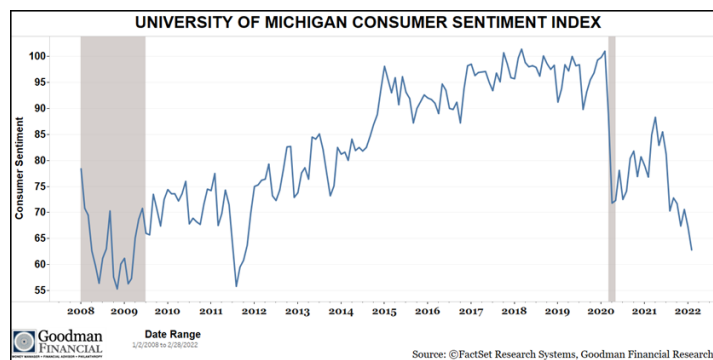


The Cranky Consumer

By: Ben McCue, CFA
Investment Research Analyst

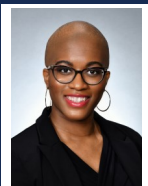
In 2021, the US economy continued to rebound after the ups and downs of 2020. Household wealth and consumer balance sheets are in the best shape in years helped by a strong stock market and rising home valuations. The Bureau of Labor Statistics estimates that the most recent unemployment rate reading of 3.8% is approaching the pre-pandemic level while 11 million job openings have fueled wage growth of 5% in 2021, well above the pre-pandemic trend of about 3%. Despite these positive developments, the ongoing issue of inflation has created a sense of uneasiness for many consumers.

The most recent University of Michigan Consumer Sentiment Index, a measure of how optimistic consumers feel about their finances and the state of the economy, indicates that US consumer confidence has fallen to the lowest level in more than a decade. Consumer sentiment for February showed the overall index at 62.8, a drop of 6.5% from January and down 18.2% from a year ago (see chart).



We believe the decline in consumer confidence can be partly attributed to factors including Covid fatigue, the end of government stimulus, and unaffordable housing for new home buyers. However, in our view the single largest factor weighing on consumers has been persistent inflation, which we have discussed previously but seems to have caught many consumers off guard.

Continued on page 2



New Year, Fresh Start: A Financial Planning Checklist for the New Year

By: Chelsea A. Benoit, CFP®
Associate Advisor

The new year typically ushers in fresh opportunities and an energy of renewal. This time of year encourages people to pause and reassess which areas of their lives they would like to enrich. Some people may decide to commit to being more active, while others may set their sights on checking items off their personal bucket lists. One important area that is critical to review, at least annually, is your financial plan. You want to ensure that you are still on track to accomplish your goals and live the life that brings you joy. Below are a few areas to explore as you and your financial advisor begin planning for the upcoming year.

Goals-Based Planning

Collaborating with your advisor is a very important part of creating and maintaining a successful financial plan. Meeting with your advisor regularly and keeping them up to date on any

important life changes or plans provides the advisor a better understanding of your complete financial picture to help you optimize pivotal decisions.

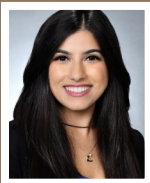
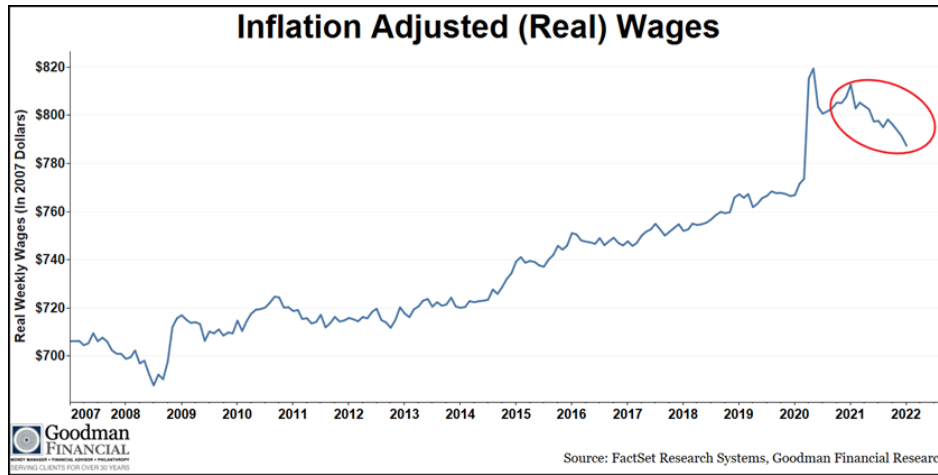
- Are there any new life updates, upcoming plans, or activities that you would like to share with your advisor?
- What have you been able to accomplish regarding the goals or planning items discussed previously, and what is there left to accomplish?
- Do you plan on making any charitable donations this year? How and when do you plan to fund them?
- Are there any accounts that you would like to consolidate to help simplify your financial portfolio?

Continued on page 3

Temporary shutdowns and supply chain challenges coupled with heightened demand for goods have given way to product shortages of everything from automobiles to furniture and these challenges have yet to be fully resolved. Food, fuel, and rent costs are all rising at the fastest clip in over four decades, with prices increasing over the course of months compared to prior periods of high inflation such as the 1980s when prices also increased substantially but over the course of a decade. The Consumer Price Index, a measure of inflation, has increased to 7.5% annually in January compared to an increase in wages and salaries of 5.0% for the 12-month period ending in December 2021. As seen in the accompanying chart, this has resulted in a recent decline in inflation-adjusted (real) weekly wages after a long period of rising real wages.

Thus, rising inflation has offset higher wages leading to diminishing consumer purchasing power.

We believe consumer sentiment is an important indicator of the expected direction of the economy and can be a self-fulfilling prophecy to the extent that it does impact future spending considering consumer spending accounts for approximately 70% of GDP. Clearly, recent inflation has weighed heavily on sentiment but has yet to show up in consumer spending which has remained strong since mid-2021. Accordingly, we will continue to monitor consumer sentiment, consumer spending and inflation, along with other indicators, for signs of economic softness and believe that the current sentiment level, while concerning, does not necessarily indicate an impending recession.



Focus on Philanthropy

By: Masha Lakhani, MBA
Marketing & Communications Manager

At Goodman Financial we are committed to philanthropy and giving back to the community. As our motto goes, “Doing Good Things for Good People.”

A longstanding tradition here is the annual \$1,000 grant allocation funded by the firm for each employee to donate to any charity of their choosing. We were excited to keep this tradition alive by donating a total of \$20,000 to non-profit organizations.

Last Thanksgiving, we were delighted to support our local and international communities once again. Our team members selected 23 organizations that each received a donation.

We are proud to live by our commitment to philanthropy and look forward to continuing to do so for this year as well.

2021 GFC Team Grant Recipients

- Star of Hope Mission
- Rosary Hill Home
- Christian Community Service Center
- Houston Pets Alive
- Citizens for Animal Protection
- Dillon International, South Korea Program
- Aga Khan Foundation
- Dress for Success Houston
- Houston Food Bank
- Covenant House Texas
- Mosaic In Action
- The American Heart Association-Heart Ball Campaign
- Last Wishes 501c Fund
- Project Row Houses
- Sheldrick Wildlife Trust
- Paws for Heroes
- Coreluv International
- The Emerge Fellowship
- Houston SPCA
- The Pregnancy Help Center-Lake Jackson
- Brazoria County Dream
- Friends of Texas Wildlife
- Kids Meals, Inc.

Continued from page 1 (New Year, Fresh Start...)

Cash Flow Planning

Reviewing your planned expenses and expected income sources for the year can help you determine how to best allocate your resources. Notifying your advisor of any upcoming inflows or distributions ahead of time can help them determine how to put those incoming funds to work for you or which distribution strategy would best meet your needs.

- Are you expecting any significant cash inflows this year? Do you plan to use these funds for upcoming expenditures, or could you invest them in your portfolio?
- Do you need to make any adjustments to your monthly distribution amount or the timing of the distribution?
- Will you need to take any one-off distributions during the year? If so, what will be the amount and timing of these distributions?

Retirement Planning

Whether you are saving for retirement or have already entered that chapter of your life, it is important to ensure that you are aware of the income sources available to you, as well as any changes regarding your retirement accounts, Social Security, or Medicare.

- Have you revisited your contributions to your retirement accounts given the updated limits (e.g., IRAs, 401(k)s, 403(b)s, SEP IRAs, etc.)?
- Are you approaching your full retirement age (FRA)? Will you be receiving Social Security benefits? How will that affect your cash flow planning?

- If you will be turning 65 years old this year, will you need to sign up for Medicare? If so, have you considered for which parts you will be signing up?
- Are you aware of any mandatory distributions from your employer plans (e.g., payouts from non-qualified employer plans or pensions)?
- If you will be turning 72 years old this year, will you need to take Required Minimum Distributions? Do you need the distribution to meet current cash needs, or could these distributions be reinvested or utilized to meet your charitable intent?

In addition to the items mentioned above, our Financial Planning Roadmap (shown below) is a helpful tool that can be used to pinpoint other target planning areas you may want to address. For instance, you may want to work with your advisor to review your current estate documents for any necessary updates or look over your tax return for any tax planning opportunities that can be utilized in the new year. Your financial advisory team can personalize this roadmap based on your unique financial circumstances and the priorities that are most important to you.

Taking time to review your financial situation annually not only sets you up for success for the current year ahead but over the long-term as well. Your financial advisory team is here to answer any questions you have and help you determine which planning strategies work best for your plan. We want to help you make every year a great one! We wish you and your loved ones an amazing 2022!

Financial Planning Roadmap

Personalized for Each Client's Unique Circumstances

1. Onboarding and Investment Plan

- Review Financial Planning Roadmap
- Investment process
- Investment plan
- Open accounts and execute paperwork
- Investment implementation

2. Retirement and Goal Planning

- Retirement scenario analysis
- Retirement contribution plan: 401k/IRA/After-tax
- Emergency fund
- Social Security strategy
- Charitable giving strategies
- Plan for medical expenses
- Possible education planning for grandchildren or others

3. Estate Planning and Insurance Review

- Review estate planning documents
- Review and analyze insurance needs
- Review and coordinate beneficiary designations

4. Tax Planning

- Income and deduction planning
- Tax withholding
- Distribution planning for goals
- Roth conversions
- Gain harvesting strategies
- Evaluating charitable gifts of highly appreciated stock

5. Ongoing Planning & Monitoring

- Financial plan review
- Addressing tax planning opportunities
- Portfolio review



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The Goodman Report

Inside This Issue:

- The Cranky Consumer
- New Year, Fresh Start: Financial Planning Checklist
- Focus on Philanthropy
- Complimentary CPE Course Schedule

Check out our website
www.GoodmanFinancial.com
for past newsletter articles and more content!

Complimentary CPE Courses in Coordination with TXCPA Houston

APRIL 2022

Tuesday, April 5, 2022 (11:30am – 1:30pm)
Financial Planning & Investing 101 (2 CPE hours)

Thursday, April 21, 2022 (11:30am – 1:30pm)
Tax Efficient Investing (2 CPE hours)

MAY 2022

Thursday, May 5, 2022 (11:30am – 1:30pm)
Reality Based Investing (2 CPE hours)

Tuesday, May 10, 2022 (8am – 4pm)
Financial Planning A to Z (8 CPE hours)

Tuesday, May 24, 2022 (8am – 10am)
Market Update and Tax & Investment Planning, Ages 55-72 (2 CPE hours)

JUNE 2022

Thursday, June 2, 2022 (11:30am – 1:30pm)
Financial Planning & Investing 101 (2 CPE hours)

Thursday, June 9, 2022 (8am – 12pm)
Financial Planning Roadmap – Course Correction and
Charitable Gifting & Giving Strategies (4 CPE hours)

Wednesday, June 29, 2022 (8am – 4pm)
Financial Planning A to Z (8 CPE hours)

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