

wealthologist

WISDOM

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LESSONS LEARNED IN LIFE QUOTES

MY PARENTS' WORDS OF WISDOM

When you think back to your childhood, what's the first thing that comes to mind?

For me, it's the lessons my parents taught me. So many of the lessons they shared – about entrepreneurship, business, leadership, marriage, parenting, relationships and life – shaped me into the person I am today.

My parents collected all sorts of sayings and phrases and repeated them all the time in my childhood. These sayings were part of how they lived and raised my sister and me. So, when mom purchased an antique church hymnal board they knew just what to do - create our very own Hobart Quote Board with three of dad's favorite quotes of wisdom, which hung in various places in the house through the years. I used to read the phrases over and over when I was a kid.



My dad decided to declutter recently. I couldn't believe it when I saw the hymn board in the garage sale with the other odds and ends. How dare he give away this treasured memory?!?

Then I realized: I didn't need the hymn board to remember these sayings (but I stilled pulled it from the pile so I could hang them in my house for my kids). I had read and heard them so many times that they were ingrained in my memory. They had become part of who I am. Here's what they said:



Some days are diamonds ... some days are stone.

John Denver said it first, expressing that life is a journey filled with ups and downs. The path isn't always easy, but we must keep going and make the most of what we have.

While some song listeners hear a message of hope and perseverance, others hear a more melancholic message of struggle and emotional pain. No matter how you interpret it, the song's message is undoubtedly uplifting and reminds us that we can choose how we approach each day.

Life is what happens to you when you're busy making other plans.

This quote is often attributed to John Lennon, and it's an important reminder that we can't anticipate or plan for everything that happens. The future is unpredictable and often out of our control, and sometimes all we can do is accept our circumstances as they are.

This phrase also serves as a caution against overplanning. When you always focus on the future, you restrict your ability to plan in the present and deal with a shift in direction. Staying in the present and living in the moment can be just as important as planning for the future.

Forgive your enemies, but never forget their names.

Life has only one direction: forward.

Keep walking and leave behind burdens that aren't yours to carry. Mistakes are inevitable; however, you can learn and grow from them. And always keep an updated list of who to trust—and who to give a wide berth—from now on.

This past year, these phrases and memories have meant more to me as we processed losing my mom in December. They reminded me of another quote I found in my dad's drawer when I was a kid, written just after he lost his job. On a sheet of paper in his handwriting was the Winston Churchill phrase: **"NEVER, NEVER, NEVER GIVE UP."** He never has – and I hope I pass that same attitude of resilience and grit to my children. Maybe someday, they'll talk about the phrases I used repeatedly and the lessons I imparted. That's a legacy I'd love to leave.



With Gratitude,

Chris Hobart

hey!

HOBART

We love answering your questions about all things money, from retirement savings to how to save on taxes. Do you have a question for us? Send an email to heyhobart@hobartwealth.com with the subject line "Hey Hobart!" And feel free to answer "Hey Hobart!" any time you see Chris around town.

Q: People sometimes reach out to me with investment "opportunities." What red flags should I look for to avoid getting scammed?

A: Great question. Scammers have tried to part people from their money since the dawn of time. If someone asks you to invest your money, look for these three general warning signs:

They promise the moon. If someone offers unrealistic returns on your investment, it's probably too good to be true.

You don't know them. Unsolicited pitches from an unknown person probably aren't trustworthy.

They may be pressuring you. When someone says, "You must act fast or you'll regret it," they may be manipulating you into making a hasty decision.

Our advice: Discuss investing opportunities with your financial advisor before turning over any money. They can help you evaluate the investment's potential and point out red flags you may have overlooked.

THE HOBART WAY:

Always Do the Right Thing at the Right Time

Every year, we meet as a team to reset our course and ensure we always provide our clients with first-class service. Here's a look at the current mission, vision and values we use to guide our actions and decisions every single day.

Our Mission

We believe that everyone deserves a secure financial future. Our mission is to empower our clients with the knowledge, tools and guidance they need to make informed decisions about their money.

Our Vision

We strive to provide personalized financial planning solutions that not only meet our clients' current needs but also help them achieve their long-term goals. With a commitment to honesty, transparency and excellence, we aim to be a trusted partner for our clients throughout their financial journey.

Our Values

DO THE RIGHT THING

Integrity is the foundation of everything we do. We do the right thing—even when no one is watching.

DO YOUR BEST

We will always foster a culture of innovation and continuous improvement.

PLAY AS A TEAM

Above all, we are TEAM HOBART. That means we show up for each other, communicate with empathy and bring our authentic selves to work daily.

FINANCIAL OUTLOOK: MONETARY POLICY



JACOB WOODRUM, CFP®

LEAD INVESTMENT STRATEGIST
INVESTMENT POLICY COMMITTEE MEMBER



We currently find ourselves in an environment where everyone is filled with anticipation at the Federal Reserve's each and every move.

There's no doubt the Fed plays a vital role in the economy regarding current and future monetary decision-making. Their actions have a large, wide-reaching impact on the future – but a look into the past will help us better understand their recent influence.

Credit growth had been the trend and was kicked into overdrive during the Great Financial Crisis of 2008. We were in an environment of extremely low interest rates, which promoted borrowing. Years of low rates coupled with new money created during the Covid-19 pandemic had – and continues to have – a tremendous impact.

It's important to recognize that credit growth drives economic growth, but liquidity determines which way asset prices move, especially in the shorter term. This is why interest rates are important and how the Fed's monetary policy decisions impact the global economy.

Making decisions about monetary policy is like driving a car. Imagine you're driving your dream car; for me, that's a Rosso Corsa "Racing Red" Ferrari Enzo, named after the company's founder, Enzo Ferrari.

If you drive too fast, you could have a mishap (think inflation). Driving in hazardous conditions (geopolitical tension and supply-chain bottlenecks) increases the chance of a mishap (inflation). But the lesson here isn't to stop driving the Ferrari. Instead, it's to drive more slowly, especially in hazardous situations.

The reality is that we drove too fast in dangerous conditions, which has been a big reason why we've experienced the impact of higher prices. Now, it's all too easy to look in the rearview mirror and publicly criticize the monetary policy decisions that were made at the time. The purpose of this writing isn't to place blame but to better understand the environment we currently find ourselves in.

Inflation is slowing but still elevated, and this problem isn't just going to dissipate and go away quickly. The Fed seems somewhat divided regarding future interest-rate policy, and the persistence of inflation and the resilient jobs market is a dynamic to watch closely.

We will likely experience back-and-forth in the markets for the next few months and through the third quarter. Remember, there is still a real risk of recession. Imagine a game of tug-of-war where one side gains ground and then is pulled back to center by the other side's strength. This appears similar to the dynamic at play in the current environment.

Investing with the right amount of caution and optimism is essential. As investors, we need to be cautious when the market is high and optimistic when the market is low. It feels counterintuitive, but as Warren Buffett says, "Be fearful when others are greedy and greedy when others are fearful."¹

This is much easier said than done, but we will continue to put one foot in front of the other, maintaining tremendous perseverance and allocating capital to high-conviction opportunities which we feel are appropriate given the current environment.

¹ Adam P. Brownlee. Investopedia. Nov. 30, 2022. "Warren Buffett: Be Fearful When Others Are Greedy."

<https://www.investopedia.com/articles/investing/012116/warren-buffett-be-fearful-when-others-are-greedy.asp>. Accessed June 21, 2023.

HOBART WEALTH CLIENT SERVICE OUR TEAM IS AT YOUR SERVICE

Hobart Wealth recently welcomed Bob Barton as our new Chief Operations Officer (COO). Bob previously served as an Army officer before becoming a pastor/teacher/church planter and entrepreneur. What do those things have in common? They all point to Bob's commitment to serving others with excellence.



BOB BARTON
CHIEF
OPERATIONS
OFFICER

Message from Bob:

Investopedia.com defines a COO this way: "The chief operating officer is a senior executive tasked with overseeing the day-to-day administrative and operational functions of a business." I know it doesn't sound very exciting, but I'm thrilled to be serving as the new COO for Hobart Wealth!

Here's why I'm so excited. First, I so enjoy being part of this team. I am truly impressed with the quality of our people and their sincere desire to care for our clients. The attention to detail and pursuit of excellence is refreshing.

Second, the intentional design of our firm is liberty. Being a "concierge-style" wealth firm gives us the freedom to be highly customizable. We can tailor every service to each client and their needs. And our team members bring expertise and attention to detail to provide an even better client experience than ever before.

Our team is dedicated to providing timely, thorough answers to your questions and frequent updates about what's happening in the markets. We also want to make it as easy as possible to update accounts and know what's happening with your money.

In short, we're dedicated to providing first-class service that gives the confidence and peace of mind you deserve. I look forward to meeting all of you in the days ahead!

THE HOBART WEALTH CLIENT SERVICE TEAM



DORIS CASTELLUZZO

Doris has more than 25 years of experience in the insurance industry. She previously worked for Prudential, Merrill Lynch and Crump Life Insurance before coming to Hobart Wealth.



NANCY KLUG

Nancy uses her knowledge of eMoney to help clients stay on top of their accounts and understand exactly where they stand financially.



DEAN BOUGHNER

Dean's career in financial services has spanned more than 35 years. He works with our advisors and clients to ensure accounts and trades are set up accurately.



KELLY SABIN

Kelly has extensive experience in running a busy financial office. She holds life and health insurance Medicare Supplement and Long-Term Care licenses and has passed the Series 65 securities exam.



ANDREW GREER, CFP®

SENIOR WEALTH ADVISOR

INTEREST RATES

THE IMPACT ON YOUR RETIREMENT INCOME

The global financial landscape is an ever-evolving entity influenced by a myriad of factors that shape economic conditions. One crucial aspect of this complex environment is interest rates, the ebbs and flows of which profoundly impact various facets of the economy, portfolios, borrowing costs and even our ability to generate income in retirement.

Let's look at a couple of trends we're seeing in the world of retirement income and how you might be impacted by interest rates.

Pensions

While pensions have long been on the path toward extinction, many of our clients are still fortunate enough to work (or have worked) for a company or entity providing a pension as a retirement benefit. This is most likely something future generations will not reap the benefits of, but it is worth understanding the impact interest rates have on pension benefits.

As the economy experiences fluctuations and the Federal Reserve makes adjustments, interest rates can rise and fall, leading to significant consequences for pension funds and individuals relying on them for retirement income. While I won't delve into the granular minutia, one characteristic has cropped up over the last year during the most aggressive rate hikes in four decades.

It is worth noting that pension funds are conceptually very similar to an insurance company that issues annuities. The pension has a lump-sum value that, in most cases, can be rolled over at retirement. This allows the plan participant to "own the asset" and allocate funds as they see fit. The alternative consideration is income options in retirement: single life, joint survivor's benefit, front-loaded with Social Security adjustment, etc.

One of the most significant influences of interest rates on pensions lies in their effect on pension liabilities. Pension plans are contractual obligations requiring a certain level of funding to meet future payment obligations. Higher interest rates tend to reduce the present value of liabilities, whereas lower interest rates increase their value. In other words, higher or rising interest rates reduce a pension's lump-sum value because a lesser value is needed to secure the income the company said they would pay you in retirement.

OUR HOME



What does all this mean – and how does it affect you? There most likely isn't much of an impact for the individual already planning on taking income payments from their pension. We see the impact on pension recipients who previously planned to take a lump sum and forego the income payments.

For example, a pension lump sum might have been worth \$400,000 toward the end of 2021 but might be worth \$250,000. This is a strictly hypothetical example, but it shows how the difference could significantly impact retirement success vs. failure. It could potentially cause the pension recipient to rethink their strategy and take the income payments instead. It could also change their strategy on where to invest the funds if taken as a lump sum.

If you are one of the lucky few still entitled to a pension, it is critical to understand the actual changes your pension plan has experienced over the last 1.5 years. You should have conversations with your financial advisor to ensure you are still on track to a successful retirement, even after an adjustment of this magnitude.

Pension Alternative Strategy

Just as rising interest rates have impacted pensions, the same can be said about lifetime income annuities. As mentioned above, pensions are (for all intents and purposes) lifetime income annuities, allowing the investor to elect an income stream for the rest of their life and potentially including a spouse in the mix (joint-life income).

Income annuities are investment vehicles that allow individuals to invest a portion of their portfolio to

create immediate or deferred income payments for life. These income streams are not impacted by market fluctuations and can close the retirement income gap that Social Security is not providing.

The word "annuity" has long been a polarizing subject, and we like to stay objective when building solutions for clients. While this strategy is not intended for everyone, this concept does allow an investor to secure an additional retirement income stream along with Social Security and pension income if you are one of the lucky few.

While rising rates have a negative impact on pension lump sums, the opposite is true with income annuities. At the end of the day, we are talking about the same mechanics. With higher interest rates, insurance companies need a lesser amount of funds to meet contractual income obligations for their participants. Today, it would require a smaller investment to secure the same amount of income for a participant, compared to the last few years when interest rates were much lower than they currently are. This is a significant "win" for investors interested in protecting their retirement income who have been on the fence because of the upfront capital commitment required.

There is a price to be paid for peace of mind, and this price is significantly cheaper than in previous years. During a period when pensions are dying off and the Social Security program is demonstrating serious flaws, this is potentially an invaluable strategy for retirees. We encourage discussion with your advisor to determine if this is a viable option for your unique situation.

LIFE LESSONS FROM THE HW TEAM

We asked our team what things did you learn from parents or role models that shaped who you are today?
What favorite sayings or quotes do you remember them saying, and what do they mean to you?



Nick Adkins
Wealth Advisor

Two of the many things my parents taught me: "God gave you two ears and one mouth for a reason," and "Better to be thought a fool than to speak and remove all doubt." It has shaped how I learn, listen and engage with people. It's a reminder to keep an open mind and realize there is a lot of wisdom to be gained in being a great listener.



Dean Boughner
Client Services Specialist

My quote from my grandfather: "If you want something you never had, you have to do something you have never done."



Nancy Klug
Client Services Specialist

My mom is very artistic, and this Vincent Van Gogh quote perfectly describes her: "I feel there's nothing truly more artistic than loving people." She taught me to do my best at everything I do. She is a perfectionist and everything she does is top-notch!



Doris Castelluzzo
Client Services Specialist

My parents passed away 30+ years ago, but I remember my Dad always saying, "Yard by yard, life is hard. Inch by inch, it's a cinch." This simple phrase helps keep my life in perspective. It reminds me to live in the moment, appreciate every day and not get caught up in worrying about the future.



DONUTS FROM THE DO GOOD CREW

The Hobart Do Good Crew does a "Donut Drop" once a month, surprising a local fire or police department, hospital, nursing home or charity with boxes of donuts. Hobart Wealth team members Bob Barton and Kim Collins stopped by the Charlotte Fire Dept. Station 24 in May to express our appreciation for their service to our community.

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Please contact Hobart Private Capital, LLC if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your account or reasonably modify existing restrictions. You may contact us by phone at **(704) 553-0123** or email at hello@hobartwealth.com.

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