SEPTEMBER 2023

# THE MERRITT POINT MINUTE

GUIDING CLIENTS THROUGH THE COMPLEXITIES OF WEALTH MANAGEMENT

## PLEASE JOIN US FOR OUR UPCOMING EVENT

Wednesday, October 18th
11:00am EST

Zoom Seminar:
On Target Living with Chris Johnson

Chris Johnson is the founder and CEO of On Target Living, a global health and performance company. He is a highly sought after Keynote Speaker and Bestselling Author and is on a mission to help everyone experience--THE POWER OF FEELING YOUR BEST.

*Zoom invitation to follow. For more information, please email info@merrittpointwa.com

## UPCOMING NYSE HOLIDAYS

*Please be advised that our offices will be closed in observance of the following market holidays:

LABOR DAY
Monday, September 4th

THANKSGIVING DAY
Thursday, November 23rd

## IN THIS ISSUE:


EVENTS
PAGE 1

UPCOMING NYSE HOLIDAYS
PAGE 1

TEAM ANNIVERSARIES
PAGE 2

ECONOMIC COMMENTARY
PAGE 2-3

TEAM BIRTHDAYS
PAGE 3

MERRITT POINT INVESTMENT TEAM UPDATE
PAGE 3-4

AWARDS & RECOGNITION
PAGE 4-5

RMD BASICS
PAGE 5

OUTSIDE OF THE OFFICE
PAGE 5

A MESSAGE FROM OUR CEO
PAGE 5





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# TEAM ANNIVERSARIES

Celebrating anniversaries this quarter are:

Olivia Negri
Associate
1 Year

Alex Mills
Associate Vice President
Manager of Operations & Compliance
2 Years

# Economic Commentary

As we approach the final quarter of 2023, inflation, interest rates, and corporate earnings remain in the spotlight. While J. Powell and the Federal Reserve have made significant progress in their fight against inflation, many of the easily obtained wins are behind us and progress towards 2.0% inflation threatens to be a more demanding task. Why more difficult going forward?

The first reason involves the difference between headline and core inflation. Headline inflation, which includes the more volatile energy and food categories as part of its calculation, has shown drastic improvement declining from 9.1% (year over year inflation) in June of 2022 to 3.0% in June of 2023. This a remarkable figure that has many believing inflation has been remediated. Unfortunately, this is less the result of monetary policy and more the normalization of global energy and agriculture markets, both of which were severely displaced by the Russian invasion of Ukraine last year. Despite being a potentially misleading indicator of policy efficacy, this is nonetheless a welcome reprieve for any of us that eat food, heat our homes, or fill up our gas tank - so, good news there. Core inflation, which excludes the aforementioned categories and tracks a more stable basket of consumer expenditures, is on the decline too, however, at a more tepid pace. Over the same period, core inflation declined from 5.9% in June of 2022 to 4.8% in June of 2023. This leaves much progress to be made en route to the Fed's 2.0% target, which J. Powell acknowledged in his most recent Jackson Hole Symposium speech. Powell signaled a commitment to this goal, via sustained higher rates and further potential rate hikes if necessary.

Shifting away from inflation concerns, credit rating agency Fitch downgraded the US Long Term Debt rating from AAA to AA+ in August 2023. With this move, two of the three major rating agencies no longer assign the highest possible rating to the world's risk-free asset. Fitch cited concerns over the ever-expanding national debt and the added deficit that will be required to service it's interest payments (another unwanted effect of higher rates).

Additionally, it assigned demerits for the US's poor "governance" practices, a response to the repeated bipartisan debt-ceiling showdowns that have turned government funding into a political football - always to be resolved last minute by (you guessed it) raising the debt ceiling further, wholly unaccompanied by material plans to reduce spending.





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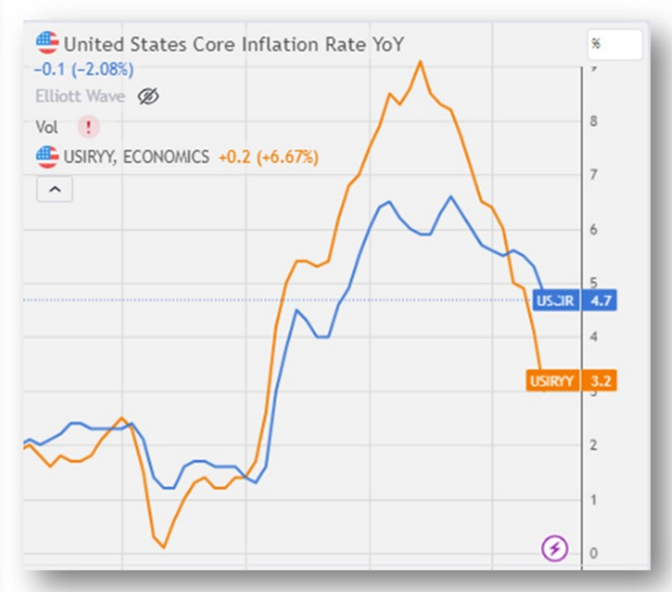
Realistically, this move will not amount to any functional effect in the near-term; regardless of rating there is no competitor in terms of scale or stability that could threaten the US Treasury's safe-haven hegemony. US treasury dominance notwithstanding, the situation calls to mind




Ernest Hemingway's famous dialogue, "How did you go bankrupt?" " Two ways: gradually, then suddenly". In the long-run if there were to be a story telling of the USA's unlikely fall from financial grace, this could serve as the first chapter. Legislators should be eager to avoid this situation and will need to address the budget deficit from both sides to do so. The Trump-era tax cuts, set to automatically expire in 2026 will likely not be extended, and further increases may be in store.

ROB SCHAEFER, CFP®
SENIOR WEALTH PLANNING STRATEGIST

# Merritt Point Investment Team Update

As we approach the fourth quarter of 2023, not many would have believed that we would have a volatility index reading below 15 coming off of a turbulent 2022 in the global financial markets. The ballast of the market in 2023 has been "The Magnificent Seven" (Apple, Microsoft, Amazon, Alphabet, Nvidia, Tesla & Meta). This concentration amongst mega-cap technology names has given us both confidence and concern moving into Q4. Although the indexes have recovered significantly from the 2022 lows, the rally is just now beginning to show signs of broadening. Interest rates have gone much higher than originally anticipated, and seem to be staying their longer than hoped. This has kept the lid on lower-tier growth stocks, utilities, and real estate. However, in recent weeks we have begun to see movement in energy & health care.

## TEAM BIRTHDAYS

Lawrence Baker
Senior Vice President
September 29th

Jonathan Nuzzaci
Senior Vice President - Investments
October 1st

Alex Mills
Associate Vice President
Manager of Operations & Compliance
October 5th

Dan Dodderidge
Senior Vice President - Investments
October 16th

Dee Lawrence
Vice President
October 20th

Olivia Negri
Associate
October 22nd

Beth Cutler
Founder, President
November 23rd

Kate Welch
Senior Associate
December 30th

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## AWARDS & RECOGNITION

2023 FIVE STAR WEALTH MANAGER AWARD

Jason S. Andrews, CRPC®
Founder, CEO

Michael A. Salimbene
Director, Partner
Wealth Advisor -
Senior PIM Portfolio Manager

Sheila Spicehandler, CRPS®, APMA®, MBA
Senior Vice President

In order for the market to match its late 2021 high water mark, stocks across these sectors will need to participate as well. Although the equity markets have recovered substantially from 2022, the bond market has not had the same fortune. Many strategists had called for bonds to rally, and to add significant duration to portfolios this year. This call has not materialized at all. The hopes of this call being realized in 2023 were further hampered by the Federal Reserve's hawkish rhetoric at their annual Jackson Hole Summit. The Federal Reserve did not clearly signal that inflationary pressures have eased, rates will not go higher & that a soft landing has been achieved. This has continued to put pressure on yields & as yields go higher, investors theoretically should become more attracted. However, as seen by Silicon Valley and some other regional banks, interest rate risk is not the only consideration. This could speak to why investors have not aggressively taken advantage of rates being at a 15 year high.

If this year has taught us anything about the Federal Reserve, it is that they will keep their options as open as possible for as long as they can.

MAX GOLDFARB
SENIOR PORTFOLIO ASSOCIATE

The Five Star Wealth Manager award was issued on 11/1/2023 by Five Star Professional (FSP) for the time period 2/13/2023 through 8/31/2023. Wealth managers do not pay a fee to be considered or placed on the final list of Five Star Wealth Managers. The award is based on 10 objective criteria. Eligibility criteria – required: 1. Credentialed as a registered investment adviser or a registered investment adviser representative; 2. Actively licensed as a registered investment adviser or as a principal of a registered investment adviser firm for a minimum of 5 years; 3. Favorable regulatory and complaint history review (As defined by FSP, the wealth manager has not; A. Been subject to a regulatory action that resulted in a license being suspended or revoked, or payment of a fine; B. Had more than a total of three settled or pending complaints filed against them and/or a total of five settled, pending, dismissed or denied complaints with any regulatory authority or FSP's consumer complaint process. Unfavorable feedback may have been discovered through a check of complaints registered with a regulatory authority or complaints registered through FSP's consumer complaint process; feedback may not be representative of any one client's experience; C. Individually contributed to a financial settlement of a customer complaint; D. Filed for personal bankruptcy within the past 11 years; E. Been terminated from a financial services firm within the past 11 years; F. Been convicted of a felony); 4. Fulfilled their firm review based on internal standards; 5. Accepting new clients. Evaluation criteria – considered: 6. One-year client retention rate; 7. Five-year client retention rate; 8. Non-institutional discretionary and/or non-discretionary client assets administered; 9. Number of client households served; 10. Education and professional designations. FSP does not evaluate quality of services provided to clients. The award is not indicative of the wealth manager's future performance. Wealth managers may or may not use discretion in their practice and therefore may not manage their clients' assets. The inclusion of a wealth manager on the Five Star Wealth Manager list should not be construed as an endorsement of the wealth manager by FSP or this publication. Working with a Five Star Wealth Manager or any wealth manager is no guarantee as to future investment success, nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by FSP in the future. 2950 Connecticut-area wealth managers were considered for the award; 290 (10% percent of candidates) were named 2023 Five Star Wealth Managers. Visit www.fivestarprofessional.com.



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# RMD Basics & Year-End Reminder

As Q3 comes to a close and year-end approaches, it is important to know that your Required Minimum Distribution from your Traditional, SEP, and/or SIMPLE IRA must be satisfied by December 29, 2023. At the end of 2022, the RMD age increased from age 72 to age 73. If you turn 73 in 2023, you are required to take this distribution before December 31, 2023.

Your yearly Required Minimum Distribution amount is calculated based on the account value or your IRA at the end of the previous year, divided by your life expectancy divisor (provided by the IRS Life Expectancy Table). Any questions regarding the calculation of your RMD should be confirmed with a tax professional, as Merritt Point Wealth Advisors does not provide tax or legal advice.

If you still have not yet completed your RMD for this year or have questions regarding distributions or contributions into your IRA, please contact your financial advisor directly.

# A Message From Our CEO

After reflecting back over the last 3 months I am extremely grateful and would like to thank our clients for their trust and confidence over the years. During the first part of 2023 there have been some challenges including market volatility, rising interest rates and inflation but together we have successfully navigated through.
I would also like to thank our Merritt Point team of financial advisors and associates, who have been working diligently to help our clients achieve their goals.

We are looking forward to the rest of the year and finishing 2023 out strong!

JASON S. ANDREWS, CRPC®
FOUNDER, CEO



## AWARDS & RECOGNITION

Congratulations to our associate, Olivia, on becoming Series 7 registered!

Olivia Negri
Associate
1 Year

## OUTSIDE OF THE OFFICE

After 23 years in Scarsdale, New York, financial advisor Anthony D'Ambrosio & his wife Lucy moved back to his hometown of West Harrison, New York.

We wish them the best of luck in their new home!

## DID YOU KNOW?

It is prudent to periodically review your insurance policies to ensure that your policies are structured to best suit your needs.



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