Paul B. Miller, CFP®
President
Indian River Financial Group, Inc.
Registered Investment Advisor
7805 NW Beacon Square Blvd.
Suite 102
Boca Raton, FL 33487-1396
Voice: 561-362-0331
Fax: 561-362-4003
Paul@PaulMillerAdvisor.com
www.PaulMillerAdvisor.com

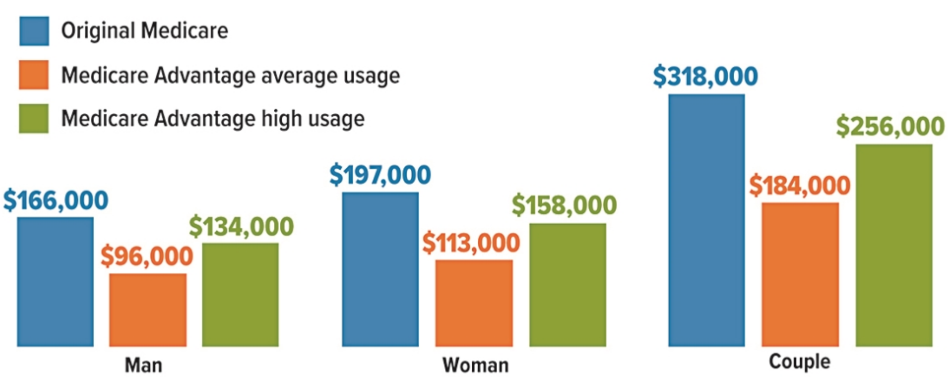
PAUL B. MILLER, CFP®
Proactive Financial Planning
INDIAN RIVER FINANCIAL GROUP, INC.

Hello Everyone, Hope the Labor Day coming up is relaxing for all. Just as the equity market sees cycles of being in and out of favor, there are reasons the 60/40 (Stocks/Bonds) portfolios have generally stood the test of time. Even though 2022 felt different and portfolios fell in value as we saw Inflation and Interest Rates rise at a rapid rate, we believe the classic 60/40 portfolio should hold up with inflation settling at about 3.2% for now. A couple of other tailwinds may help. The correlation factors which help portfolios reduce risk have begun to revert to normal and bonds once again will provide a stable anchor. Long term outlook for returns increased and is shifting toward long term norms. And lastly, we are seeing a broadening of market drivers allowing active management and diversification to benefit. So, all in all, good signs going forward regardless of the many distractions of late.

Saving for Retirement Health-Care Costs

The chart below shows the savings that a man, a woman, and a couple who retired at age 65 in 2022 might need to meet retirement health-care expenses, assuming median prescription drug expenses. The Original Medicare estimate includes premiums for Medicare Parts B and D, the Part B deductible, out-of-pocket prescription drug spending, and premiums for Medigap Plan G, which would pay most other out-of-pocket costs.

Medicare Advantage Plans — offered by private companies under Medicare oversight — require the Medicare Part B premium and typically combine hospital, medical, and prescription drug coverage. They often have limited networks and may require approval to cover certain medications and services.



Source: Employee Benefit Research Institute, 2023. Projections are based on a 90% chance of meeting expenses and assume savings earn a return of 7.32% from age 65 until expenditures are made. Does not include vision, hearing, dental, or long-term care expenses. Some Medicare Advantage Plans require additional premiums, which are not included.

REITs, Rates, and Income

Real estate investment trusts (REITs) can offer a consistent income stream that is typically higher than Treasury yields and other stock dividends (see chart).

A qualified REIT must pay at least 90% of its taxable income each year as shareholder dividends, and unlike many companies, REITs generally do not retain earnings, which is why they provide higher dividend yields than most other stock investments. You can buy shares in individual REITs, just as you might buy shares in any publicly traded company, or you can invest through mutual funds and exchange-traded funds (ETFs).

Share Price Volatility

While REITs may offer solid dividends, share prices tend to be volatile and are especially sensitive to rising interest rates. The most common type of REIT is an equity REIT, which uses capital from a large number of investors to buy and manage residential, commercial, and industrial income properties. These REITs derive most of their income from rents and may be directly affected by rising rates, because companies often depend on debt to acquire rent-producing properties — and higher rates can push real estate values downward. Also, as interest rates rise, REIT dividends may appear less appealing to investors relative to the stability of bonds offering similar yields.

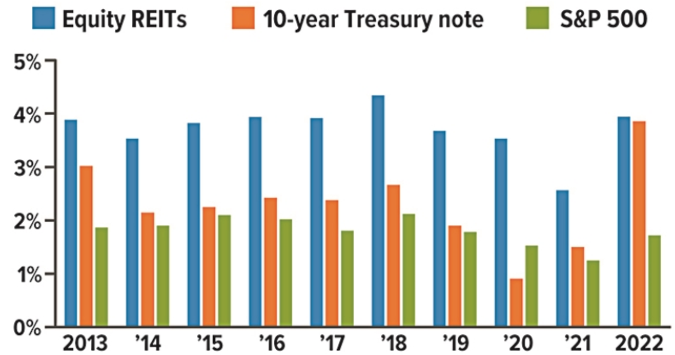
Considering these factors, it's not surprising that equity REIT shares struggled in 2022 — declining 25% in total returns — as the Federal Reserve raised rates to combat inflation. However, REITs soared in 2021, returning 41%, and may be poised for better performance in 2023 and beyond, as interest rates settle. In Q1 2023, REIT fundamentals such as funds from operation and net operating income were solid, and occupancy rates for industrial and retail properties surpassed pre-pandemic levels. (Apartment occupancy was down slightly, and office occupancy was still about 5% lower than before the pandemic.)[1]

Diversification and Asset Allocation

Along with providing income, REITs can be a helpful tool to increase diversification and broaden asset allocation, because REIT shares do not always follow the movements of stocks or bonds. Over the 10-year period ending in 2022, equity REITs had a correlation of 72% with the S&P 500 and 50% with the corporate and government bond market. The correlation was even lower over 30 years.[2] As this suggests, REITs are in some respects a unique asset class. Diversification and asset allocation are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

Consistent Yields

Over the last decade, equity REITs maintained dividend yields that were higher than yields on the 10-year Treasury note and dividend yields on stocks in the S&P 500.



Sources: National Association of Real Estate Investment Trusts, 2023 (Equity REITs); Federal Reserve, 2023 (10-year Treasury note); S&P Dow Jones Indices (S&P 500). The S&P 500 Index is an unmanaged group of securities considered representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities fluctuates with market conditions. If not held to maturity, they could be worth more or less than the original amount paid.

Real Estate Risks

There are inherent risks associated with real estate investments and the real estate industry that could adversely affect the financial performance and value of a real estate investment. Some of these risks include a deterioration in national, regional, and local economies; tenant defaults; local real estate conditions, such as an oversupply of, or a reduction in demand for, rental space; property mismanagement; changes in operating costs and expenses, including increasing insurance costs, energy prices, real estate taxes, and the costs of compliance with laws, regulations, and government policies.

The return and principal value of all investments fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1–2) National Association of Real Estate Investment Trusts, 2023

Put Your Money Where Your Values Are

Financial worries are often cited as a major source of stress. For example, a 2021 study found that even before the pandemic and subsequent economic downturn, a majority of Americans said they felt stressed or anxious about their finances.[1] Similarly, in 2022, research revealed that more than seven out of 10 financial planning clients experienced financial anxiety more than half the time.[2]

What causes financial stress? Lack of assets and/or income is certainly one reason. Another might be the flood of financial information Americans can access on a daily basis: reports about the markets, economy, and financial institutions, as well as conflicting advice about what people should and should not do with their money. One way to avoid becoming distracted and anxious amid scary headlines is by having a sturdy framework to help guide your spending, saving, and investment decisions.

The Why of It

In one of the most viewed TED Talks of all time, motivational speaker Simon Sinek identified what he calls "The Golden Circle," which is actually a series of three concentric circles. He labels the extreme outside circle "What," the middle circle "How," and the core "Why." He uses this image to illustrate how the most successful leaders and organizations are able to inspire so many people to support their causes or buy their products. Essentially, it's not what they do or how they do it; it's why they do it.

"By 'why' I don't mean to make a profit," Sinek explains. "That's a result ... By 'why,' I mean: What's your purpose? What's your cause? What's your belief? Why does your organization exist? Why do you get out of bed in the morning?"[3]

Certified financial planner, author, and creator of *The New York Times'* "The Sketch Guy" column, Carl Richards, says Sinek's principle can also apply to an individual's or family's financial plan. Having a clear vision of *why* you earn a paycheck, save, invest, and spend your money is critical to avoiding distractions and questionable or rash financial decisions.[4]

Taking Stock of What Matters

The key to identifying your *why* is taking inventory of your most important values, many of which may have little or nothing to do with money. To do this, set aside some time when you're feeling at ease and simply jot down what matters most to you. Some examples might include family, achievement, security, faith, knowledge, creativity, generosity, and independence. Try to narrow down your list to 10 or fewer.

Next, think about how your values relate to your financial situation. For example, if faith and generosity are high on your list, how might they influence your estate plan? Or if independence, creativity, and achievement make the final cut, how might those values affect your career choices? Perhaps family and knowledge are important — what might that indicate about your dreams for your children, from primary school to college and beyond?

Working with your financial professional, you can use this list of core values as a framework for your financial goals, strategies, and tactics. Whenever you're tempted to make a decision that could derail your overall strategy — such as chasing the latest hot investment tip or taking a loan from your 401(k) plan — your core values can serve as an important guidepost and prevent you from making a costly mistake.

Your list can also help you make spending decisions. For example, if adventure and education are among your key values, taking your family on a trip to explore a new culture can bring intangible returns in the form of a lifetime of tolerance for differences as well as happy memories.

Adapting as Your Life Changes

A values-oriented financial plan is as personal and unique as each individual or family. It's also flexible. As you progress through various stages of life, your hopes, desires, needs, and beliefs may change as well. Your financial professional can help you ensure your financial goals and strategies continue to reflect what matters most to you.

There is no guarantee that working with a financial professional will improve investment results.

This is just a selection from the "List of Values" by researcher and motivational speaker Brené Brown. For the full list, visit brenébrown.com/.

1) FINRA Investor Education Foundation and Global Financial Literacy Excellence Center, 2021

2) Financial Planning Association, 2022

3) TED. (2009, September). *How great leaders inspire action* /Simon Sinek [Video]. YouTube. https://www.ted.com/talks/

4) Morningstar's The Long View podcast, "Carl Richards: It Should Be Ok to Relax Out Loud," July 27, 2021 https:/www.morningstar.com/podcasts/the-long-view

On the Move Again: International Travel Tips

With the COVID pandemic receding in most areas of the world, Americans are traveling again. U.S. citizens took more than 80 million international trips in 2022, an increase of almost 66% over the same period in 2021.[1] If you're planning a foreign vacation, here are some suggestions to help keep your trip on track.

Obtain required documents. A passport (or in some cases a passport card) is required to enter and return from all foreign countries, including Canada and Mexico. Your passport should have at least six months of validity beyond the dates of your trip. U.S. citizens can travel to many foreign countries without obtaining a visa in advance, but be sure to follow the rules for all countries on your itinerary. If you need a new or updated passport, check processing and mailing times before booking your trip.

Follow vaccination and testing requirements. Although restrictions have eased, some countries still require COVID vaccination and/or a negative COVID test before entry. Even if there are no requirements, you should protect yourself and be aware of the public health situation in any country you visit.

Alert your bank and credit-card company. Many banks and credit-card companies monitor foreign transactions, so it's wise to inform them in advance and ask about fees for international transactions. Carry a debit card that will allow you to withdraw money from foreign ATMs and a chip-enhanced credit card with a PIN set up before you leave. Although the credit card may only require a signature in the United States, it might require a PIN overseas.

Check health insurance and carry your meds. Find out whether your medical insurance will cover you overseas. (Original Medicare does not cover care outside of the United States; some Medigap and Medicare Advantage policies may offer such coverage.) If not, consider purchasing a short-term travel policy. Bring enough prescription medicine, plus extras, in original labeled containers in your carry-on luggage. A note from your doctor listing medications may be helpful.

Pay like a local. Know the exchange rate to convert dollars to local currency, and vice versa. Foreign bank ATMs may offer better exchange rates than a currency exchange, but be aware of fees wherever you exchange money. Merchants, restaurants, and hotels might accept payment or quote prices in U.S. dollars, but you will typically get a better price if you pay in the local currency, whether using cash or a credit card.

For in-depth information on foreign travel, including passports, visas, and country-specific vaccination and testing requirements, visit travel.state.gov. For general health guidelines related to foreign travel, including country-specific public health information, see cdc.gov/travel.

1) National Travel and Tourism Office, 2023

IMPORTANT DISCLOSURES

Indian River Financial Group, Inc. is a registered investment advisor. The term "registered investment advisor" is not intended to imply that Indian River Financial Group, Inc. has attained a certain level of skill or training. It is used strictly to reference the fact that we are "registered" as a licensed "investment advisor" with the Florida Office of Financial Regulation - and with such other State Regulatory Agencies that may have limited regulatory jurisdiction over our business practices.

Investments in securities involve investment risk, including possible loss of principal amount invested. Investment return and principal value will fluctuate so that the investment, when redeemed, may be worth more or less than the original investment. Additional disclosure is available in our Disclosure Brochure (Form ADV Part 2A), which can be accessed on the firm's website www.paulmilleradvisor.com .

7805 NW Beacon Square Blvd., Ste. 102
Boca Raton Florida 33487
561.362.0331

Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2024