



# FINANCIAL FOCUS:

## A Pegasus Newsletter<sup>©</sup>

[www.pegasusassetmgt.com](http://www.pegasusassetmgt.com)

**D**ear friends,  
As 2022 comes to a close and we begin the new year, the major themes affecting the financial markets stayed the same. Rising inflation, the war in Ukraine and market volatility all remain on our minds. While we all attempt to navigate the uncertain environment, I wanted to thank you for the trust you placed in Pegasus. We wish you a happy and healthy new year and please reach out with any questions or concerns that may arise.  
By, Jaysen Bohrod, CFA

### Market Commentary

The S&P 500 officially closed 2022 down 18.1%, the worst annual return since 2008, but up 5.89% for the last quarter. The Dow Jones Industrial Average outperformed by a wide margin, finishing with a -6.9% return. The Russell 2000, which mainly consists of small cap stocks, finished with a -21.56% return. U.S. Treasuries also declined by 15.1%, showing there wasn't anywhere to hide.

Interest rates continue to rise as the Federal Reserve works to fight rising inflation while hoping to minimize the weakening effects on the overall economy. The 2-year US treasury rate rose to 4.428% and the 10-year Treasury rate rose to 3.879%, closing the year, still inverted, with a spread of .549%. This means that investors are more unsure about the longer term than the short term and can be an indicator of an upcoming recession.

After a brief rally through November, oil prices for the quarter finished where they started, \$80 per barrel. For 2022, we saw a high of \$120 per barrel, due to the ongoing war in Ukraine,

sanctions on Russia and OPEC supply constraints.

Gold, which is often used as a hedge against inflation finished the year flat at \$1,826 per ounce but saw a strong 9% return in the fourth quarter.

In the third quarter, we saw the real gross domestic product (GDP) increase at an annualized rate of 3.2%, ending the trend of two consecutive negative quarters.

Investor uncertainty is expected to continue through the year as inflation remains at historically elevated levels, China is slow to re-open and the war in Ukraine cause elevated energy prices to persist.

### Secure Act 2.0

With the passage of the \$1.7 trillion omnibus bill, there are new rules and provisions regarding retirement accounts. A few are highlighted below:

1. The RMD age has increased. Starting January 1, those turning 73 in 2023 will be required to begin their yearly minimum distributions. In 2033, that age will increase again to 75.

2. Previously, if an individual failed to take their required minimum distribution, the tax penalty was 50% of the amount that wasn't withdrawn. The new tax penalty is 25% of the amount that wasn't withdrawn, and if corrected quickly, lowers to 10%.

3. Beginning in 2024, student loan payments can be considered retirement contributions and employers can make contributions to the retirement plan on behalf of the employees who aren't able to save due to student loan payment obligations.



## Numbers Talk

- U.S. unemployment rate.....3.7%
- Tesla electric vehicle market share in Q3 of 2022.....67.8%
- Elon Musk estimated net worth decline.....\$200 billion
- Average mortgage rate December 2022.....6.34%
- US National Debt.....\$30.93T
- Total Household Debt.....\$16.51T
- U.S. Population increased .47% in 2022
- Bitcoin market cap in Jan 2022.....\$866B
- Bitcoin market cap in Jan 2023.....\$324B
- Estimated total wealth loss in 2022.....\$9T
- Black Friday online shopping spending in 2022.....\$9.12B
- Cyber Monday online shopping spending in 2022.....\$11.3B

## Taxes & Retirement Accounts

- 2022 Tax Form 1099 is issued by Charles Schwab online at [www.schwaballiance.com](http://www.schwaballiance.com) in the middle to **end of February**. Mailed copies will be sent out by Schwab and received **in March**.

For a copy of your 1099 tax form go to:

[www.schwaballiance.com](http://www.schwaballiance.com)

Click the 'Accounts' tab

Click the 'Statements' tab

Click the '1099 Tax Form'

- Please make all 2022 retirement account contributions by the first week in April 2023. Make checks payable to your account name and number and write the contribution year in the memo line. For electronic transfers, be sure to code the contribution for the correct year.
- Annual IRA & ROTH IRA contributions for **2022**: \$6,000 per year if under age 50; \$7,000 if 50 years old or older. The total can't be more than your taxable compensation for the year.
- Please make tax payment requests by the first week in April 2023 to guarantee the payment is made on time. Charles Schwab cannot send UPS tax payment checks to a P.O. Box.

## Beneficiaries

Annually review and update your account beneficiaries to confirm accuracy, especially after major life events such as marriage, divorce, death, or having a baby. The new SECURE Act rules can affect Trusts as beneficiaries. Be sure to review your Trust with your Estate attorney.

To update your beneficiaries online, go to:

[www.schwaballiance.com](http://www.schwaballiance.com)

Click the 'Profile' tab at top right

Click 'Beneficiaries' in drop down menu

Review & Update all accounts

## Stock Market Holiday Calendar

The stock market, bond market and/or our office will be closed on the following days:

January 2, 2023 - New Year's Day Observed  
January 16, 2023 - Martin Luther King Jr. Day  
February 20, 2023 - Washington's Birthday  
April 7, 2023 - Good Friday

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Pegasus Asset Management, Inc.), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Pegasus Asset Management, Inc.. Please remember to contact Pegasus Asset Management, Inc., **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Pegasus Asset Management, Inc. is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of Pegasus Asset Management, Inc.'s current written disclosure statement discussing our advisory services and fees is available for review upon request.



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