PRINCIPLE
WEALTH PARTNERS

THE PRINCIPLE NEWSLETTER

DECEMBER 2022

Dear Friends,

It's hard to believe year end is fast approaching. We wish everyone a happy holiday season and hope you enjoy time with friends and family.

This has been a volatile year filled with many macro catalysts. As time passes, some unknowns become known, starting with the midterm elections, which have resulted in a divided government. Some topics that are top of mind as we head into 2023 include a slowing US economy and a Fed policy shift.

In this issue, we look at some positive news for Social Security recipients, the favorable environment for Treasuries, and what the Inflation Reduction Act really accomplishes. We also welcome a new employee to support our clients, proudly accept an industry award, and focus on giving back to our communities.

Best regards,

Bob

Robert S. Paolucci, CFP®
Founder & CEO

What's Inside

Good News for Social Security Recipients!

By John Hannigan, CFP®

If you are one of approximately 70 million Americans who receive social security payments, you'll notice a welcome increase in your benefits next year. Each year, the Social Security Administration decides whether to implement a cost-of-living adjustment (COLA) to payments for the following year. Increases don't always take place, and, in fact, in 2009, 2010, and 2015, there were no increases. This year, in recognition of the significant upward pressure on consumer prices, payments will go up by 8.7% beginning January 2023. This is the highest increase since 1981, when payments went up 11.2%, and 1980, when benefits jumped 11.3%. COLA notices will be mailed throughout December to beneficiaries, recipients, and representative payees, or you can check your benefit amount beginning early December through a mySocial Security account.

Is It Time for Treasuries?

By Megan O'Marra Maruzo, MBA

The last time treasury yields were this high, neither the iPhone nor Google Search existed. The Fed's rate increases bring us back to a more traditional interest rate environment. Short-term interest rates are generally tied to the Federal Funds rate, which consequently impacts mortgages, credit cards, and lending, and directly impacts the yield on short-term U.S. government securities. Treasury securities are the safest investments, as they are backed by the full faith and credit of the U.S. government.

There are several different ways to invest in Treasury securities. Investors can buy bills (up to 1 year), notes (2-10 years), bonds (20 or 30 years), or zero-coupon bonds. Yields on savings accounts continue to hover around all-time lows, while the yields on Treasury securities are much higher. This higher yield, coupled with the federal guarantee, presents a rare opportunity for higher returns with no additional risk.

Treasury Securities

Type	Duration	Income
Bill	<1 Year	Difference between discounted purchase price and par value, which is paid at maturity
Notes	2-10 Years	Semi-annual interest
Bonds	20 or 30 Years	Semi-annual interest
Zero-Coupon Bonds	≥10 Years	Difference between discounted purchase price and par value, which is paid at maturity

For example, as of November 15, 2022, a one-year Treasury bill is yielding approximately 4.61%, interest rates on savings accounts hovered around 0.21%, checking accounts yielded 0.04%, and money market accounts 0.23%.[1] If a deposit of $100,000 were made into a checking account, the interest accumulated annually would be approximately $40. However, if the same $100,000 were invested in a Treasury security, the interest accumulated over the same amount of time would be $4,610.

One Year Maturity Value[1]

Initial Deposit	Checking 0.04%	Savings 0.21%	Money Market 0.23%	Sample Treasury 4.61%
$100,000	$100,040	$100,210	$100,230	$104,610

[1] https://www.fdic.gov/resources/bankers/national-rates/index.html

The steady income from bonds can help offset the volatility of equity prices. Another advantage of investing in Treasury securities is the income earned is taxed only at the federal level and exempt at the state and local levels. There is always a silver lining during volatile times like these. As always, we continue to look for and take advantage of these opportunities for you.

The Inflation Reduction Act of 2022 – What's Inside and Why It's Important

By Andrew Cialek, CFP®

In August, the current administration passed the Inflation Reduction Act, with hopes of curbing inflation while tackling some long-term goals. The Inflation Reduction Act (IRA) is a slimmed down version of the failed Build Back Better plan. In large part, the bill seeks to increase taxes on corporations to help fund several key initiatives, such as expanding the IRS, extending the Affordable Care Act, and helping to reform prescription drug pricing. This all sounds good, but in reviewing the high points of the bill below, let us be clear, this bill isn't about inflation reduction at all. More government spending will, if anything, add slightly to long-term structural inflation as these industries and projects are funded. We'll try to highlight some of the key points below and their impact on the future.

Topline Estimates

TOTAL REVENUE RAISED	$737 billion
15% Corporate Minimum Tax	222 billion*
Prescription Drug Pricing Reform	265 billion***
IRS Tax Enforcement	124 billion**
1% Stock Buybacks Fee	74 billion*
Loss Limitation Extension	52 billion*

TOTAL INVESTMENTS	$437 billion
Energy Security and Climate Change	369 billion*
Affordable Care Act Extension	64 billion**
Western Drought Resiliency	4 billion***

TOTAL DEFICIT REDUCTION	$300+ billion

* *Joint Committee on Taxation estimate*

** *Congressional Budget Office estimate*

*** *Senate estimate, awaiting final CBO score*

Sources: https://www.forbes.com/advisor/personal-finance/inflation-reduction-act/

Ben Hill Griffin Stadium at The University of Florida, Capacity: 88,548

The largest mandate in the bill revolves around the inclusion of a 15% minimum tax for corporations with at least $1 billion in profits over the last three years going forward.[1] This tax threshold would consider worldwide book profits instead of what is normally just reported to the IRS domestically. All in all, this seems incredibly difficult to undertake, so to combat this, the bill also includes a budget to hire an astonishing 87,000 IRS agents to help carry out this task. To give you a visual, pictured above is the University of Florida's football stadium, which seats over 88,000 people. Keep in mind, this is coming at a time when the Federal Reserve is saying they are trying to create more unemployment in this country. All of these potential employees have benefits and government pensions funded by U.S. taxpayers.

Drug Price Reform and the Extension of the ACA

Included in the bill is the negotiation of drug prices by Medicare, on behalf of consumers, to limit the total out-of-pocket cost for users to $2,000 a year. Granted, these are just initial estimates, though, time will tell what the actual impact is. Additionally, the Affordable Care Act would be extended through 2025. These future extensions and modifications could allow the average enrollee to save upwards of $800 a year in premium payments.

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Clean Energy and the Future

Lastly, the bill will focus on raising and deploying capital into the clean energy industry. This investment itself will be the largest so far in this area, as the U.S. looks to pivot and upgrade their energy infrastructure.

We will see more tax credits for wind and solar production and development, as well as additional tax credits for airlines using low carbon fuel. Additional benefits for industrial firms capturing and storing their own carbon by-products in production are also included in the bill. There will also be loans available for private companies to advance clean energy programs over time.

Some consumer benefits are mentioned, such as tax credits for electric vehicles, although it remains to be seen which vehicles will fall under these criteria, given not a single manufacturer meets all the requirements as of this writing. We would love to give you more specifics, however, the wording is so vague, and the details are so light, that it leads us to believe the bill is based more on hype than help.

Overall Impact – Good or Bad?

The impact of this bill, whether good or bad, will be best measured over the next decade. There is a significant lag between fiscal spending and the visibility of its effects on the economy. As opposed to COVID relief, these funds are most likely going to trickle into the economy. We always want to look under the hood and understand what is going on with current legislation. Often, legislation titles sound great, but the contents of the bills tend to be detached from the actual goal.

[1] *https://www.congress.gov/bill/117th-congress/house-bill/5376*

Forbes Top 100 RIA

Principle Wealth Partners is proud to announce that it has been named to the Top Independent Wealth Management Firms list by Forbes for 2022. The firm is the top-ranked firm in Connecticut and 43rd in the nation. The inaugural list of top 100 RIA firms, compiled by SHOOK research using quantitative and qualitative data, includes interviews to rank the firms. "This recognition is very meaningful to us, particularly in the first year of rankings," said Robert (Bob) S. Paolucci, CFP®, Founder and CEO. "This is a testament to the consistent efforts of the entire team to improving the lives of our clients."

The Forbes ranking of America's Top RIA Firms, developed by SHOOK, is based on an algorithm, mostly gained through telephone, virtual and in-person due diligence interviews, and quantitative data. The algorithm weighs factors like revenue trends, assets under management, compliance records, industry experience, and those that encompass best practices and approach to working with clients. Portfolio performance is not a criterion due to varying client objectives and lack of audited data. Neither Forbes nor SHOOK receive a fee in exchange for rankings.

Welcome to our newest team member

Welcome Kate E. Hartmann! Kate joined Principle Wealth Partners as a Client Service Associate, with over a decade of experience in helping fulfill clients' needs. She is dedicated to helping our clients live better by delivering warmth and genuine care with every interaction. Outside of work, Kate enjoys spending time at the beach and taking walks on the trails with her daughter, Camila. She graduated from Concordia University in Montreal. Kate enjoys supporting her community by providing free design services to non-profits in her town and raising funds for The Guilford Center for Children.

Citywire Award Ceremony in Austin

In September, Alissa Amara, Chief Operating Officer, and Andrew Cialek, Director of Finance and Analysis, had the honor of traveling to Austin, Texas to receive Principle Wealth Partners' award as Citywire RIA's number one "grower" in Connecticut, on the list of top 50 Growers Across America. Using information reported by Discovery Data, firms must have a significant number of financial planning clients, cannot be affiliated with a broker-dealer, and should be working directly with end clients. Growth factors examined are percentage growth in assets under management (AUM), monetary growth in AUM, and percentage growth in employees across the firm. Congratulations to all Principle Wealth Partners employees on this well-deserved recognition and thank you to all of our clients for your continued trust and confidence.

Community Outreach

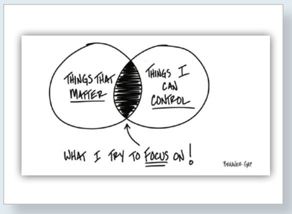
Good Guys Invitational

Community outreach is an important part of the culture at Principle Wealth Partners, and this fall is no exception. On September 26th, Julina Ogilvie, Lou Nistico, and Grace Pascale participated in the Good Guys Invitational, hosted at H. Smith Richardson Golf Course, for the benefit of Bridge House Inc. located in Bridgeport, CT. Bridge House is a registered nonprofit whose mission is to empower adults living with persistent mental illness to improve their quality of life through its education, employment, and housing programs. Principle was proud to sponsor this event at the "Tin Cup" level.

Clinton Food Pantry

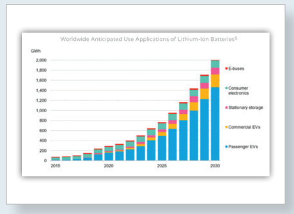
Clinton Food Pantry is part of the Shoreline Soup Kitchens & Pantries, an interfaith service that provides food and fellowship to those in need. Principle Wealth Partners ran a food drive and donated items that are not covered by food stamps, are not typically received by a food bank, or are more costly. Items donated include women's healthcare products, shampoo and shaving cream, as well as nonperishable items, such as microwavable dinners, snacks, boxes of milk, cake mix and frosting, cans of tuna, tea, salt, and pepper.

A Look Back at Past Perspectives and Insights



The Price of Worry

Learn how worrying about your financial situation can affect your physical and mental well-being and get some tips on how to avoid making emotional financial decisions.

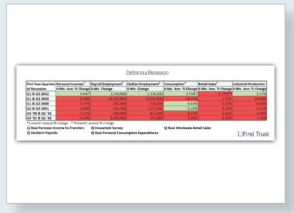


June Movements

What implications, like the need for mined lithium, should we be aware of if electric vehicles are adopted by the masses?

Q2 2022 Quarterly Market Review

Our second quarter review looks at the capital markets' and global equity markets' performance and events in the second quarter of 2022 and shares the three crucial lessons for weathering the stock market's storm.

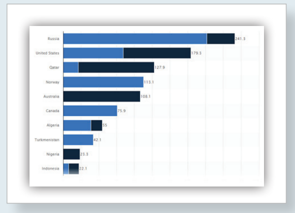


July Movements

What is the definition of a recession, and are we in one?

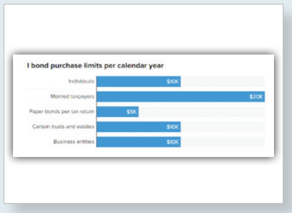
Q3 2022 Quarterly Market Review

In our third quarter review, we look back at the the performance of equity, fixed income, and other asset classes during the quarter and examine ingenuity as a driver of investment performance.



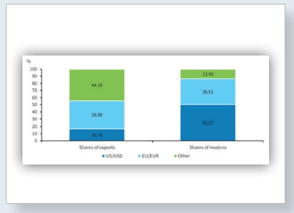
August Movements

Is there an energy crisis in Europe, and what impact might it have on the European economy?



Series I Savings Bonds

Learn about the advantages and limitations of Series I Savings Bonds, whether they might be right for your portfolio, and how to purchase them directly through treasurydirect.gov.



September Movements

The strength of the US dollar may have ripple effects within the global economy. Is there a Black Swan floating into the picture?

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DECEMBER 2022

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*Awarded to Robert S. Paolucci, CFP®

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Barron's:
Barron's "Top 100 1,200 Financial Advisors," March, 2022. Barron's "Top 1,200 Financial Advisors" bases its ratings on qualitative criteria: professionals with a minimum of seven years of financial services experience, acceptable compliance records, formal succession plans, high client retention, and more. Financial Advisors are quantitatively rated based on varying types of revenues and assets advised by the financial professional, regulatory records, quality of practice and philanthropic work with weightings associated for each. Because individual client portfolio performance varies and is typically unaudited, this rating focuses on customer satisfaction and quality of advice. The rating may not be representative of any one client's experience because it reflects a sample of all of the experiences of the Financial Advisor's clients. The rating is not indicative of the Financial Advisor's past or future performance. Neither Principle Wealth Partners nor its Financial Advisors pay a fee to Barron's in exchange for the rating, however Principle Wealth Partners does pay to use the award ribbon for marketing materials. Principle Wealth Partners is not affiliated with Barron's or Dow Jones & Company, L.P. All of the information provided has been obtained from sources considered to be reliable, but we do not guarantee its accuracy or completeness, and does not constitute a recommendation. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved.

Forbes:
The 2022 Forbes "Best-In-State Wealth Advisors", April 2022 rankings was developed in coordination with SHOOK research. This award is based on an algorithm of qualitative criterion for advisors who have a minimum of seven years of experience. This algorithm is qualitatively based, through due diligence reviews and quantitative data, factoring revenue trends, assets under management, compliance records, industry experience, and the encompassment of standards of preferred best practices. Portfolio performance is not considered as a part of the criteria. Over 34,500 advisors were nominated and more than 6,000 were recognized for the award. The Advisor does not pay Forbes or Shook in exchange for either the nomination or recognition. However, the Advisor does pay a fee for any marketing materials used that include the award's ribbon. Principle Wealth Partners is not affiliated with Forbes or Shook Research, LLC. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation.

Data provided by SHOOK ® Research, LLC – Data as of 12/31/21 America's Top Registered Investment Advisor Firms ranking was developed by SHOOK Research and is based on in-person, virtual and telephone due diligence meetings and a ranking algorithm that includes: a measure of best practices, client retention, industry experience, review of compliance records, firm nominations; and quantitative criteria, including assets under management and revenue generated for their firms. Investment performance is not a criterion because client objectives and risk tolerance vary, and advisors rarely have audited performance reports. Neither SHOOK nor Forbes receive compensation in exchange for its Registered Investment Advisor Firm placements or rankings, which are determined independently (see methodology above). Participation in this directory is limited to ranked firms; once placed on a ranking, firms may choose to pay fees to Forbes and Shook for premium listing features as indicated by highlighted names. Principle Wealth Partners has not paid SHOOK Research, LLC to be included on this list. SHOOK's research and rankings provide opinions intended to help investors choose the right financial advisor or firm and not indicative of future performance or representative of any one client's experience. Investors must carefully choose the right advisor or firm for their own situation and perform their own due diligence. Past performance is not an indication of future results. For more information, please see www.SHOOKresearch.com, SHOOK is a registered trademark of SHOOK Research, LLC. Principle Wealth Partners and SHOOK Research, LLC are not affiliated.

CityWire RIA:
CityWire RIA, July 2022 Methodology: This report is based on the most recent Form ADV data reported to the Securities and Exchange Commission at the time of publication, as helpfully gathered by a data partner, Discovery Data. Only firms that manage more than $100m were considered, and which aren't affiliated on a firm level with a broker-dealer or other institution (though a firm's employees may be dually registered). Since we wanted to make sure we were only considering financial planning-oriented RIAs and not money managers, we excluded firms that don't report having many financial planning clients. And, in the spirit of fostering apples-to-apples comparisons, we also generally excluded those where the bulk of assets were non-discretionary. We've also endeavored to remove RIAs whose assets under management aren't truly 'theirs", so we did our best to strike companies that are primarily back-end service providers, operating under brand names that are likely unknown to the retail clients being served. Then we looked at percentage growth in AUM and percentage growth in employees over the last three years, summed those numbers, and came up with our 'growth score.' If a firm grew AUM by $100m over the past three years, it got a leg up in the rankings. From there it was simple to select the winner in each state, and then the runners-up if there were any. After doing all this, we reached out to some of the firms to learn more. The RIAs in this supplement did not ask to be here. There was no way to compensate to be considered or to be named. For that matter, they could not do anything to not be named. The mention of a RIA is not at all an endorsement of its services or its business.

FA Magazine:
FA Magazine, July 2022 FA's RIA survey is a ranking based on assets under management at year end of independent RIA firms that file their own ADV with the SEC. FA's RIA ranking orders firms from largest to smallest, based on AUM reported to us by firms that voluntarily complete and submit FA's survey by our deadline. We do our best to verify AUM by reviewing ADV forms. To be eligible for the ranking, firms must be independent registered investment advisors and file their own ADV statement with the SEC and provide financial planning and related services to individual clients. Firms must have at least $500 million in assets under management as of December 31, 2021, to be included in the print edition of Financial Advisor magazine's 2022 RIA survey. Firms with under $500 million will be included in FA's expanded 2022 online RIA survey. Hybrid RIA firms, corporate RIA firms and investment advisor representatives (IARs) are not eligible for this survey. No fee was paid by either Financial Advisor magazine or Principle Wealth Partners for inclusion on this list, however, a fee was paid for the use of the award logo in marketing materials. Principle Wealth Partners and Financial Advisor magazine are not affiliated.