid performance in both election years and non-election years, with only a few cases of negative annual returns during election years.** You can also see an interesting correlation with market returns and incumbent elections, which we are again facing in 2024. **The data supports that presidential elections do not have a drastic impact on long-term stock market performance.**

Of course, there is more than one election happening this fall. With several Congressional battles underway, it's hard to predict how the balance of power will settle come November. In terms of media coverage, these elections will be overshadowed by Biden v. Trump Round Two, **yet they are likely to have a more direct impact on stock market performance because of how changing legislation impacts our economy,** like changes to income taxes and estate law (see Saki Kurose's piece for more).

So, what do we do about all this? As Jared touched on in his column, **the best thing to do is stay the course and maintain a diversified, long-term approach to investing that's centered around your individual needs.**

For anyone with concerns, questions, or thoughts on positioning your portfolio for the coming months, we ask that you contact your Omega team to have a conversation – especially before making any investment decisions.

Investment Outlook



by Jared Jones, CFP®, CIMA®, CeFT®

Q2 Market Commentary

If anything is true, it's that the U.S. economy is complex. Despite worries about a never-to-be-seen recession in 2023, **this current economy has defied expectations. The initial months of 2024 stand as a testament to the economy's continued strength amidst adversity.** However, as we head into the spring and summer months of 2024, **we may be seeing the first signs that the forces powering the economy might be losing steam.** What's more, **a consequential election looms in the fall leaving everyone wondering what the future holds.** Let's take a closer look at this quarter's investment column.

Economic Overview: Easing Tailwinds

The first quarter of 2024 witnessed the U.S. economy charting a course of resilience amidst prevailing challenges. Despite the continued forecasts of recession, **the economy maintained a robust growth rate of 3.2% in the fourth quarter of the previous year.** Moreover, **inflation continued its downward trajectory, inching closer to the Federal Reserve's target of 2%.**

However, recent months have seen a deceleration in progress, highlighting the need for cautious optimism as we navigate the year ahead. GDP for the 1st quarter **great at a modest 1.6% versus, below the forecast 2.4%.** Additionally, **we've seen 3 consecutive months of hotter than expected inflation readings, most recently 3.4%, as the Fed continues to aim for a 2% target.** Furthermore, **the April jobs numbers showed soft hiring for the first time in months.**

Looking back on the economic landscape through Q1, it is becoming clear that the tailwinds that propelled growth in 2023 might be slowing. All of this may not be bad news and could be a **"soft-landing" finally starting to take shape.** A soft landing refers to **a controlled slowdown in economic growth, characterized by a gradual decrease in key indicators such as GDP growth and employment rates.** This scenario would allow the Fed to bring down interest rates without the economy experiencing recession. **Many believe this would be the ideal goldilocks scenario and a rare feat to accomplish.**

Market Dynamics: Interest Rates are Everything

In the first quarter of 2024, **the U.S. stock market soared to all-time highs,** with the S&P 500 index breaching the 5,000 mark for the first time in history. U.S. stocks surged by over 10%, while international equities also posted strong returns of nearly 6%. Despite this remarkable performance, **interest rates experienced an upward trend during the same period** due to the strong economic data, which typically acts as a headwind for stocks. However, **since the surge in rates was primarily driven by robust economic growth, the optimism outweighed concerns related to rising rates, fueling the market's upward trajectory.** In April, that same optimism turned to concern when **it became clear that the economic conditions did not warrant the Fed lowering interest rates.**

The Election Looms: Will the Market Care?

As you likely know by this point, conventional wisdom suggests **the market will look past the election cycle.** However, **the current political environment is anything but conventional.** With both candidates' chances currently deemed equal by the markets, ambiguity pervades. While President Biden inches ahead in some polls, Mr. Trump maintains a slight lead in others, leaving us all in a state of suspense of who will be at the helm of the world's largest economy. **One of the biggest drivers to how the market will react is how tax policy will take shape depending on which party controls the White House and congress.**

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The juxtaposition of the current economic prosperity with the toss-up nature of the polls raises questions about the underlying dynamics at play. High inflation, after decades of dormancy, may be coloring public perceptions of the economy and the current administration in disproportionate ways, casting a shadow of doubt over the prevailing economic narrative. Adding to the complexity is the unconventional candidacy of Mr. Trump, who is facing numerous felony charges and promising to break with past norms. Moreover, his promises to engineer a fairly large break with the past, abandoning long-standing global consensus and institutional norms, introduce a level of unpredictability that investors must grapple with. Despite these uncertainties, for the moment the stock market seems to be shrugging the impact of a second Trump term off, potentially buoyed by the memory of its past prosperity under the Trump administration and the expectation of continued economic growth.

As investors brace for a potentially tumultuous election cycle, the wisdom of staying the course is cliché, but nonetheless true. While options for hedging against political upheaval exist, history suggests that remaining steadfast in the face of uncertainty may yield the best outcome. Should things really get rocky we will look at protecting any near-term cash needs. The presidential election is only one variable in a vast sea of variables impacting the market. Here are a few tactics we will look to deploy if this cycle proves to be especially volatile:

- Look to protect cash needs for our clients relying on the portfolio to supplement their cash flow
- Move RMDs to cash for clients taking them
- Prepare for lower rates on your cash

Outlook

To illustrate the difficulty of predicting the future, in October 2022 economists predicted a 100% likelihood there would be a recession within 12 months. Not only has a recession not happened, but the economy is currently proving to be quite resilient. The past few years have shown that it's crucial to keep a balanced perspective and take a long-term approach where possible with your portfolio. Right now, there's cause to be optimistic and reason to be a bit worried about what lies ahead. Despite economic headwinds and the specter of rising inflation, the U.S. economy has shown remarkable resilience, buoyed by moderate job gains, and easing inflation pressures. However, it's important to acknowledge the risks that linger on the horizon, including geopolitical tensions and the uncertainty surrounding the upcoming U.S. election. We are expecting to get increased questions around the election cycle as we inch closer towards November.

As we navigate the uncertainties surrounding the election cycle, it's crucial to avoid knee-jerk reactions as political developments take shape. While the current political landscape may introduce elements of unpredictability, history has shown that staying the course as a long-term investor tends to yield the best outcomes. By focusing on globally diversified portfolios tailored to each of our client's individual risk tolerances and investment goals, Omega clients can navigate market volatility with confidence, knowing that they are well prepared for a range of outcomes.

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

Benchmark	Benchmark Returns YTD	Category
Dow Jones Industrial Average	5.26%	Dow Jones Industrial Average
S&P 500 Index	9.74%	S&P 500 Index
MSCI EAFE Index	2.49%	MSCI EAFE Index
MSCI Emerging Markets	7.83%	MSCI Emerging Markets
Bloomberg Agg	-0.26%	Bloomberg Agg
Bloomberg Global Agg	-1.30%	Bloomberg Global Agg



Focusing on What's Important

For this quarterly newsletter's Operations Corner, we wanted to highlight some technology updates and upcoming changes regarding your SEI Client Website. Read below...

A few clients have asked us how to merge the SEI Account data with Quicken. Here is how you can do that within AccessMyPortfolio:

1. Log in to AccessMyPortfolio – www.accessmyportfolio.com

Welcome to Access My Portfolio

User ID [Forgot User ID](#)

Password [Forgot Password](#) SHOW ⓘ

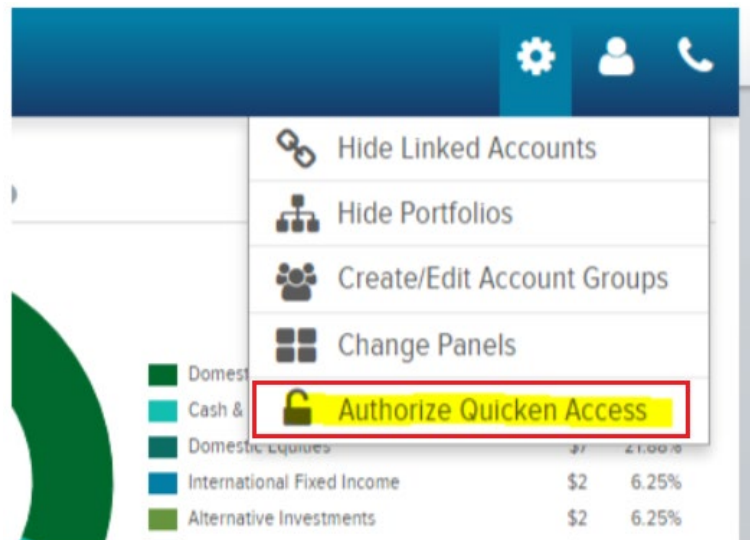
Log In >

2. Once logged in, navigate to the top right-hand menu of the Dashboard, and click 'Settings':



3. Then, click 'Authorize Quicken Access'.

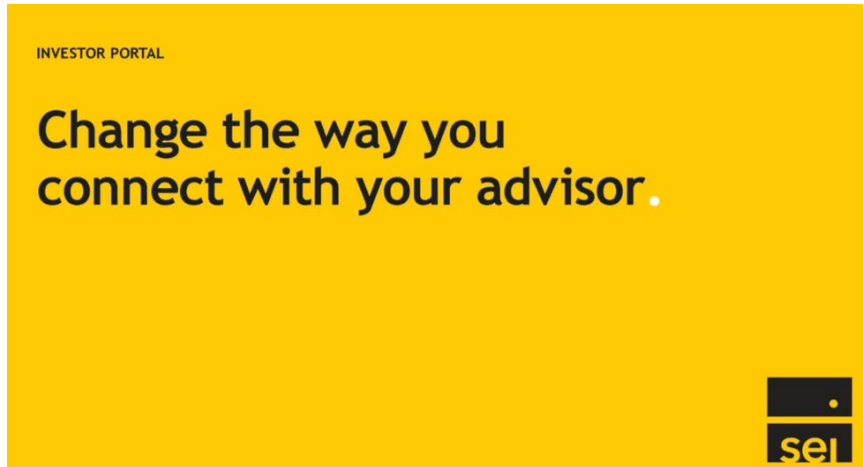
This step is an added security measure and is only needed the first time you connect to Quicken from your device. Before authorizing, make sure your Quicken login credentials are accurate and up-to-date:



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Now, for a much bigger update: by the end of 2024, SEI will be officially shutting down AccessMyPortfolio, as they have introduced a newer, more robust client website named SEIConnect!

Here is an overview of some of the key features of their new platform –



- **Easy to use:** The platform is designed with the user in mind, with a clean and simple interface that's intuitive to use. Charts and graphs present financial information in a digestible manner to help you understand what you're looking at.
- **A collaborative experience:** Connect with your advisor in real time through direct messaging*. You'll also have the ability to establish ongoing communication settings tailored to your preferences.
- **A connected landscape:** Track account performance, cash flow, and view your asset allocation at any given time from the home screen. A similar experience is provided in the new mobile app accompanying the launch of this platform (on iOS and Android) – transactions, statements, and tax documents will all be available on the mobile app.

Note: Currently, Omega clients must be sent an invite to begin registration to access this new client website. **Your existing AccessMyPortfolio credentials will NOT be ported over to the new website – you will need to create a new user ID, password, and set of security questions.** If you are interested in receiving an invite, please contact evelyn@omegawealthmanagement.com via e-mail, with the Subject line: SEI Connect Invite, and Evelyn will help get you started.

Those who want to keep using AccessMyPortfolio are welcome to, but please be aware the last day of access on this platform is scheduled for Tuesday, December 31st, 2024. After that date, the system will prompt you to register for access at the new SEIConnect website.

Business Owners' Corner

With this quarter's theme of "preparing", **looking at the proactive planning that businesses can do to prevent surprises and weather uncertainty & downturns is important. The economic news is quite mixed these days...businesses seem cautious, interest rates remain high (a problem for small businesses that tend to rely on bank lending), inflation has trended down but labor costs and prices for goods & services have not.** So, what is a small business owner to do? Here is a list of things to consider and actions to take depending on how the future unfolds:



- **Do a mid-year financial and overall economic assessment.** How are you tracking towards your budget? Don't have one, get one for the second half of the year. How are your trends looking- sales? Prospect pipeline?
- **Do some mid-year tax planning based on actual results.** Avoid cashflow surprises and extra stress by getting a handle on where you stand and will stand based on forecasted revenue and expenses...now.
- **Consider raising prices.** Costs are up and most customers understand that. Don't wait until a recession hits (while costs are still high) to push things up.
- **Assess the impact of the upcoming election.** Does it really matter to your business? Will you potentially be impacted by changes in regulations, investments in your industry?
- **Assess your team.** The labor has begun to shift post-pandemic. Do you have the right players, in the right seats? If you are not sure, reach out to us as we may have some tools that can help.
- **Assess your debt costs.** Depending on your financial situation, you may not have many options, but banks are offering different rates these days. If your line of credit is coming up for renewal and your finances are in pretty good shape, shop around. If you need some banking recommendations/referrals, let us know. We have some good contacts.
- **Do some scenario planning.** The way to ride out difficult times is to have planned for potential scenarios in advance. Do some "what-ifs" on lower revenue, higher costs, business disruption. What actions could you plan for, take action for now to be ready, just in case?
- **Take care of yourself.** A stressed-out, burned-out business owner is not effective in general and especially in tougher times. Take some vacation, do some business reading to rejuvenate and get inspired!

Being a small business owner can be a rewarding, exciting, and challenging journey. We at Omega stand ready to guide you, support you and encourage you where we can! Have a good Q2.

The Corporate Transparency Act and What You Need to Know

As part of our commitment to keeping our clients informed about important regulatory changes, we want to bring your attention to the Corporate Transparency Act (CTA), which came into effect on January 1, 2024. **The CTA aims to combat money laundering by requiring certain business entities to report their beneficial owners. This legislation introduces strict deadlines and penalties for noncompliance, making it essential for business owners to understand its implications for their operations.**

Under the CTA, businesses meeting specific criteria must submit a Beneficial Ownership Information report to the U.S. Department of Treasury's Financial Crimes Enforcement Network (FinCEN). This report should include details of each beneficial owner who owns at least 25% of the business or exercises substantial control over it. Furthermore, businesses formed after January 1, 2024, must file their initial report within 90 days of creation or registration, while those formed earlier have until January 1, 2025, to comply. Any changes in beneficial ownership information must be promptly reported to FinCEN.

Businesses required to file these reports include entities such as corporations, limited liability companies (LLCs), partnerships, and other similar entities. If you are a business owner meeting these criteria, we recommend working with your CPA or business attorney to obtain a FinCEN ID for the process and carefully reviewing FinCEN's Small Entity Compliance Guide to determine if your company qualifies for any exemptions among the 23 types listed. Additionally, be cautious of fraudulent attempts to solicit information related to CTA reporting requirements and ensure timely compliance to avoid hefty penalties imposed by FinCEN.

Unfortunately, this isn't something to shrug off due to the severe penalties. **These penalties include civil fines of \$500 per day per entity for noncompliance, as well as criminal penalties of up to \$10,000 per entity and imprisonment for a maximum of two years.** It's crucial for business owners to adhere to the reporting requirements outlined by FinCEN to avoid these severe consequences.

FinCen Small Business Compliance Guide:

<https://www.fincen.gov/boi/small-entity-compliance-guide>

DON'T FORGET - Important Dates and Reminders

Monday, May 27th - Memorial Day

Thursday, June 6th at 5:30 pm - Current Market & Economy Update with SEI's Matt Potter

Wednesday, June 19th - Juneteenth

Thursday, July 4th - Independence Day

Friday, July 5th - August 30th - Omega Summer Fridays Off

OWM TEAM UPDATES

In an effort to continue to expand our service & advice capabilities while also providing you with the best client experience possible, we are pleased to announce some important Omega updates...



WE HAVE MOVED!

After 15 years at our previous site, **we are pleased & excited to announce that we have moved into the Ballston-Rosslyn corridor to 4501 N. Fairfax Drive Suite 602, Arlington, VA 22203.** Now very close to the Ballston Metro stop, restaurants and one of the Route 66 access ramps, we look forward to welcoming you to our new offices very soon. We are still unpacking and decorating and enjoying our new modern office space.

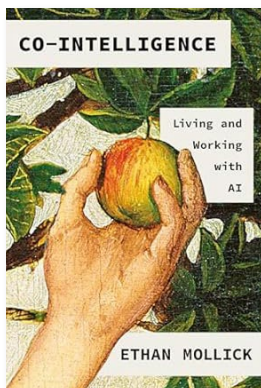


Andrew Graduates!

Omega is happy to announce that our Director of Operations and Partner, Andrew Mehari, has earned his masters degree from The George Washington University School of Business! Andrew has obtained his Masters of Business Administration, with a dual certificate in Portfolio Management and Financial Management, and graduated with 'highest honors' (3.85 GPA). Andrew is thankful for his family's, Lisa's, and Omega's support over this three-year journey, and looks forward to taking a well-deserved break over an extended summer sabbatical in Europe, beginning in July. **While in the UK, he plans on participating in a short-term study abroad program on Alternative Investments at the London School of Economics (LSE) to further broaden his knowledge in the world of investments!** If you would like to send Andrew a congrats message, send him an email at: andrew@omegawealthmanagement.com

BOOKS & RESOURCES

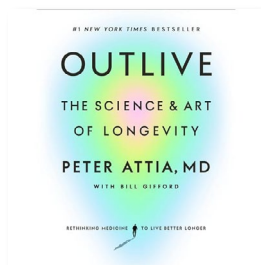
Lisa's Books and Resources contributions:



Co-Intelligence

by Ethan Mollick

If you want to understand what REALLY is happening in AI from a leading expert who takes a practical approach to AI and its applications, check this book out. Wharton professor, Ethan Mollick explores his own journey, and the journey of his students as they discover what's possible and what's next. Warning: may be thought-provoking and unnerving.



Outlive

by Peter Attia

If you are game to think about your longevity in long-term, intentional terms, then this book is for you! It's a long read but worth considering.

Video:

The Greatest Night in Pop

(Netflix)

Worth viewing for both Baby Boomers and younger folks who want to experience/re-experience the creating of the "We are the World" mega-fundraising video to support hunger relief in Africa. The logistics & secrecy were mind-boggling and probably not possible to recreate today.

Tech Resources:

LifeLock

More of our clients, and even my family members, are experiencing serious identity theft issues. While many clients have told me that they have this kind of service with ONE credit reporting agency, it may be best to consider LifeLock, the gold standard in this kind of monitoring AND recovery protection. With the right subscription, you can get monitoring of all THREE credit reporting agencies as well as other monitoring/alerts. In addition, should something happen, you have the services of skilled professionals who can help you navigate the often frustrating process of disputes and repair.

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