ALTIUS FINANCIAL

EMPOWERED FUTURE REPORT

SHORT-TERM THOUGHTS ABOUT LONG-TERM MATTERS

June 4th, 2024

What Next?!

I'm not sure I have a lot to say at this point, but I know some of you want me to comment on the Trump convictions. I guess, for me, it's just more evidence of how we're on the wrong path culturally but with glimmers of hope since I think there are more and more people who can see that path and are advocating for actual change vs just cheering for their party. I mean, it seems obvious that this politicization of our justice system will likely have the effect on many people, who otherwise wouldn't have voted for the guy, now changing their mind to register disgust with the corruption. It's ironic because this is not a sympathetic figure, yet polls are showing increasing numbers of Americans who view Trump as the victim, despite decades of him being every bit the corrupt, vulgar, pathetically low self-esteem, crony that most Americans decry. That we have district attorneys, lawyers, journalists and judges who are so desperate to keep Trump from office again that they'd stoop so low, especially when it seems there are more substantive cases against him, is beyond me.

Beyond the long-term concern of what happens to the rule of law in this country, what will be the impact on the economy and financial markets? As I've been saying for years, while politics matters a lot, politicians don't have the control you'd think they might (thankfully) over our economy, and I've seen way too many people (on both sides of the aisle) hurt themselves financially by trying to invest based on who they want to win an election. Remember, Fed policy is much more important to watch when it comes to the short- and medium-term economy.

The equity markets had a strong May as did the price of silver, though the bond and real estate markets were flat. There's been this saying on Wall Street for a long time "sell in May and go away" because of the historical underperformance during the summer and into the fall. Early in the month, Fed Chairman Powell said, "I think it's unlikely that the next policy (interest) rate move will be a hike" and this probably had a positive impact on the markets, especially technology. Inflation is still seen as stubborn all while many are concerned about dipping into a recession, giving credence to the stagflation scenario we've talked about.

I do think it's worth commenting on what's going on in Argentina, especially since Krescent recently visited there. Not that she and Ben were doing any economic research but the new president, Javier Mile, seems to be on the right path with focusing on a growth/freedom agenda. With fiscal discipline and creating a budget surplus, the first time since 2008, Argentina's…

Quote of the Day:

"Pay attention to how readily people talk themselves out of things – and be wary of adopting the same narrative. People will often try to convince you their limiting beliefs should become your own. They do not. Find your own ceiling."

– James Clear

UPCOMING EVENTS

June 5 (TOMORROW) – Q2 Virtual Workshop: Medicare

August 14 – Q3 Virtual Workshop: Panel on AI

September 12**– ALTIUS' 25th Anniversary Party

*****Updated Date*

December 4 – ALTIUS' Annual Holiday Client Event

TAKE A LOOK INSIDE

What Next?!

The Math of Money: Social Security & Medicare

Jenn's Jangle: Meet Blake, Our Summer Intern

Taylor's Take: Innovation Meets Reality

25th Anniversary Fun Facts

Podcast Rec: The Witch Trials of J.K. Rowling

We Are The Champions

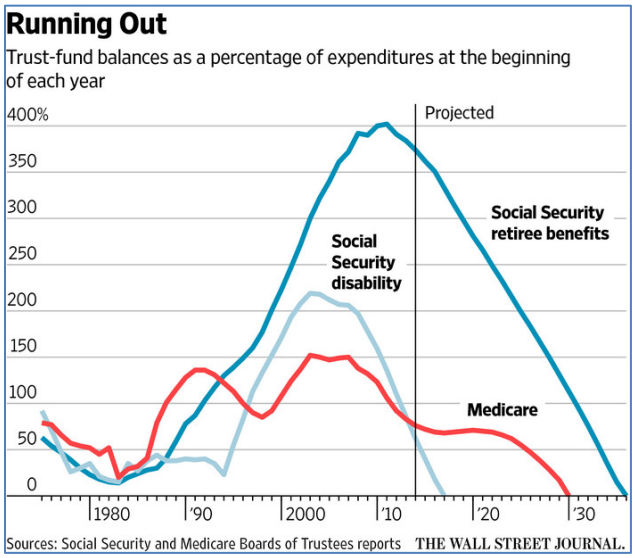
What Next?! (continued)

inflation rate has been steadily dropping from triple digits to 8.8% recently. He promised that his austerity measures along with cutting regulation and bureaucracy, the short-term pain would produce results and now the Argentine peso is one of the worlds best performing currencies. Having lower inflation and a strong currency sometimes gets dismissed as abstractions that are only important to economists…until you realize they impact every single citizen, every single day, and that higher inflation hurts the people at the lower levels the most.

The Math of Money: Social Security & Medicare

We get regular updates on the Social Security trust fund, and in early May, the Social Security Board of Trustees announced they had revenue to pay full benefits until 2035, which is only a decade. The headline's tone is very grim and indicates that the fund will be totally depleted in a matter of years, and Medicare is in even worse shape.

Clients frequently ask: "should I claim Social Security early at 62 since it's running out of money?" Though age 62 is the most popular age to claim, we believe this is often short-sighted or out of ignorance and our answer is, it depends, but generally you should wait. The reason is that Congress will likely be forced into making changes and even if the trust fund were to run out of money, the program would still be taking funds out of every paycheck and using those funds to pay. More importantly, math usually shows (depending on life expectancy) you'll get more out of the system if you wait until 70 to collect. Obviously, this assumes that Congress does something to change the actuarial trajectory and while it doesn't seem like it's too urgent for them (and I pound the table about fiscal responsibility and privatization on a regular basis) most analysts believe they can make some changes like reducing the COLA, increasing full retirement age, etc. Not waiting until full retirement age can cause up to a 30 percent cut in benefits. Also, waiting a full year past full retirement, up to age 70, can lead to an 8 percent per year increase in benefits.



Medicare's actuarial challenges stem from a similar combination of factors, including demographic shifts, dramatically rising healthcare costs, and insufficient revenue streams. As with Social Security, the ratio of Medicare beneficiaries to workers paying into the system decreases, straining its financial sustainability. Moreover, advancements in medical technology and treatments lead to increased healthcare expenses, further burdening Medicare's finances. Additionally, the program's financing relies heavily on payroll taxes, which may not be sufficient to cover the growing healthcare needs of an aging population. Without radical reforms or adjustments, Medicare faces substantial deficits, threatening its ability to provide benefits to future generations.

Jenn's Jangle – Meet Blake, Our Summer Intern

If you haven't already met Blake Zimmerman, our new intern, you might see him around ALTIUS this summer. He just finished his junior year at CU-Boulder and is majoring in Math and minoring in computer science. He'll be assisting me with general office tasks and learning our financial planning process, as well as helping with your Empowered Future (eMoney) updates and reporting while Taylor is on maternity leave. Say hi to him the next time you call or are in the office and we appreciate you letting him sit in on client review meetings to learn more.

Taylor's Take – Innovation Meets Reality

We've seen this before: innovators claiming that the technology is ready (or almost ready) when the timing & tech isn't quite there yet. A few examples are Theranos' blood testing that wasn't quite developed as claimed (even shown to be fraudulent), Google Glass which promised to revolutionize wearable technology, and now most recently Amazon's Just Walk Out technology that claimed to use generative AI for cashier free transactions.

Amazon was claiming to use AI tech to monitor and process cashier-less transactions, but the tech hadn't quite caught up yet. They were using overseas employees to monitor and record shoppers' carts but most recently removed the service upon accepting that the AI technology wasn't working in this case. It's similar to the Theranos case where the company claimed their micro blood testing services and technology were ready and available without proper tech development to back up those claims. At what point do we differentiate the feasible vs probable? And where do ethics and privacy concerns tie into this discussion? For example, Google Glass promised a constant recording, which lead to concerns about the erosion of privacy. No one has even addressed the fact that Amazon shoppers were being video monitored in lieu of their AI technology. In both cases, with individuals being recorded without their knowledge or consent could lead to fears of pervasive surveillance. In the Google Glass scenario, the question also arose of what Google would do with this data.

There can be a fine line between innovation, feasibility, and carnival barking. There is also an ongoing risk for safety and data security which will continue to be something to watch for in years to come. I caution our readers to question the world around them when evaluating the ever-growing technology and potential of future AI. On the flip side, our lives are so much better because of innovation, because of entrepreneurial risk-taking, because of dreamers who dare to fail, to learn, to correct things and grow. The future holds great promise but that doesn't mean we shouldn't question the enthusiasm and motives of whoever is selling us on it.

ALTIUS' 25th Anniversary Updates & Fun Facts

ALTIUS 25th Anniversary Party Date Update:

Due to the future Presidential debate occurring on Tuesday, September 10th, 2024, the ALTIUS Team has decided to move our 25th Anniversary Party to **Thursday, September 12th, 2024**. Keep an eye out for more details coming soon!

To celebrate our 25th Anniversary this year, we're including fun facts about ALTIUS' history until our 25th Anniversary Party on September 12th. More details to come!

What are some significant ALTIUS milestones over the 25 years at ALTIUS?

- Creating the business plan & launching ALTIUS
- 98% conversion ratio of clients from American Express to ALTIUS – immediate profitability
- Maintaining long-term investment track record
- Clients across the USA! We have clients in 18 states
- Closing on first Million and Multi-Million Dollar Clients. Achieving the $100 Million Practice, then $150M.
- Recognition & Awards at LPL & TD Ameritrade (Asset Allocation Expert, Client Service Excellence Award, Leader Award, President's Award, Chairman's Club)

Podcast Recommendation:

The Witch Trials of J.K. Rowling

Once the beloved children's book writer of the Harry Potter series, JK Rowling in the last few years has been put on social trial for her views about protecting women and being a critic of the trans-gender movement. But she wasn't always the beloved author in everyone's eyes even before social justice movements spread across the world, far-right religious groups condemned her and promoted book bans of Harry Potter for the spreading of witchcraft.

The Witch Trials of J.K. Rowling podcast is likely not what you think it is. Published by The Free Press and produced by Megan Phelps-Roper, this podcast dives into how JK Rowling has been attacked by the religious right and now by the "woke" left. In a seven episode limited series, Megan Phelps-Roper (known for leaving the Westboro Baptist Church) interviews Rowling as well as her supporters & critics, journalists, historians, and many more. It leaves its listeners contemplating the conflicts Rowling has undergone both on a personal level and on a societal level with moments of history leading us to the broader debate about gender and sex.

This podcast, or what The Free Press calls an audio documentary, was fantastically done. Each episode peels a layer back; it not only covers all sides of the debate surrounding gender and sex, but it really gets to the heart of why JK Rowling is so adamant on her position and her own history that has led her there. It also looks at the opposing view with balanced journalism – why Rowling's critics say she is negatively impacting the transgender community and the broader self-identification movement. With social media perpetuating extreme beliefs, it is important to take a step back and realize there's a person behind each opinion; each of us come with our own individual backstories, emotions, and trauma. Phelps-Roper and the team at The Free Press do a phenomenal job at this - reminding us that it is not only essential, but increasingly dire that we maintain a reasonable, fact-based, and respectful dialogue regardless of any positions taken by the other side.

We Are the Champions

Well, it didn't end well for the Nuggets or the Avalanche this past month, but I want to talk a little about a different sort of champion: you and me. I mentioned last month that, as part of our 25th anniversary, we were going to share about our very accomplished clients and then I thought, wait, what if I don't know all their achievements, athletic or otherwise? Without much thought, I rattled off a bunch of abilities and feats of various clients that my team was unaware of, but this made me think, I don't want to leave anyone out. So, we came up with a way for you to share about some of your achievements, both athletic and otherwise. You'll be getting a link in the next day or so to fill in a very simple form – please do take a moment to fill it in and if you're ok with us sharing with the ALTIUS client community.

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