



D. MICHAEL BURLEIGH
Registered Investment Advisor

750 SE Indian St.
Stuart, FL 34997

772-334-9592 • 772-334-3856 fax
Mike@peakcapitalmanagement.net
www.peakcapitalmanagement.net



THE ADVISOR

See Page 4 for Upcoming Events!

MAY 2023

Markets Were Calm in April, but Recession Fears Still Linger

After a volatile March, April was a refreshingly quiet one for the financial markets. No more regional banks failed, and the Federal Reserve had no meetings. Therefore, investors could, and did, remain focused on positive economic data. Corporate earnings beat expectations and the inflation rate continued to fall. As a result, U.S. stocks, as measured by the S&P 500, finished the month up by about 1.6%.¹ Will all this calmness and cautious optimism continue, and if so, for how long?

The answer depends on several factors, but first, let's take a closer look at April. While the labor market remained strong, the better-than-expected corporate earnings numbers for the first quarter were due largely to recent downgrades in estimates.² Meanwhile, inflation numbers released in April by the Bureau of Labor Statistics showed prices climbing 5% year-over-year for March, which was down from 6% in February. For the month the increase was just 0.1%, which marked the ninth straight month of easing price growth.³ Extrapolating these figures forward means we're already pretty close to the Fed's target inflation rate of 2%, although not quite there yet.

All of this made investors confident the Fed would stick to their plan to raise short-term rates by no more than another quarter percent at their early May meeting. The Fed not only

stuck to that plan, but they also signaled they would probably pause rate hiking altogether at their next meeting in June. Why? Well, despite the positive data, there are still concerns among investors and economists that conditions are right for a recession later this year.

Inverted Yield Curve

Remember, one of the classic warning signs of a recession is an inverted yield curve, which occurs when short-term interest rates are higher than long-term rates. Until re-

cently, the bond market was accommodating the Fed's rate hiking program, and long-term rates had risen ahead of each of the Fed's rate increases. Last year, long-term rates were pushed to their highest level in 16 years. But for most of this year, the bond market has been pushing back against the Fed. Although the Fed's benchmark short-term rate is now roughly 5.1%, the interest rate on the 10-year government bond has fallen from 4.06% in early March to 3.43% as

Continued on page 2

Avoid Estate Planning Mistakes

When it comes to estate planning, Americans are making a lot of mistakes. You can save time and money for those you leave behind by not making these estate planning mistakes.

Not Having a Will — Not having a will is probably the biggest estate planning mistake you can make. It's also one of the easiest to fix. An attorney can help you draft a simple will that offers instructions on what to do with your assets and who should care for your minor children, among other matters. What happens if you don't have a will? The courts decide who gets your property and who will assume guardianship of your kids — and it may not be who you would have chosen.

Not Updating Your Estate Plan after Life Changes — Some people

think that estate planning is a set-it-and-forget-it issue. But your estate plan needs to evolve with your life. If your family grows, a marriage ends, or you acquire new wealth, you may need to update your will, beneficiary designations, and other documents. One key thing to remember: don't forget to check your beneficiary designations on retirement plans and insurance policies periodically. The people listed on these forms will receive those assets, even if your will says otherwise.

Not Working with an Estate Planning Attorney — Online legal sites and fill-in-the-blank documents have given many people the mistaken idea that estate planning is a do-it-

Continued on page 3

Copyright © Integrated Concepts 2023. Some articles in this newsletter were prepared by Integrated Concepts, a separate, nonaffiliated business entity. This newsletter intends to offer factual and up-to-date information on the subjects discussed, but should not be regarded as a complete analysis of these subjects. The appropriate professional advisers should be consulted before implementing any options presented. No party assumes liability for any loss or damage resulting from errors or omissions or reliance on or use of this material.

Fears Still Linger

Continued from page 1

of early May.⁴

In other words, the Fed knows they can't continue inverting the yield curve further, which makes a rate hike pause in June very likely. At the same time, however, they want to continue talking tough about inflation and are reluctant to proclaim "mission accomplished" and announce the end of rate-hiking altogether. Still, they'll have little choice in the matter if the economy tips into recession. It's likely they would even have to start lowering rates again to fight the recession, which, of course, they now have plenty of ammunition to do.

All of this is why I continue to believe that if a recession does hit, it will be a mild one that doesn't last long. As I've said before, you can think of it like a controlled burn conducted by the fire department. A recession is always a danger when the Fed is raising rates, but because the Fed causes it, they also have some control over it — which isn't necessarily the case when a recession is caused by a major economic crisis.

The Lag Period

So, when will we know the answer to the recession question? Probably sometime in the coming months once the lag period between all the Fed's rate hikes and their full impact on the economy is over. It always takes time for the effects of higher borrowing costs to ripple through the economy. Once that happens, will it slow things down enough to start a recession? If so, we could see the markets sink further before the Fed starts lowering rates again, which would likely trigger a market rebound. If, on the other hand, it appears the Fed has managed to bring down inflation without triggering a recession and is finally finished raising rates, then we could see the markets get back to a more normal, less volatile pattern and potentially reach new highs.

In the meantime, you can continue taking comfort in knowing your interest and dividend return will remain consistent no matter what happens. You will see this again reflected in your latest monthly statement, and most of you will also see that your ac-

Giving Back

Leaving behind a legacy is important to many people. A charitable giving strategy can provide a number of tax-saving benefits. Here are just a few items for you to consider:

- **Lifetime Giving:** In addition to the rewarding experience of donating, you'll enjoy the added benefit of tax deductions as well. If you're concerned with exceeding state or federal estate tax exemptions, lifetime giving is an advantageous option, since you reduce your taxable estate while also receiving a current income tax deduction.
- **Charitable Trust:** There are several types of charitable trusts that are mutually beneficial for your selected charities, as well as you and your family. Estate tax savings, income tax deductions, and even income payments are all possibilities while benefitting your favorite causes. For example, a charitable remainder trust (CRT) is a private fund you can establish to provide yourself or selected beneficiaries with taxable income over a designated number of years. After your death, the remainder is passed to your chosen charities tax free. Your contributions are tax-deductible based on the projected remainder value allo-

cated for charity.

- **Private Foundation:** This is an entity run in your name and funded throughout your lifetime, enabling you to endow others while deducting these contributions on your federal tax return.

If you have many current and upcoming expenses, such as paying off debt, saving for your children's college educations, or saving for retirement, beginning a charitable giving strategy now may not be feasible. There are still ways to donate after your death:

- **A Gift in Your Will:** Simply request that your last will be drafted or revised to include your chosen organizations. This not only benefits the causes near and dear to you, but also helps reduce or eliminate estate taxes.
- **Retirement Accounts:** Because retirement accounts are among the highest-taxed assets in your estate, listing your favorite charities as the beneficiary could be a good estate tax savings route (although you may need your spouse's written consent). The charities are not subject to income or estate taxes, enabling them to put your entire gift to good use. ■■■

count values were also slightly higher for the month. Of course, as I frequently point out, while a rebound in values is always nice to see, it's also largely irrelevant when you're investing for income — just as any drop in value is also irrelevant because it doesn't affect your income return.

Keep this in mind going forward because these fluctuations are likely to continue, perhaps for the rest of the year, based on all the factors I just discussed. The good news is that with the Fed likely at or near the end of its rate hiking, the worst is probably over in terms of bond market headwinds, and we could even start enjoying some consistent tailwinds in the near future. ■■■

1 "US Equities market Attributes, April 2023," spglobal.com, May 2, 2023

2 Nasdaq.com, May 2, 2023

3 "Inflation Cooled to 5% in Marcy but Consumer Pain is Set to Linger," CNBC, April 12, 2023

4 MarketWatch.com

Peak Capital Management is registered as an Investment Advisor with the state of Florida. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial advisor or tax professional about your specific financial situation before implementing any strategy discussed herein.

Estate Planning Mistakes

Continued from page 1

yourself activity. The legal issues surrounding estates can be quite complicated. A skilled attorney (working in partnership with your other advisors) can help you avoid complications and design an estate plan that is complete without unintended consequences.

Not Thinking about Long-Term Care — The average 65-year-old has a 68% chance of becoming disabled and needing long-term care during their lifetime. If you don't have a plan for how you might pay for that care, you can quickly exhaust your savings, leaving little for your heirs when you do pass away. Smart planning strategies, like purchasing long-term-care insurance or certain types of life insurance, can allow you to protect your wealth for your loved ones while also helping you afford the care you need.

Not Taking Steps to Avoid Family Conflict — Disagreements among family members over how your assets are distributed after your death can lead to permanently damaged relationships and expensive litigation. A detailed, well-thought-out estate plan will help prevent conflict, as your wishes will be clear and there will be less opportunity for legal challenges. Even more important, however, is thinking about your unique family dynamics and taking steps to ensure everyone you love is treated fairly.

Not Thinking about Digital Assets — As you develop your estate plan, you may want to include instructions for how to handle your digital assets. Putting together a master list of accounts and passwords will make things easier on your family. But you may also want to include information about your other online assets, like social media accounts, online photo albums, libraries of digital videos and music, and even online businesses.

Fortunately, it is fairly easy to avoid any of these estate planning mistakes. Working with an experienced estate planning attorney, along with your financial advisor and other professionals, can allow you to create a comprehensive estate plan. ■■■

5 Estate Planning Tips for Dependents

When you have people who are dependent on you, like children or elderly parents, you want to ensure that they will be well taken care of in the event that you can no longer care for them. Here are five tips for creating an estate plan that will do this:

1. **Hire an estate planner** — An estate planner will make sure you think of and lay out every aspect of your estate plan. Estate planners stay up-to-date on tax rules and regulations, so they can help you ensure that your plan is legally and financially sound, leaving your dependents in the best situation possible.
2. **Choose a guardian** — Choosing someone to take care of your children in the event that both you and the children's second parent are deceased is a huge decision to make and deserves great care and time. You want to choose a guardian who loves your children and has the capacity to take care of them into their adulthood. That means a guardian who has the financial capacity to care for your dependents, as well as the physical capacity to do so.

So even though grandparents may be able to love and care for your children just as you did, they may not be in good enough health to care for a child or children. On the other hand, your sister may be able to love your dependents just as much as you did and be in perfect health, but is unable to hold a steady job or stay in a committed relationship. The goal of choosing a guardian is to make sure your children are loved and taken care of adequately, they receive a good education, their lives remain as stable as possible, and they receive emotional support to cope with your loss. It's crucial to communicate with your chosen guardian. Ask early (and often) if they are comfortable being the

guardian of your child or children.

3. **Develop a trust** — A trust is often used when people have minor children or dependents that are incapable of taking care of themselves. You, the trustor, puts a trustee in charge of the beneficiary's property and/or assets until the beneficiary meets certain requirements such as reaching a specific age or milestone. Usually the named guardian is also the trustee, however every situation is different. Just like choosing a guardian, make sure you take time in choosing a trustee and pick someone who is trustworthy and capable.
4. **Start as soon as possible** — As soon as you have a child or otherwise become responsible for a dependent, it is important to get an estate plan in place to protect them in case of emergency.
5. **Reevaluate often** — As time goes on, your situation may change quite a bit from your original plan. For example, anytime you acquire a new asset or debt, it should be included in your estate plan. Also, you may realize the guardian you originally chose for your dependent is no longer the right choice — they might get sick or die, or move far away. You may have more children or unexpectedly start caring for an elderly family member. Any time major changes happen in your life that impact what you would leave behind and who you'd want to leave it to, you should revisit your estate plan.

We all want the people we leave behind to be cared for after our deaths as we cared for them in our lives. You may have no control over when or how you will die, but you do have control over what happens to your dependents. To get started with your estate plan, please call. ■■■

Business Data

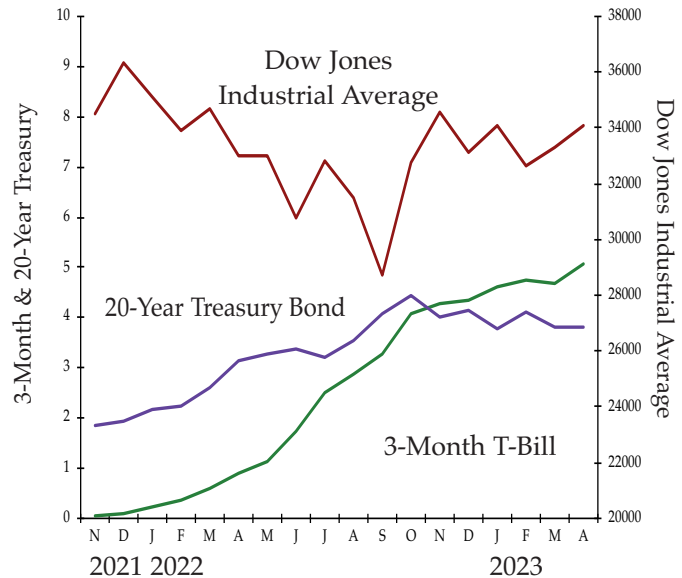


Indicator	Month-end				
	Feb-23	Mar-23	Apr-23	Dec-22	Apr-22
Prime rate	7.75	8.00	8.00	7.50	3.50
3-month T-bill yield	4.75	4.68	5.07	4.35	0.89
10-year T-note yield	3.92	3.48	3.44	3.88	2.89
20-year T-bond yield	4.10	3.81	3.80	4.14	3.14
Dow Jones Corp.	5.65	5.36	5.26	5.54	4.33
GDP (adj. annual rate)#	+3.20	+2.60	+1.10	+2.60	-1.60

Indicator	Month-end			% Change	
	Feb-23	Mar-23	Apr-23	YTD	12-Mon.
Dow Jones Industrials	32656.70	33274.15	34098.16	2.9%	3.4%
S&P 500	3970.15	4109.31	4169.48	8.6%	0.9%
Nasdaq Composite	11455.54	12221.91	12226.58	17.0%	-0.9%
Gold	1824.60	1979.70	1982.55	9.4%	3.7%
Unemployment rate@	3.40	3.60	3.50	-5.4%	-2.8%
Consumer price index@	299.17	300.84	301.84	1.4%	5.0%

— 3rd, 4th, 1st quarter @ — Jan, Feb, Mar Sources: *Barron's, Wall Street Journal*
 Past performance is not a guarantee of future results.

18-Month Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield November 2021 to April 2023



UPCOMING EVENTS

Find out how claiming your Social Security benefits at the right time could mean an extra \$100,000 over your lifetime!

During this 1-Hour educational class, you will learn:

- * How to help ensure you don't miss out on commonly overlooked benefits for married couples.
- * Two claiming strategies that could increase your total benefits.
- * How to help minimize the amount of taxes you'll have to pay on your Social Security benefits.

And more...

Seating is limited and fills quickly. Reserve your seat(s) today!

Call 833-255-1984 (Toll-Free, 24 hours) or register online at www.youRSVP.com and enter code: HAHVUN

Indian River State College in Stuart

Tuesday, June 13, 2023. 6:00pm - 7:00pm

Hoke Library in Jensen Beach

Thursday, June 22, 2023 6:00pm - 7:00pm

THANK YOU FOR YOUR REFERRALS!

The greatest part of my business is helping my clients succeed in retirement!

The greatest honor of my business is your referrals.

My business is built on word-of-mouth advertising and I would like to thank my many clients that have been kind enough to recommend my services to their friends and family. That is truly the greatest compliment.

PEAK CAPITAL MANAGEMENT

750 SE Indian St.
 Stuart, FL 34997