



MOULTON WEALTH MANAGEMENT INC.

MOULTON HOT MINUTES

SPECIALIZING IN RETIREMENT AND TAX PLANNING

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We've Moved!

Week of June 24, 2024

A bit of housekeeping. Richland's seminar is full. If you're on the list, you will be given a reminder call. If you're not on the list, you can sign up for next month's seminar, as we will repeat the section on the Widow's Penalty. If you're not

ATTEND OUR...

FINANCIAL & TAX PLANNING

SEMINAR

BRING A GUEST

➤ **JUNE 26TH @ 11:00 AM – RICHLAND**

➤ **JULY 24TH @ 9:30 AM - SPOKANE**

**CALL 509-922-3110 TO RESERVE A SEAT OR IF
YOU WANT A SECOND OPINION ON YOUR PORTFOLIO!**

sure, please call the office and check. We'd hate to see you show up only to find there is no room.

You can find out more about the Widow's Tax Penalty by reading the Monthly Newsletter from June, 2024 or the weekly newsletter from May 20, 2024. Both are on our website here: [Moulton Wealth Management Newsletters](#).

Last week's newsletter covered Required Minimum Distributions (RMDs). You can read the newsletter here: [Newsletter - Moulton Wealth](#).

Please see our website www.MoultonWealth.com. Of the many improvements, the most important is we now host podcasts of past radio shows, allowing you to listen at your convenience. You can also read all the past newsletters and take the test to find your Risk Number.

Last Saturday's radio show discussed beneficiary forms, and why they are so important. Your estate plan doesn't govern who gets your life insurance, IRA, Roth IRA, 401k, 403b, 457, annuity, etc. Instead, they are governed by their unique beneficiary forms. It's important that everyone understands who they've named, and keep them updated. More about this in today's newsletter. You can listen here: [Your Money Matters – Moulton Wealth](#).

We all have a common beneficiary on our IRAs – the IRS. But who gets the rest of it?

Many people we talk to assume that their estate plan, whether a Will or a Living Trust, determines where their assets go. And generally speaking they are correct.

But not for all assets.

Qualified assets, such as IRAs, Roth IRAs, 401ks, 403bs, 457s, etc., as well as insurance products, are not governed by your estate plan. They instead are governed by their beneficiary forms.

Does that make a difference?

Possibly.

The Wall Street Journal recently published an article pointing to a case where it definitely made a difference.

Jeffrey Rolison and Margaret Sjostedt dated in the 1980s. Now, almost 40 years after they broke up, she stands to inherit his \$1,000,000+ retirement account.

LISTEN TO RIAL'S AND DON'S RADIO SHOW,

"YOUR MONEY MATTERS"

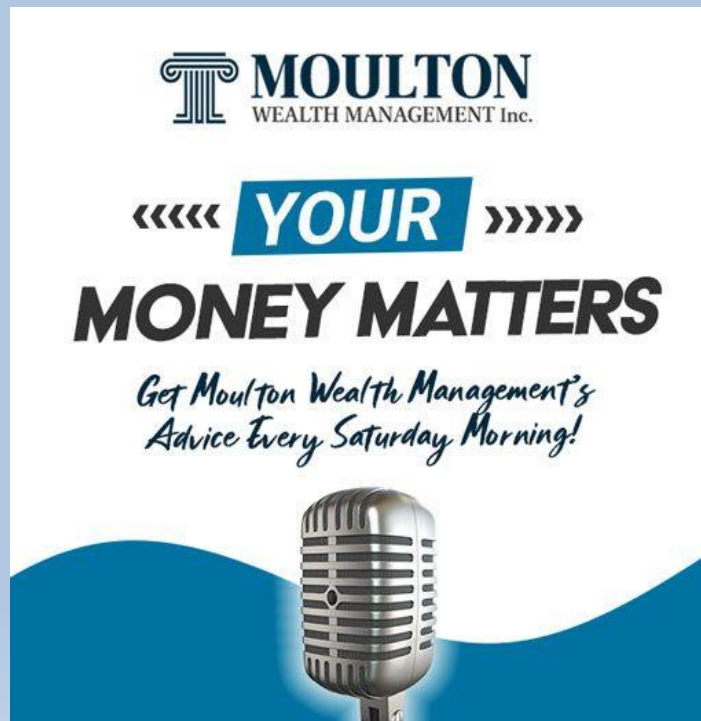
EVERY SATURDAY MORNING AT

8:00 AM ON KXLY RADIO CHANNEL 920 AM IN SPOKANE

AND AT 9:30 AM ON NEWSTALK RADIO CHANNEL 870 AM IN THE TRI-CITIES AREA

LISTEN LIVE AT WWW.NEWSTALK870.AM AGAIN AT 9:30 EACH SATURDAY MORNING

OR VISIT OUR WEBSITE MOULTONWEALTH.COM FOR PODCASTS



The reason?

Mr. Rolison listed Sjostedt on a handwritten form as the sole beneficiary of his workplace retirement account, when they lived together in the 1980s. He never changed that beneficiary form, despite having broken up with her two years later. Mrs. Peggy Sjostedt went on to marry another man, took his name as Mrs. Peggy Losinger, and raised two children.

Mr. Rolison and Mrs. Losinger never kept in touch.

When they found out about the beneficiary form, Mr. Rolison's brothers took Mrs. Losinger to court. They contend it was simply an oversight and that Mr. Rolison would never have left the money to Mrs. Losinger on purpose.

In fact, Mr. Rolison later got together with a new partner, Mary Lou Murray, whom he lived with until they separated in 2014.

Their brothers argue that since the beneficiary form was completed in 1987, and never subsequently made available on line, it should be voided. They argue that his employer, Proctor & Gamble, didn't uphold their fiduciary duty in keeping Mr. Rolison informed as to whom he had named beneficiary. They point out that Mr. Rolison had named his mother and Ms. Murray on his life insurance policy. He removed his mother when she passed away, and he removed Ms. Murray when they split up. Since he had no beneficiary, it went to his estate. The brothers contend that even though it will be fully taxed, the \$1,000,000 retirement account should do the same. As such, it would, by state law, go to the brothers, his only remaining living relatives.

So far, the courts have disagreed.

Undaunted, the brothers, not interested in the money, we're sure, but instead the principle of the matter, have appealed to the Third U.S. Circuit Court of Appeals where we assume they will lose again.

In case of my death, I hereby designate as my beneficiary

Name	Relationship
Margaret M. Sjostedt	Cohabitor

DESIGNATION OF BENEFICIARY

In case of my death, I hereby designate as my beneficiary(ies) to whom payments shall be made as provided in the Plan: (DO NOT USE PENCIL)

Name	Relationship	Address	Proportion to Each
Margaret M. Sjostedt	Cohabitor	[REDACTED]	100%

I understand that the above designation(s) shall remain in effect until I give written notice of change to the Trustees of the Plan.

Jeffrey J. Rolison Date 4-27-87 Marital Status Single Married (See 2. below)

INSTRUCTIONS

- Many states have laws bearing on beneficiary designations. Participants may desire to consult their advisors before making a designation.
- If you have designated a primary beneficiary other than your spouse (e.g., a Trust or children), you must have your spouse sign a notarized form consenting to the designation.
- Write name of beneficiary in full. If a married woman, show her given, maiden and surname; thus, Mary Williamson Smith, not Mrs. John Smith.
- Suggested Beneficiary Designations:
 - Mary Williamson Smith Wife 1 Main Ave., Milwaukee, Wis. 100%
 - Mary Williamson Smith Wife 100%
 - If she survives me, otherwise Equally
 - My children, per stirpes*
 - or My Estate
 - or Refer more complicated designations to Employee Services Dept., your Mgr., or Secretary of the plan for instructions.*This provides that if any of the children should predecease the participant or former participant, that child's share will go to his/her children.

WAIVER OF THE PROFIT SHARING DIVIDEND PLAN

I, the undersigned, hereby certify that I have been given an opportunity to apply for Profit Sharing Dividend Plan participation and have decided not to take advantage of this offer.

WITNESSED BY MGR. (OVER) SIGNATURE OF EMPLOYEE DATE

or children), you must have your sp
d surname; thus, Mary Williamson
Milwaukee, Wis.
or Secretary of the plan for instr
ild's share will go to his/her children
DIVIDEND PLAN

Mrs. Losinger, now 68, stands to inherit the entirety of Mr. Rolison's P&G plan accounts, valued at \$1.15 million as of 2020.

This is a cautionary tale to everyone.

Make sure you keep beneficiary forms updated.

Come to a seminar and find out how you might protect yourself. In our seminars, and at initial, free, consultations called "Financial Physicals" we discuss the five areas most important to financial health for retirees or those close to retirement.

1. Protection
2. Estate Planning
3. Income Tax
4. Retirement
5. Investments

Risk management is key for success in all of those areas.

Consider exploring how you might add a defensive strategy to your investment approach.

Maybe this time is different, and if you're a buy and hold investor with no defensive strategy, you're betting your portfolio, and possibly your retirement, on it.

Attend a seminar or call the office to find how adding a defensive strategy to your portfolio could help because...

The ledger is stacking up, and not to the positive.

Sure, the market comes back, eventually...

How long can you afford your portfolio to be down significantly?

Currently risk-free rates approximate 5% compared to what the market "might" make (or more importantly lose) over the coming months, and considering the growing mountain of evidence of an oncoming recession, it seems negligent not to at least explore your options.

This is even more important if your spouse is not as savvy about investments as you are.

The Great Financial Crisis was triggered by the popping of a bubble in real-estate. ***The bubble in real-estate today is bigger by most measures.***

The Dot.com bear market was triggered by the popping of a bubble in equity valuations. ***The equity bubble is bigger today by most measures.***

Neither the Dot.com nor the Great Financial Crisis bear markets had inflation, or nearly as much debt across consumers and businesses as we have today.

If the Dot.com bubble resulted in the S&P-500 falling ~ -50% and the NASDAQ falling over ~ -80%...

If the Great Financial Crisis saw the S&P-500 fall ~ -57% and the NASDAQ falling over ~ -50%...

How much might a market fall with levels exceeding both of those along with inflation and higher leverage?

You don't have to remain locked into the same approach as you had when these risks didn't exist. You are allowed to protect yourself. You can step away and then come back when the risks decline. Call us to find out how.

It's time to focus on return of your money rather than return on your money.

If you still have the same portfolio allocation you had during the bull market, we would ask "why"? The risk profile of the economy and market has changed dramatically and will likely continue to rise. Wouldn't it make sense to adjust your portfolio to what is actually happening?

To be clear, we'll have a great buying opportunity at some point in the future. Usually that happens with the market crashing and most investors disgusted with the thought of investing. If you lose much of your net worth, participating will be difficult.

“You can't buy low if you don't sell high.”

Patience and asset protection will be key.

Don't wait until you have suffered unrecoverable losses before taking action.

In the Great Financial Crisis, the S&P-500 fell 24% from the start on October 9, 2007 until the Lehman bankruptcy on September 15, 2008. That was close to a year, and not that far off from what we've lived through so far.


Then in just over a month from September 15, 2008 to October 27, 2008 the S&P-500 fell ***ANOTHER*** 28.8%. And from September 15, 2008 to the ultimate bottom, about 5 months later, it fell ***ANOTHER*** 43%.

Not only do bear markets normally unfold in three stages with the last being the most virulent, it also demonstrates that risk happens slowly and then all at once.

***What is your defensive plan?
There's still time.***

Call or attend a seminar to hear about ours.

Remember, we have a feature on our website: www.MoultonWealth.com to help you measure your risk tolerance. The problem with trying to decide how much risk to take is we all want to be aggressive when the market is going up, but conservative when it's going down. That's why a sell discipline is important. However, the first line of defense is always our allocation. This approach to measuring risk gives a number by making investors trade off gains and losses. Just click the button to see where you stand.

What's Your Risk Number? 

Get a physical! We invite you to attend a seminar and come in for a “financial physical”, even if you think your current approach is fine. Much like going to the doctor for a physical

despite feeling great, you want to make sure any negative issues you may not be aware of are caught early and addressed. For example...

- Do you need a process to help manage losses during the next bear market?
- Have you addressed your investment process and adjusted it for what is going on in the world?
- If not, what are you waiting for?

At the bottom of the 2007 - 2009 bear market the S&P-500 index returned to levels last seen in 1996.

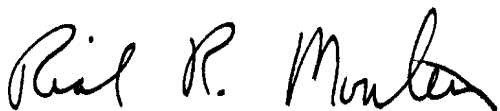
The drop didn't retrace only a few months or even a couple years.

We discuss many of these issues and more on the weekly radio show and invite you to listen.

WEEKLY FOCUS – THINK ABOUT IT

Make sure you keep beneficiary forms updated.

Yours truly,



Rial R. Moulton, CFP®, CPA / PFS, RFC
Certified Financial Planner™



Donald J. Moulton, CFP®, RFC
Certified Financial Planner™

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

Investment services offered through Moulton Wealth Management, Inc., an independent Registered Investment Advisor. The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. Yahoo! Finance is the source for any reference to the performance of an index between two specific periods. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Consult your financial professional before making any investment decision. You cannot invest directly in an index. Past performance does not guarantee future results. Investments in securities do not offer a fixed rate of return. Principal, yield and / or share price will fluctuate with changes in market conditions and, when sold or

redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results.

To unsubscribe from the “Molten Hot” Minutes please reply to this e-mail with “Unsubscribe” in the subject line, or write us at 420 N. Evergreen Road, Suite 100; Spokane, WA 99216.

The Barclays Global Aggregate Bond Index (formerly Lehman Brothers Global Aggregate Index), is an unmanaged market-capitalization-weighted benchmark, and tracks the performance of investment-grade fixed income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

The Barclays U.S. 1-10 Year TIPS Index is an unmanaged index composed of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.

The Barclays U.S. Aggregate Bond Index is an unmanaged benchmark index composed of U.S. securities in Treasury, Government-Related, Corporate, and Securitized sectors. It includes securities that are of investment-grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$250 million.

The Barclays U.S. TIPS Index is an unmanaged index composed of all U.S. Treasury Inflation-Protected Securities rated investment grade, have at least one year to final maturity, and at least \$250 million par amount outstanding.

The JP Morgan U.S. Treasury Index is an unmanaged index composed of U.S. Treasuries.

The CDX IG 12 is a benchmark high-grade derivatives index, which measures the cost of insuring a basket of U.S. investment-grade corporate debt against defaults.

The Chicago Board Options Exchange Volatility Index (VIX) tracks the expected volatility in the S&P 500 over the next 30 days. A higher number indicates greater expected volatility. Common usage: The Chicago Board Options Exchange Volatility Index (VIX), a barometer of market volatility.

The Dow Jones Industrial Average is a widely followed market indicator based on a price-weighted average of 30 blue-chip stocks that trade on the New York Stock Exchange which are selected by editors of The Wall Street Journal.

The Dow Jones Wilshire Real Estate Securities Index (RESI) is used to measure the U.S. real estate market and includes both real estate investment trusts (REITs) and real estate operating companies (REOCs). It is weighted by float-adjusted market capitalization.

The JP Morgan Emerging Market Bond Index is a total-return, unmanaged trade-weighted index for U.S. dollar-denominated emerging-market bonds, including sovereign debt, quasi-sovereign debt, Brady bonds, loans, and Eurobonds.

The JP Morgan EMBI Global Diversified Index tracks the performance of external debt instruments (including U.S.-dollar-denominated and other external-currency-denominated Brady bonds, loans, Eurobonds and local market instruments) in the emerging markets.

The JP Morgan GBI-EM Global Diversified Index tracks the performance of local-currency bonds issued by emerging market governments.

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index represents 23 developed market countries.

The MSCI All Country World Index is a market-capitalization-weighted index composed of over 2,400 companies, and is representative of the market structure of 46 developed and emerging market countries. The index is calculated with net dividends reinvested in U.S. dollars.

The MSCI EAFE Index is an unmanaged, market-capitalization-weighted equity index that represents the developed world outside North America.

The MSCI Emerging Markets Index is a free float-adjusted market-capitalization-weighted index designed to measure the performance of global emerging market equities.

The NASDAQ Composite Index is a market-value-weighted index of all common stocks listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system.

The Russell 1000 Index includes 1000 of the largest U.S. equity securities based on market cap and current index membership; it is used to measure the activity of the U.S. large-cap equity market.

The Russell 2000 Index includes 2000 small-cap U.S. equity names and is used to measure the activity of the U.S. small-cap equity market.

The S&P 500 Index is a capitalization-weighted index made up of 500 widely held large-cap U.S. stocks in the Industrials, Transportation, Utilities and Financials sectors.

Investing Terminology

Alpha is a measure of a portfolio's return above a certain benchmarked return.

Alternative Investments are investments that are not one of the three traditional asset types (stocks, bonds and cash). Alternative investments include hedge funds, managed futures, real estate, commodities, and derivatives contracts.

Asset-Backed Securities (ABS) are bonds backed by a pool of loans or accounts receivable and commonly include payments from credit cards, auto loans and mortgage loans.

Austerity refers to measures taken by a country's government in an effort to reduce expenditures and a budget deficit.

Beta is a measure of the volatility or systematic risk of a security or a portfolio in comparison to the market as a whole.

Book-to-Price Ratio is the inverse of the price-to-book ratio, which is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued, and vice versa (the higher the book-to-price ratio, the better the value).

Commercial Mortgage-Backed Securities (CMBS) are pools of commercial mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on. In general, CMBS carry less prepayment risk than loans backed by residential mortgages.

Corporate Bonds are debt securities issued by corporations to raise money; these bonds usually pay higher coupon rates than government or municipal bonds.

Correlation Risk refers to the change in the marked to market value of an asset when the correlation between the underlying assets changes over time.

Credit Ratings are an assessment of the risk of default of a company or country. The higher the credit quality (or rating), the lower the perceived risk of default.

Cyclical Sectors or Stocks are those whose performance is closely tied to the economic environment and business cycle. Managers with a pro-cyclical market view tend to favor stocks that are more sensitive to movements in the broad market and therefore tend to have more volatile performance.

Debt-to-Equity Ratio is calculated as long-term debt divided by common shareholders' equity, and measures the amount of a firm's leverage, or debt.

Donor Advised Funds are private funds administered by a third party and created for the purpose of managing charitable donations on behalf of an organization, family, or individual.

Duration is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.

Excess Returns are investment returns from a security or portfolio that exceed a benchmark or index with a similar level of risk.

Grantor Retained Annuity Trust is an estate planning technique that minimizes the tax liability existing when intergenerational transfers of estate assets occur. An irrevocable trust is created for a certain term or period of time. The individual establishing the trust pays a tax when the trust is established. Assets are placed under the trust and then an annuity is paid out every year. When the trust expires, the beneficiary receives the assets estate and gift tax free.

High Yield Debt is rated below investment grade and is considered to be riskier.

Managed Futures strategies use futures contracts as part of their overall investment strategy. They provide portfolio diversification among various types of investment styles and asset classes to help mitigate portfolio risk in a way that is not possible in direct equity investments.

Market Capitalization is calculated as the number of companies shares outstanding multiplied by the share price, and is used to determine the total market value of a company.

Momentum is the rate of acceleration for an economic, price or volume movement; it is used to locate trends within the market.

Mortgage-Backed Securities (MBS) are pools of mortgage loans that are packaged together and sold to the public. They are usually structured in tranches, or classes of risk, so that investors can determine how much risk they want to take on.

Option-adjusted spreads estimate the difference in yield between a security or collection of securities and comparable Treasuries after removing the effects of any special features, such as provisions that allow an issuer to call a security before maturity.

Peripheral Eurozone Countries are those countries in the Eurozone with the smallest economies.

Price-to-Book Ratio is calculated as the market value of a security divided by its book value. A lower the price-to-book ratio for a security may mean the security is undervalued.

Private Foundations are charitable organizations that do not qualify as public charities by government standards. A private foundation is a nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.

Quantitative Easing refers to expansionary efforts by central banks to help increase the supply of money in the economy.

Recapitalized/recapitalization refers to injecting fresh equity into a company or a bank, which can be used to absorb future losses. This generally takes place through the company issuing new shares. In the case of a government or organization recapitalizing a bank, it usually results in the government or organization owning a stake in the bank.

Spreads: Yield spreads represents the difference in yields offered between corporate and government bonds. If they tighten, this means that the difference has decreased. If they widen, this means the difference has increased.

Standard Deviation: Statistical measure of historical volatility. A statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.

Treasuries are U.S. government debt obligations that are backed by the full faith and credit of the government. Often, they are used as a proxy for a risk-free asset when comparing other risky assets.

Yield Curves illustrate the relationship between the interest rate, or cost of borrowing, and the time to maturity. Yields move inversely to prices. The Barclays Capital 1-10 Year US TIPS Index: Barclays Capital 1-10 Year US TIPS Index measures the performance of inflation-protected public obligations of the U.S. Treasury that have a remaining maturity of one to ten years.