

Hart to Heart



Wealth
Management

April 2024

Until April 15th Taxes Will Keep *Eclipsing* All Other Issues (Unless you have filed an extension...)

As we find ourselves rapidly approaching the April 15th tax filing deadline the pace at work has picked up and time is running short. It's a familiar scene every year at this time with frequent phone calls, countless e-mails and last-minute scrambling to free up cash for "Uncle Sam."

If we throw into the mix a solar eclipse for good measure we have a cornucopia of chaos surrounding us. I only wish we had "special sunglasses" with which to read our Federal and State tax returns – the kind of eyeglasses that keep our taxes owed from blinding us by looking directly at the dollar amount. Tax time is never any fun and while we make every effort to minimize the tax bills of our clients an accountant once reminded me, "there are worse things in life than capital gains taxes."

Given that the moon and sun move ocean tides from low to high and back again, Monday's solar eclipse gave me pause to look into what if any effect a solar eclipse has had on the stock market. The good news is that for the most part it has been quite positive.

From 1900 to 2017, the Dow Jones Industrial Average (DJIA) has climbed in 10 of the last 13 past total solar eclipse years. Stocks soared 44% for the Dow in 1954 while three other years had gains of over 25%. The DJIA was up 30% in 1925, higher by 26.6% in 1945 and up 25.1% in 2017. (Source: Detroit Free Press). Of course, there were a few down years as well with the DJIA dropping 34% in 1930 and 23% in 1932. Apparently, even the sun and moon couldn't raise stock prices in the midst of the Great Depression.

Our hope is that with 2022 having been the worst year for stocks since 2008 and 2023 having been saved only by the last nine weeks of the year we have shaken out most of the sellers that could cause a significant market downturn. To the plus side, the economy appears to be humming along, interest rates have stabilized and it's likely that the next move by the Federal Reserve will be lower rather than higher.

I'm still looking for only two rate cuts this year – one before the election in November and one after. Things can change in an instant but barring consumer spending suddenly evaporating it seems we're on a fairly even keel for the balance of this year.

Updates

- [Enroll for RBC Online](#) – account information, tax documents, no more paper in the mail -- all at your fingertips.
- 2023 Tax Documents & Corrected Tax Documents Available Online
- Need more time to file your taxes? Extension Filing Deadline: **April 15, 2024.** *You still need to make an estimated payment, but you will have until Oct. 15, 2024, to file your final return. (IRS.gov)*
- 2023 IRA/ROTH Contribution Deadline: **April 15, 2024**

Call us for help!

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Continued on page 2

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Too Hot!

On Wednesday morning of this week the U.S. Labor Department's Bureau of Labor Statistics reported the Consumer Price Index (CPI) rose 0.4% for the month of March which translates to a year-over-year inflation rate of 3.5%. This report was a little hotter than economists had expected which sent stocks lower in response to renewed inflationary fears.

As many of you have read here over the past couple of years, inflation is likely to continue running a little hotter – somewhere in the 3%-to-4% range – than the Federal Reserve would like as the Fed continues to target a 2% annual

inflation rate as “ideal.” I’ve referred to the 2% target in my prior notes as a “pipe dream” given that we have nearly full employment and the reason prices remain stubbornly high is due to the consumer’s willingness to continue paying elevated prices for goods and services.

Some Moves Are Easier Than Others...

During the supply chain disruption we saw inflation running much hotter (double-digits in some sectors of the economy) so the likelihood was that those inflation levels would recede in fairly short order. The move down from

~8% annual inflation to ~4% annual inflation was a relatively easy move for pricing pressures to make but the move from ~4% inflation to 2% annual inflation should prove much more challenging, especially in a growing economy.

Long-Term Focus

The stock market's Wednesday morning inflation tantrum should subside after some further market consolidation and first quarter earnings should reassure investors of the long-term growth prospects for the financial markets as a whole.

Man does not control his own fate. The women in his life do that for him.”– Groucho Marx

Perhaps Back Surgery Eclipses Taxes

I was out of the office recently for a couple of days to tend to my wife Wanda who underwent back surgery. If you think taxes are miserable, try back surgery - it's no fun and the healing process simply cannot be rushed. It is also painfully evident that much of what Wanda has handled with relative ease around the house for many years has turned into a significant challenge for me and our two sons.

It has literally taken three men to do the work of one woman and I'm sure the Hart house is not alone with respect to that startling statistic. How many times have we heard someone say of their wife and/or mother, “she's the glue that holds our family together”?

The truth is we're often lost without the calming influence, the compassionate perspective and the ingenuity of the women in our lives. Until something like back surgery enters the picture it's easy to forget that it takes two to run a household and when one of the two has no idea what he's doing it can be fraught with peril.

It's also a striking reminder that without our health we have nothing – as in “zip”, “nada”, “zero.” While we may find it easier in the present moment to put off matters pertaining to our health the fact remains that our health is the basis for nearly everything we do – and that's coming from a typical male who went over ten years without getting a physical

until...my wife, my Mom and my partner Mara all got together to make me go.

I'm blessed to report that as of my most recent check-up in February my health is good and my mind can rest easy – thanks to my wife Wanda, my mother Emily and my dear friend Mara. To quote the late, great Groucho Marx, “Man does not control his own fate. The women in his life do that for him.”



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