

The

# MERRITT POINT MINUTE

GUIDING CLIENTS THROUGH THE COMPLEXITIES OF WEALTH MANAGEMENT



OCTOBER 2024

**ROSS BAUER**  
**FORBES TOP NEXT-GEN**

**2024**

**WEALTH ADVISORS**  
**BEST-IN-STATE\***

## Year-End and the Year Ahead

As the year winds down, it is always prudent to take stock of what has been accomplished, what next year's goals are, and how best to prepare for them. This is true in investment planning as well. If you have not yet taken your 2024 Required Minimum Distributions

from your retirement accounts, and you are required to do so (you're 73 or older) you may want to speak with your advisor about the optimal time to do so.

You may also want to speak with your advisor and accountant about the potential benefits of a Roth conversion, where a portion of your Traditional Retirement Account funds are converted to a Roth IRA (Individual Retirement Account). This may have tax advantages for you and your family in the future. Tax loss harvesting is another consideration many individuals review prior to year-end, and your Merritt Point advisor can help strategize and execute about any tax losses you may want to crystalize to offset capital gains you have incurred or to provide an offset to future gains. Wells Fargo Advisors Financial Network does not provide legal or tax advice. (Cont. Page 4)

*\*2024 Forbes Top Next-Gen Wealth Advisors Best-In-State: Awarded August 2024; Data compiled by SHOOK Research LLC based on the time period from 3/31/23-3/31/24. (Source: Forbes.com). The Forbes Top Next-Gen Wealth Advisors Best-In-State rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for the rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria.*

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203-344-2400 | [merrittpointwealthadvisors.com](http://merrittpointwealthadvisors.com)

1700 East Putnam Avenue, Suite 200 Old Greenwich, CT 06870 | Riverside Avenue, 2nd Floor Westport, CT 06880 |

250 Park Avenue New York, NY 10177

# Economic Commentary

In the third quarter of 2024, global markets saw exacerbated volatility as investors tried to interpret a confluence of varied economic data. Despite a nearly 10% intra-month drawdown, US Equities ended the period from July to September up 6.06%, with an emphasis on Value over Growth. US Bonds ended the quarter up 5.15% as Federal Reserve Chair Jerome Powell announced the long-awaited first rate cut, sending short-term yields lower and bond prices higher.

If you have spent time in the Northeast during September or October, you'll understand the challenge of anticipating the coming weather. As the dwindling warmth and daylight of summer fades away and communities brace for the impending months of biting cold, there's often a few weeks of utter unpredictability. Climate limbo. Wardrobe indecision. You'll bundle up for a brisk morning and still be chilly, just to reverse course by the afternoon shedding layers and working up a mild sweat getting into your sunbaked car. You'll argue with your significant other about the right time to remove your window units; they'll cite night-time lows dipping into the 40's, you'll forewarn that next week's highs are almost 80 degrees.

Much like the regional/seasonal climate, the economy finds itself in a liminal position somewhere between overheated inflationary growth in need of tempering, and waning demand from stressed consumers foreshadowing potential recession concerns. And much like layers are a smart choice in dressing for a Northeast fall, versatility is crucial to navigate a quickly shifting economic environment.

From mid July to early August the S&P 500 sold off nearly 10% as softening corporate earnings and forward guidance spooked investors from top performing names. Exacerbating this, the concentrated AI growth play, which has largely driven US equities over the past year, is starting to lose some of its luster. To not be left behind, massive institutions rushed to either develop or implement the new technology, sometimes without an entirely clear end goal. Names that failed to jump aboard the AI hype train were generally punished (think Apple's lackluster performance in the first half of the year as they were slow to announce their AI capabilities). The return on AI investment is still yet to be fully demonstrated, so anticipate more discerning investment patterns into these names and less gold-rush style exuberance. While markets quickly recovered, this type of drawdown serves as a warning that the path forward will be more varied, and the

## TEAM BIRTHDAYS



**Larry Baker**  
*Senior Vice President*  
September 29th



**Jonathan Nuzzaci** -  
*Senior Vice President -  
Investments*  
October 1st



**Alex Mills**  
*Associate Vice President.  
Manager of Operations &  
Compliance*  
October 5th



**Dan Dodderidge**  
*Senior Vice President -  
Investments*  
October 16th



**Dee Lawrence**  
*Vice President*  
October 20th



**Olivia Negri**  
*Associate*  
October 22nd

# TEAM BIRTHDAYS

(continued)



**Beth Cutler**  
Founder, President  
November 23rd

# ANNIVERSARIES



**Alex Mills**  
Associate Vice President,  
Manager of Operations  
& Compliance  
3 YEARS

# UPCOMING NYSE HOLIDAYS

Please be advised that our offices will be closed in observance of the following market holidays:

## THANKSGIVING

Thursday, November 28th

## CHRISTMAS

Thursday, December 25th

The office will also close early at 1:00 p.m. EDT on Friday, November 29, 2024 and Tuesday, December 24, 2024.

# Economic Commentary (continued)

winners will be more diverse. You cannot just bet on ultra-large tech names and walk away. While large cap-growth was the top performing of nine size and style combos in Q2 of 2024, it was the laggard of Q3 underperforming the leading mid-cap blend category by 8.6% (10.8% to just 2.2%). This goes back to last quarter's projections that market returns will continue to "broaden" and encompass smaller companies and those in more traditional value-based sectors.

For months markets have anticipated the favorable tailwind of a September rate-cut from Jerome Powell and the Federal reserve, however uncertainty remained if it would be a gradual 25 basis point (bp) cut, or a more substantial and aggressive 50 bp cut. Making up for lost time, Powell opted for the latter, surprising most with 50 bp and Fed consensus is for another 50 bp worth of cuts by the end of the year. This would end 2024 with the target Fed Funds rate at 4.25 – 4.50%, a nominal one percent lower than where we started the year. This can be interpreted as either an enthusiastic signal that the Fed is committed to ensuring a smooth landing for the US economy, or that there was a particularly concerning data point that motivated the bold move. Given a varied but, on balance, neutral to slightly positive cluster of economic data points, my guess would be the former. A recent data point released after the September Fed meeting showed the US added 254,000 jobs month over month, blowing out estimates for 140,000. This gives further credence that elements of the economy are still quite strong, and that labor demand remains relatively durable. Expect any further data points like this to soften the markets expectation for 50 bp of further rate cuts, and the dreaded inflation conversation to begin reigniting.

In summary this is the economic shoulder season. A time of transition in between the tightening and easing cycles, GDP growth acceleration and contraction, where the weather of the markets is bound to be confusing. As investors and policymakers attempt to chart a course forward, the best policy is to remain dynamic and flexible, equivalent to packing an extra layer or toting around a small umbrella since no one entirely knows what to expect. A diversified approach cast a wide net to capture the broadening market returns, and reduce expected volatility.

*S&P 500 Index: The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.*



**Rob Schaefer, CFP®**  
Senior Wealth  
Planning Strategist

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## Year-End and the Year Ahead *(Continued from pg. 1)*

We encourage you to speak to your chosen tax advisor regarding your specific situation.

The current federal estate tax exemption is set to sunset at the end of 2025. For those with estates valued at over \$6,000,000 for individuals, \$12,000,000 for married couples this may impact the future after-tax value of your estate and the funds passed on to your heirs. We recommend checking in with your estate and tax advisor to review your estate plan, wills and trusts and determine if any adjustments in strategy may be warranted.

Evolving technology is helping us create more effective financial strategies for clients, and helping organize a clearer picture of clients holdings. Account Aggregator allows you and your Merritt Point advisor to have a live snapshot of your company retirement plan, mortgage, bank and outside investment account holdings in one centralized place by you linking your external accounts to your profile on the Wells Fargo Advisors Financial Network brokerage site. In providing a total live picture of client holdings, this tool helps us provide the most effective investment planning and advice to our clients.

**- Ross Bauer, Founder & COO**

*Qualified Roth IRA distributions are not included in gross income. Roth IRA distributions are generally considered "qualified" provided a Roth IRA has been open for more than five years and the owner has reached age 59½ or meets other requirements. Withdrawals may be subject to an IRS 10% additional tax for early or pre-59 ½ distributions*



## A MESSAGE FROM OUR CEO, Jason Andrews



*As we transition into autumn, my favorite season, it's a reminder that the 4th quarter and year-end are fast approaching. October is the ideal time to review your investment planning, ensuring you're prepared for important tasks such as Required Minimum Distributions (RMDs), tax-loss harvesting, gifting, and charitable donations. Working with your Merritt Point Financial advisor now can help ensure you close out the year on a solid financial foundation.*

*At the same time, as the holiday season nears, it's also an opportunity to reflect on the importance of our loved ones; it encourages us to pause and appreciate the people who bring meaning and joy to our lives. Whether it's gathering with family, connecting with friends, or simply sharing moments of gratitude, the relationships we nurture are what make this season truly special.*

*Also, I'd like to extend my heartfelt thanks to everyone in the Merritt Point Family for your continued dedication and hard work. May this season bring you peace, happiness, and cherished moments!*

*Merritt Point Wealth Advisors and Wells Fargo Advisors Financial Network do not provide legal or tax advice. Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. Merritt Point Wealth Advisors is a separate entity from WFAFN.*

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