

GEARHART & ASSOCIATES

Newsletter

2022 Fourth Quarter



Our Inaugural Issue

Welcome to the first edition of the Gearhart & Associates newsletter!

We are excited to begin a new tradition with our quarterly newsletter. In each edition, we will share important information for the upcoming quarter, a brief analysis of current market conditions from Kyle and other items we'd like to share with our clients. Enjoy!



Year-End Business

Don't forget your financial to-do list.

The last three months of the year always seem to go by so quickly yet so slowly at the same time. Holiday planning can be expensive and time-consuming, but we are here to remind you about the important financial decisions outside of holiday gifts.

Year-End Tax Planning

One of our team's priorities is to reduce tax implications for our clients. In this upcoming quarter, we will focus on making tax loss swaps - selling securities that have fallen in value and replacing them with a different investment with similar market exposure - in order to offset some or all taxes from capital gains.

Donations to Charity

Save your receipts! We are honored to help our clients give back to their communities and noble causes. If you plan to use appreciated stock or Qualified Charitable Distributions, please contact our office.

Retirement Plan Contributions

Depending on your income and tax filing status, you may be eligible to contribute to a traditional or Roth IRA. In 2022, the maximum contribution allowed for individuals under the age of 50 is the lesser of earned income or \$6,000. Adults aged 50 or older can contribute up to \$7,000. Contributions for 2022 can be made until the tax filing deadline in April 2023 and contributions towards 2023 can be made starting January 1.

Investment Insight

Kyle Gearhart, President & Chief Investment Officer

If you've been to our new office, I probably showed off our new kitchen where we have a framed quote by a very famous fund manager, Shelby Cullom Davis. It says, "You make most of your money in a bear market, you just don't realize it at the time."



Earlier this year, I thought that the Federal Reserve Bank wouldn't be willing to raise rates high enough to stop inflation, since doing so would stop the economy (and be politically unpopular).

However, the Fed surprised me. They raised rates enough to stop home prices from increasing, and now they seem intent upon raising rates enough to create some slack in the labor market. According to Empirical Research Partners, more than 75% of our current inflation is tied to labor. There are still approximately two available jobs for every available worker. To stop labor inflation, the Fed will need to raise rates high enough to reduce demand (consumption of goods and services). Reduction in demand will create a profits recession – i.e., lower net income for corporations – and therefore, *less demand for employees*. This year's stock market decline reflects the eventual outcome.

In my opinion, a profits recession probably won't be damaging enough to force widespread bankruptcies and dividend cuts. The banking industry is much safer than it was in, say, 2008 – they have more cash on hand and the collateral against loans (real estate) has increased in value.

Volatility creates opportunities.



Important Dates

Monday, Oct. 10, 4 p.m. ET

- [Larry Adam Webinar](#)

Thursday, Nov. 24

- Office Closed



Friday, Nov. 25

- Markets Closed after 1 p.m. ET

Monday, Dec. 26

- Office Closed



Monday, Jan. 2

- Office Closed



Meet Finley!

Our youngest team member loves our new office.

Montgomery is finally beginning to feel like home, especially for the Gearhart family's new puppy, Finley. She enjoys short walks, long naps and a good belly rub.

We had a great time sharing our space with clients and friends at our Open House in August. Check out the before and after renovation pictures on our website [here](#).

Contact Us

513-985-3450 | info@gearhart-assoc.com

As always, we are just a call away if you need help. You can visit our [website](#) for more contact information.