



JESSUP WEALTH
MANAGEMENT

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Market Update

Stocks rallied back in December after a weak November. Below are the December returns for popular benchmarks that investors track (Data provided by Stockcharts.com & Commonwealth Financial Network):

- S&P 500 Index: +4.36%
- Dow Jones Industrial Average: +5.38%
- Nasdaq Composite Index: +.69%
- Russell 2000 Index: +2.27%
- S&P Target Moderate Risk Index: +1.55%

As we turn the chapter to the new year, there are several headlines that investors will be focused on, such as but not limited to the items listed below:

- Interest rate hikes by the Federal Reserve
- Removal of quantitative easing by the Federal Reserve
- Rich valuations for US companies
- Additional COVID-19 variants
- Midterm elections in the fall

While the list of items above may seem to have negative implications for the stock market, we like to see the market "climb a wall of worry." We saw this happen throughout the majority of 2021. Amid COVID-19 problems, supply chain constraints, record job openings, and Evergrande, the S&P 500 still managed to notch 70 all-time closing highs. The only other year with more all-time highs was 1995 when the index had 77 all-time closing highs.

Wall Street analysts have been reporting their estimates for stock returns in 2022. The average analyst only sees the S&P 500 rising by 4.5% this year. It seems like everyone is bearish (another wall of worry for the market to climb). Each year, we get these forecasts, and more often than not, analysts don't even come close to predicting the actual performance of stocks.

We remain optimistic about the markets in 2022. We can boil our outlook down to one question. Where else will people put their money to earn a decent return in 2022? Money market funds, checking/savings accounts, treasury bonds, and other fixed-income instruments continue to pay close to 0% and, in most instances, have a negative real return ([see podcast episode 130, where we discussed this in detail](#))

We strongly believe that this is an essential component of why we have not seen a long drawn out bear market in a long time. There is nowhere else for large, institutional money managers to invest their clients' money and earn a decent return. They cannot afford to buy treasury bonds and earn 1% per year. This has fueled stock prices and juiced-up valuations to record high levels. We are now in a vastly different interest rate environment than we were two decades ago. In our opinion, higher equity prices and valuations seem justified based on current interest rates.

We continue to believe we are in a two-steps-forward, one-step-back type of market.

In closing, we view the overall market as favorable. We still do not think it is wise to take on speculative risk at this time. This continues to be a time to invest in your risk tolerance as well as goals and objectives.

Wishing you and your loved ones a Happy New Year.

Mark McEvily
Chief Investment Officer

Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Past performance is not indicative of future results.



JWM's 2021 Year in Review!

As we welcome 2022, our team thought it would be fun to share a quick recap of JWM's 2021! A mix of life updates and accomplishments, both personally and professionally, accompanied by pictures that perfectly sum up each staff member's year! We hope you enjoy this sneak peek into our lives and families.



Matt reflects on what a great year 2021 was for him and his family. Rachel started year #2 of homeschooling for their 3 children. It is going very well! Rachel's hobby of bird watching took off this year! She has seen over 400 species in 2021. Her father, an avid birder for 30 years, has accomplished this only twice during his birding career.

Professionally, Matt is extremely grateful for how well the renovations of the office expansion turned out. "Though it had many challenges, we are happy the renovation has been completed."



Mark looks back on 2021 and is proud of many professional and personal achievements.

On the business side, he celebrates: completing the office build-out, welcoming Nick and Audrey to the JWM team, welcoming Kellie BACK to the JWM team, and incorporating video into our weekly podcast, The Independent Advisors.

Out of the Office, Mark was very excited to have purchased and moved into a new home here in Oakwood, OH, with his wife, Kenzie. The newlyweds also held a summer wedding reception in Rochester, New York, Mark's hometown, for all of those who couldn't make it to their wedding in November 2020.



Aaron celebrated one year of marriage with his wife Michaela, in October, by traveling to three national parks throughout the year, 2021.



Taylor's greatest life update for the year was graduating from Wright State University with a double major in financial services and accounting. After 5.5 years of higher education, she is extremely glad to be finished and come to work at JWM everyday!



Nick is enjoying learning more about Dayton, having relocated from North Carolina in March to accept JWM's Director of Research position.



Sydney is loving life with her two beautiful children, and this December celebrated Rory's 1st birthday!



Megan got engaged in August and is planning a gorgeous wedding for August of 2022!
Congrats to the future Mr. & Mrs. Mario and Megan Manta



Sarah celebrated 2-years of marriage with her husband, Andrew, in April 2021.



Audrey turned 30 this year and took a big trip out west. She and her husband bought a house, and she started a new job at Jessup Wealth Management!



Jenna and her boyfriend, **Elijah**, bought a house in February of 2021 and added a kitten into their animal-loving home!

Kellie celebrated coming back to work at the "BEST place ever." after dipping her toes into real estate for a bit.

**Our weekly Podcast covers investor questions!
We would encourage you to subscribe!**



“The Independent Advisors” podcast produced by Mark McEvily, Matt Jessup and Jenna Rittenhouse focuses on investing and financial planning. You will hear tips, tricks and strategies to address your financial well-being and most importantly, conveyed in a way that everyone can understand.

The podcast is available through Apple Podcasts (iTunes), Amazon Music (just ask Alexa to "play the Independent Advisors podcast"), Spotify, Breaker, Stitcher, IHeartRadio & YouTube. There is a tab on our website (www.jessupwealthmanagement.com) dedicated to the podcast where you will be able to find links to every episode. You can also subscribe by email at www.blubrry.com/the_independent_advisors/

We are taking listener questions! Email, inquiries@jessupwealthmanagement.com, for anything you want us to explain, debate or highlight in our weekly podcasts!

Financial Planning Topic of the Month **By: JWM Wealth Advisor, Taylor Ledbetter**

Health Savings Accounts (HSAs)

An HSA is a tax-advantaged savings account that can be used to pay for qualified medical expenses. This account was designed for people who get their insurance coverage through high-deductible health plans (HDHPs) and have to pay for out-of-pocket medical expenses. HSAs may be offered by your employer or can be purchased directly if you are eligible.

Contributions

In 2022, the maximum contribution to an HSA is \$3,650 for an individual and \$7,300 for a

family health insurance plan. Individuals, 55 years or older, by the end of the tax year, can make catch-up contributions of an additional \$4,650 for an individual and \$8,300 for a family health insurance plan. These annual contribution limits apply to the total dollar amount contributed by an individual or employee and employer.

What Is A Qualified Medical Expense?

Withdrawals from an HSA are tax-free as long as they are used to pay for services the IRS treats as a qualified medical expense. Some of the basics include:

- Deductibles
- Dental services
- Vision care
- Prescription drugs
- Co-pays
- Psychiatric treatments

If withdrawals from an HSA are used to pay for anything other than a qualified medical expense, that amount is subject to both income tax and an additional 20% penalty.

Who Can Open an HSA?

To be eligible for an HSA, you must be covered under a high-deductible health plan (HDHP) and no other health insurance. If you qualify for Medicare or you are claimed as a dependent on someone else's tax return, you will not qualify for an HSA.

HSA Advantages

- Employer contributions, and the individual's contributions by payroll deduction to an HSA, are excluded from the employee's taxable income.
- The account has a tax advantage and distributions from an HSA are tax-free as long as the funds are used for qualified medical expenses.
- Once you turn 65, HSA distributions may be used for any purpose and avoid the 20% penalty. However, distributions will still be taxable.

HSA Disadvantages

- You must have a high-deductible health plan (HDHP).
- Individuals who fund their own HSA's must set aside an amount to cover a portion of their HDHPs' deductibles.
- If funds are withdrawn for non-qualified medical expenses before you turn 65, you will owe income taxes on the money plus a 20% penalty.



Special Holiday Hours

- Friday, January 14th, we will be in the office from 9:00 am to 12:00 pm and our receptionist will be available by phone from 12:00pm till the markets close at 4:00pm.
- Monday, January 17th, we will be closed in celebration of Martin Luther King Jr. Day!

Our growth allows us to advise more clients!

We have added amazing new hires to the team and are even increasing our physical office footprint! This growth equips JWM with all the tools to allow us to advise more clients, while maintaining the premium quality of service we pride ourselves on! We would greatly appreciate your client referrals. Let us care for those you care about!

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