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FALL 2023

THE QUARTERLY

About Done, but Higher for Longer

BY JAMES WALDEN, CFA
Partner and Chief Investment Officer

There was a string of solid economic news for most of the past few months. Core inflation has continued to moderate. GDP growth appears to have accelerated in the third quarter. The Federal Reserve didn't raise rates at its September meeting. And while it left the door open for another hike this year, it appears the Fed is done raising rates, or close to it.

With the combination of good economic data and a Fed at the cusp of ending rate hikes, many predict the Fed will stick to the "soft landing" and avoid recession. That may certainly be the case. But we still think it's too early to sound the "all clear."

A resilient consumer has supported the economy, but some strong tailwinds are dissipating. Growth in payrolls and wages have weakened lately. And estimates show just about all the excess savings from the Covid stimulus are now spent and gone. All this as delinquencies on consumer debt payments have crept up.

And while the Fed might be finished raising rates, it also predicted it would leave its short-term benchmark rate at this higher level for longer.

Adding to the headwinds is the recent spike in long-term rates. As of this writing, the yield on the 10-year Treasury bond touched 4.8%, the highest in 16 years. It had been steadily climbing since the spring, likely from the combination of stronger economic growth in those months and expectations the U.S. government would need to issue an increasing amount of debt to fund the fiscal deficit. And it seems the latest move up in rates is from the market embracing the notion that rates will be higher for longer.

CONTINUED ON PAGE 2 ▸

INSIDE THIS ISSUE

TAKE NOTE!

Our office will be closed on the following dates:

THURSDAY, NOVEMBER 23 & FRIDAY, NOVEMBER 24 Thanksgiving

MONDAY, DECEMBER 25 Christmas Day

MONDAY, JANUARY 1 New Year's Day

Higher interest rates can affect financial markets and the economy in several ways. In theory, higher rates can have an immediate impact on stocks. That's because bonds that now offer a higher payout may compete more effectively with stocks for investor dollars, all else equal. Also, higher interest rates make the value of future corporate earnings less valuable when discounted back to today's value. (The value of any investment is the sum of all future cash flows discounted back to today's value at an appropriate rate, which is heavily influenced by current interest rates.) And finally, higher rates will weigh on corporate earnings when companies take on new debt or roll over old debt at higher prevailing rates.

We remain concerned about what we perceive as the elevated risk of recession in the near term. Overall, stocks don't appear to be a bargain, even with the recent sell-off, and especially compared to yields that money markets and high-quality fixed income offer. And while bond yields are attractive, we could find bonds even cheaper if market rates keep rising. We continue to maintain our cautious positioning of client portfolios for now.

Free Weekly Credit Reports!

BY COLTON WALKER, CFP®
Wealth Advisor

In today's ever-evolving world of personal finance, staying informed about your credit is not just good practice but a necessity. While you may not be checking your credit report weekly, the three major credit reporting agencies (Equifax, Experian, and TransUnion) have introduced a permanent offering of free weekly credit reports through AnnualCreditReport.com.

Prior to this recent news, the credit reporting agencies offered one free credit report each year. This is a major change to the credit reporting space. It will provide a whole new level of access to such crucial information at no cost, giving you the power to monitor your financial health more closely than ever.

WHAT IS A CREDIT REPORT?

This is your financial report card. Each credit reporting agency combines the information they receive about your different loans and payment activity into a credit report. It's important to note that not all your credit reports will have the same information.

The Consumer Financial Protection Bureau provides a great summary of what you can find on your credit report:

Personal Information.

- Your name and any name you may have used in the past in connection with a credit account, including nicknames
- Current and former addresses
- Birth date
- Social Security number
- Phone numbers

Credit Accounts

- Current and historical credit accounts, including the type of account (mortgage, installment, revolving, etc.)

- The credit limit or amount
- Account balance
- Account payment history
- The date the account was opened and closed
- The name of the creditor

Public Records

- Liens
- Foreclosures
- Bankruptcies
- Civil suits and judgments

Inquiries

- Companies that have accessed your credit report

THE IMPLICATIONS

When you apply for credit, whether it's a loan, credit card, or mortgage, lenders carefully review your credit report to assess your creditworthiness. Errors in your report could lead to loan denials or result in less favorable terms, such as higher interest rates or lower credit limits, ultimately costing you more over time.

Additionally, some insurance companies utilize credit scores to determine your insurance premiums for auto and homeowners' policies. Inaccurate credit information may lead to higher insurance costs. Landlords may check credit reports when considering rental applications. Inaccuracies could affect your ability to secure a rental property, or the landlord may request a larger security deposit.

Failing to address inaccuracies in your credit report can leave you vulnerable to identity theft and fraud. By correcting errors promptly, you can not only ensure the accuracy of your financial profile but also detect and prevent any fraudulent activity.

WHAT TO DO IF YOU DETECT ISSUES

1. **Contact the Credit Bureau:** Reach out to the credit reporting agency that provided the inaccurate information. You can typically find contact information on your credit report or the agency's website. Explain the error and provide any supporting documents or evidence.
2. **Dispute the Information:** Follow the credit bureau's dispute process. They will investigate the disputed information and work to correct it if it is indeed inaccurate. Be prepared to provide documentation to support your dispute.

3. **Follow Up:** Monitor your credit report regularly to confirm that the inaccuracies have been corrected. Credit reporting agencies are required to investigate and update your report within 30 days, but it's essential to verify the changes have been made.
4. **Consider a Credit Freeze:** If you suspect that your personal information has been compromised, it might be wise to consider placing a freeze on your credit record. This prevents anyone, including you, from opening new credit accounts in your name until you lift the freeze.
5. **Stay Informed:** Continue to review your credit report regularly, even after inaccuracies have been corrected. Vigilance is key to maintaining your financial well-being and protecting against future errors or fraudulent activity.

As always, reach out to your advisor if you have any questions or are unsure how to address any errors, inaccuracies, or potential identity theft. If you are interested in contacting each of the credit reporting agencies, please see below.

Contact Information

Equifax: 1-888-378-4329

Experian: 1-888-397-3742

TransUnion: 1-800-916-8800

Save the Date: QUARTERLY SEMINAR & WEBINAR

Our in-person seminar will be held on Wednesday, November 8, at noon at The Foundry Event Center in Topeka. Lunch will be served. For those who do not live locally or prefer to attend virtually, our live webinar will be held on Thursday, November 9, at noon. We will email out the webinar registration details in advance. As usual, our team will speak on current financial planning and economic topics. Please RSVP if you plan to attend in person so we can be sure to have enough food prepared.

We hope you will plan to join us in person or virtually or enjoy the recorded version of our quarterly presentation. We look forward to seeing you!

Dates and Times:

WEDNESDAY, NOVEMBER 8

Noon

In Person, Lunch Provided

LOCATION:

The Foundry Event Center

400 SW 33rd St., Topeka, KS 66611

THURSDAY, NOVEMBER 9

Noon — Live Webinar Only

Registration information will be sent via email.

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