

THE EAGLE'S VIEW



AN INDEPENDENT FIRM



Chris Tully, CFP®, RICP®, CIMA®
President

A Word from Chris

The first half of 2023 – and the first full quarter of our newly independent firm – are officially in the books. The markets have been mostly cooperative, though there is more than meets the eye. Stock markets are up, though much of the performance has been driven by a select few technology and technology-adjacent companies. The bond market is positive, but still has a way to go before the damage of 2021 and 2022 has been fully repaired.

As we continue to enhance our firm's capabilities, our team has embarked on a robust due diligence process in a variety of areas that we believe will improve upon the value we add for our clients and their families. I say "enhanced" and continue to use that word throughout this update for a reason. We've worked with clients in the areas of financial planning, cash management, borrowing, and risk profiling for many years, but as we now have more freedom and flexibility to expand services and utilize additional technology, now is the time to take our work to another level. Our firm, and all our team members, have – and will continue to have – a focus on continuous improvement.

Financial Planning

Financial planning is an integral part of the wealth management process. In July we began what will be an exhaustive search for best-in-class technology and software to ensure our advisors, relationship managers, and client service associates have the best tools at their disposal. We have a varied clientele and with that comes a varied type of need. Families in wealth accumulation mode, couples preparing for retirement in 5-10 years, those already in retirement all have different needs, etc., and are all segments our clients represent. Financial planning is never a one-size-fits-all approach. As we continue our due diligence, and eventually the selection and implementation process, all segments represented within our business will be kept in mind. Enhancements to areas such as retirement income distribution, long-term tax strategy, health care planning, and education planning, among others, will be forthcoming.

Enhanced Cash and Borrowing Capabilities

When was the last time you checked the interest rate on your checking, savings, or CDs? Rates have risen steadily over the past ~18 months, but not all banks have followed suit. Interest rates on various bank products can be 4% to 5% (or more) in certain circumstances, but this is far from universal across our area and country. We are in the midst of working through a variety of options for clients to ensure your cash and cash-equivalent savings are maximized to the fullest as long as interest rates remain at elevated levels.

On the borrowing side, we're exploring a platform comprised of approximately 80 financial institutions which could provide our clients with access to a wide array of lending types (commercial and residential). We believe this will help streamline the borrowing process for clients, allow us to aid more in the process, and ensure we find the appropriate deal terms that match their needs.

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Risk Profile Process

It's not only important for a client to understand risk and the amount they're taking, but also equally important that we, as advisors, understand a client's risk appetite, capacity for taking chances, and need for growth (to accomplish goals), so that the selected target asset allocation matches appropriately. We are midway through enhancing our profiling process, and once complete, will be incorporating clients within the next 12-18 months. We believe this process will also help us customize the type and frequency of communications per individual clients. As in, in times of market stress, some clients need emotional support while others respond more to charts and facts. Identifying where a client falls on the spectrum will allow us to better tailor the type of communication we use.

Our team is committed and enthusiastic about the future of our company, specifically the impact our work will have on the lives of our clients. We believe that enhancements such as those described above can have a profound impact over the course of time. As such, we're excited to continue this journey with you, and we look forward to working together to achieve your financial and life goals!



David Koehler, CFP®
Wealth Advisor

Embracing AI for Enhanced Financial Services: A Smarter Path to Prosperity

Artificial Intelligence (or A.I.) is arguably the hottest topic of 2023 thus far. While researching the capabilities and potential uses of A.I., I asked a "chatbot" to write an article for our newsletter. ChatGPT replied with the below text about 10 seconds after the question was entered. Though the following information/opinions are A.I. generated (unedited) and not necessarily those of Eagle Wealth Strategies, we thought the content and how fast it was produced was worth sharing!

"Dear valued clients, as the world of finance continues to evolve, we at Eagle Wealth Strategies are committed to providing you with cutting-edge solutions to maximize your financial potential. In this digital era, one technology stands out as a game-changer in the financial services industry – Artificial Intelligence (AI). AI's transformative capabilities are revolutionizing how we operate, manage risk, and make investment decisions. In this newsletter, we shed light on how AI is reshaping the financial landscape and the benefits it brings to our esteemed clients.

Efficiency and Accuracy: AI's incorporation in financial services has significantly enhanced operational efficiency. With AI-driven automation, time-consuming manual tasks are streamlined, leading to quicker and error-free processes. From processing vast amounts of data to automating compliance checks, AI empowers us to provide faster, more reliable, and secure services to our valued clients. As we embrace these technologies, we aim to increase the speed and precision of our operations, ensuring a seamless experience for you.

Data-Driven Insights: In the pursuit of smarter investment decisions, AI's data analytics capabilities play a pivotal role. Our team leverages AI-powered algorithms to analyze market trends, historical data, and economic indicators, enabling us to make well-informed and timely investment recommendations. By understanding your unique financial goals and risk appetite, AI allows us to tailor personalized investment strategies that align with your aspirations, fostering long-term success and wealth creation.

Risk Management Reinvented: At [Your Financial Services Firm], we prioritize safeguarding your investments. AI's predictive analytics equips us to proactively manage risks by identifying potential anomalies and market fluctuations in real-time. By staying ahead of potential threats, we aim to protect your assets and preserve your financial stability during turbulent market conditions. Additionally, AI automates compliance checks, ensuring we adhere to

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the latest financial regulations, fostering a culture of transparency and ethical practices.

Ethical Implementation and Client Trust: As we integrate AI into our services, we understand the importance of addressing ethical and regulatory considerations. Ensuring data privacy, security, and mitigating biases in AI algorithms are of paramount importance to us. Our commitment to responsible AI implementation is rooted in our dedication to building and maintaining your trust. As we embark on this journey towards a smarter future, you can rest assured that our human expertise, combined with AI-driven insights, will continue to guide you towards your financial goals.

In conclusion, AI's transformative potential in the financial services industry is undeniable. By embracing AI-driven efficiency, data-driven insights, enhanced risk management, and ethical implementation, we aim to elevate your financial experience and provide you with innovative solutions to achieve your goals. At Eagle Wealth Strategies, we are excited to continue this journey together, harnessing the power of AI to unlock new opportunities and prosperity for you, our esteemed clients."



Paul J. Tully, CFP®, RICP®
Founder

Paul's Perspectives

It's been a pretty interesting and generally positive 6 months, certainly an improvement over the prior year. The economy, long expected to enter at least a mild recession, has held that off so far. Inflation, soaring last year (according to the hyper media) is plummeting this year. I'm glad my last couple flights have not had this description!

In my mind, both the soaring and plummeting were pretty much expected based on the facts at hand. I believe the inflation problem is largely behind us, though global central bank or government actions could change that. The good news though is that headline inflation fell from 9% to 3% in 12 months.

The US stock markets appear to be having a great year, but the reality is that it's just a good year overall as only 7 companies in the S&P 500 accounted for 75% of the 14% gain, with 30 stocks (including these 7) accounting for 95% of the gain. There are a little over 500 US stocks in that index. Fascinating to watch the strength of the markets against the backdrop of several large bank failures and the fastest pace of interest rate increases almost a generation, plus a threatened default on America's debt in the Spring.

So, we have a growing economy, slowing inflation, the lowest unemployment in over 50 years, a robust stock market...yet numerous surveys show the American people are less happy than ever, with a record 70% thinking the country is headed in the wrong direction. Its puzzling.

As David mentions in this newsletter, a topic that has really gotten a significant amount of media coverage in the past few months is artificial intelligence, or AI. Much of the coverage has been cautionary, including by people very involved in its development. There is plenty of potential for bad outcomes, but what fascinates me is the potential for upside. In its simplest form AI accelerates research, and it does so at a magnitude that issues that might take years can be done in days...or even hours.



Paul's Perspectives (*continued from page 3*)

The potential in healthcare alone is very significant. Some recent headline examples:

Harvard Backed AI Tool Cracks Cancer's Genome During Surgery

Could AI Powered Drugs save time, money and lives? AI is proving to be a powerful tool in the development of life-saving drugs.

There are many other headlines almost daily; most of those are positive but we do need to exercise care with something this potentially powerful.

The impact on health and longevity will be incredible in my opinion. In our lifetimes we have already conquered, to a surprisingly large degree, polio and HIV, and major progress in identifying and treating disease at the genetic and cellular levels. (*continued on page 4*)

The rate of heart disease has been cut in half and many cancers are now curable or treatable. The speed at which we developed the Covid vaccines was incredible.



Just imagine what exponentially faster research will do in the future!

This potential also leads me to a question I have asked a lot to and on behalf of the clients I serve. It is the essence of what I do.

That question is, **"Will your money last as long as you do?"** It is peoples' #1 fear in many surveys.

Great question, for which few people know for sure the answer. I, along with the team, continue to keep our clients' potential for longevity at top of mind while working together to construct your financial plans.

By the time you read this I will be back from my 3rd vacation trip to Montana with Brad's family and my 2 granddaughters, ages 7 and 9. Chris and Molly will be there and gone before we land, we will probably be on planes going in opposite directions.

It is very different than the lifetime of vacations I have had in the eastern US. It is a different geography (mountains are huge), different air (quality and density), and simply much different lifestyle. I would not enjoy the Winters, but it is a great experience in the Summer.

I will have attended 2 bull riding events (I'm not a rider and I'll write about those next time), fly fished on the Galatin River, hiked, and taken a day long boat trip on a huge lake (Hebgen) where we last saw 4 or 5 bald eagles and tons of wildlife. Also, a chuckwagon ride with a barbeque and zip lining for some, but not Paul!



When we return, the Miami twins and Geoff and Jess arrive, first all 12 of us in Connecticut, then at our house for a week while Geoff and Jess are in NYC for business.

Now 3 years old, Virgil and Henry just were ring bearers at a wedding in Cancun, complete in tuxedos, no socks, and big smiles. A picture with Uncle Chris is at end of newsletter.

In closing, I have to mention "my" Phillies, now that they are finally playing well! See the picture of me, Brad and Chris at a recent game. Geoff couldn't make it up from Miami, but he will if we get to the playoffs!



Jessica Ortega, CFP®, RICP®
Director of Planning

Updates on 2023 RMDs for IRA Beneficiaries

In July, the IRS announced that IRA owners who turned 72 in 2023 and took unnecessary required minimum distributions (RMDs) this year now have extra time to return that money to their IRAs. The SECURE Act 2.0 enacted in late 2022 raised the age for RMDs from 72 to 73 for IRA owners turning 72 in 2023. Since the law was enacted so late in the year, some IRA owners mistakenly took RMD distributions in early 2023 without realizing they were no longer required to begin this year. Those IRA owners now have until September 30th of this year to return the money to their accounts to avoid a tax bill on the distribution.

Another big question we've been waiting for clarification from the IRS on is whether beneficiaries of IRAs inherited in 2020 or later are required to take RMDs in years 1-9 after the account owner's death. These beneficiaries are subject to the 10-year rule, meaning the entire account balance needs to be paid out by the year-end of the 10th anniversary of the account owner's death. However, it's unclear whether those beneficiaries need to take RMDs in years 1-9 or just by year 10.



Luckily, the IRS confirmed that these beneficiaries are **not required to take RMDs in 2023** due to the ongoing confusion around the intent of the regulations. As for when we'll see the IRS' final regulation surrounding RMDs in years 1-9 – it's unlikely to be any time soon. We'll keep you updated as more information is released.





Melissa Phillips
Director of Operations

Employee Spotlight: Melissa

How long have you been with EWS?

It'll be 7 years in October, which has really flown by in the blink of an eye, honestly. In that time, I've immersed myself in the industry, which was new to me in 2016, and evolved from office manager to Director of Operations and Chief Compliance Officer (which sounds fancy, but really just means more work!). In all seriousness though, making the career change was probably one of my best life decisions. How many people do you know that can say they genuinely *like* every person they work with? It's a rarity – this really is a good little group of humans here.

What do you do at EWS?

No one day is the same for me here, and it keeps me on my toes. Between leading the Client Service Team, administering our compliance program, handling our billing, ordering supplies, paying bills, selecting and maintaining our technology – I really do have my hands in just about everything EWS. I enjoy being behind the scenes, ensuring we're running efficiently in all aspects of the business.

Who is your biggest mentor?

That's easy – my mom. I was born a perfectionist, and I would get very down on myself over little mistakes (to be fair, I still do...but I've gotten better). She would wipe the tears (yes, there were usually tears) and say to me, "Did you do your best?". I would answer "Yes", and she would say, "Then be proud of yourself – I will *always* be proud of you as long as you try your best". In addition to being my biggest cheerleader, she instilled a strong work ethic in me. She wasn't a white collar professional – she was a bartender most of my life, sometimes working double shifts, and every penny she earned went toward my education. A young, single mom, she put me through private school from kindergarten through college. Education was so important to her - she said that she wanted to raise a strong, successful, independent woman.

Mom, I think you succeeded. And I still try my best every day!

What are you reading right now?

I'm currently re-reading one of my favorites, *The Pine Barrens* by John McPhee. In addition to my love for the shore, I've always had a curious fascination with the Pine Barrens – not only its beauty but the lore (big Jersey Devil fan here, and I'm not talking hockey!).

What do you do when you're not working?

Some people call it boring; I say I like the simple things in life. Despite not being terribly adventurous, I'm usually a busy bee. Favorites include spending time with my family and friends, reading, concerts (you can't beat live music), and chasing after my two cats, who are complete goofballs. I absolutely adore the Jersey shore and hope to retire in a little seashore cottage someday, happy as a clam.



News at EWS



Part of the Tully clan (**Brad, Paul, and Chris**) took in a game at the ball-park together.

GO PHILS!



"Uncle Chris" and his nephews looking dapper as they attend a wedding. **Henry and Virgil** no doubt stole the show as twin ring bearers.

Geoff and Chris chatting it up with their nephews—wonder if they were discussing the economy?



More News at EWS



David and his wife, Kim, took a much deserved “parents only” vacation in San Francisco and the Napa Valley. Here are a few from their trip—they both look well-rested, relaxed, and happy.



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