

Quarterly Insights

Economic and Investment Environment

The trend of improving investment returns persisted into mid-2024, driven by optimism for corporate profits and the potential for declining interest rates over the coming year. Lower borrowing costs offer a significant tailwind for many companies, even in an unpredictable world.

Based on current Fed futures predictions, we could see approximately a 1.5% reduction in rates over the next year. If this occurs, it is likely to enhance many bond and fixed income values. Generally, declining rates tend to benefit both stock and bond markets through time.

However, numerous other factors are also at play, including the U.S. election, trade disputes, as well as current and projected deficits. As always, risk and reward are closely linked in the investment world. The best course of action for each investor can vary based on their opinions, risk tolerance, and unique circumstances.

Overall, we believe that the global stock market has room to continue its upward trajectory; history seems to view this as the most likely outcome. Nearly 100 years of reliable market data shows that the stock market frequently reaches new highs or stays very close to them, meaning these 'new highs' are less of a warning sign for markets than many think. We think long-term investors will be rewarded for remaining fully invested.



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Attracting and Retaining the Best People

In a world where worker shortages are prevalent and talent is scarce, we have successfully attracted and retained top-tier existing talent, along with competent and capable junior associates who will become tomorrow's professionals. Here are three reasons why BFG stands out from our competition:

- We are 100% employee-owned, with every employee holding shares of BFG through our ESOP, fostering a culture of ownership and responsibility.
- Our financial advisors prioritize financial and retirement planning over aggressive sales, focusing on advocating for clients as fiduciaries.

We provide clear career paths, enabling staff to see what future possibilities are and to pursue their potential. This is a key reason that we are adding new firms to the BFG umbrella on an ongoing basis. Firm growth is essential to ensure there are more available opportunities for advancement, and therefore to keep great people for the long-term.

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Staff Updates



Welcome Barb Jennings as the new receptionist for our Sun City West, AZ office. Primarily, she is responsible for greeting clients, answering phones, and delivering exceptional client service. Beyond the front desk, Barb provides invaluable support to our Arizona financial advisors and tax professionals, ensuring seamless operations and client satisfaction. Before joining BFG, Barb honed her experience at a CPA firm, where she managed client relationships, scheduled appointments, assembled tax returns, and handled billing. Barb holds a bachelor's in communications with minors in special events and gerontology in addition to being a Navy veteran, reflecting her diverse skill set and dedication to comprehensive service.

Outside of BFG, Barb is an entrepreneur, owning and operating her very own bakery. In her spare time, she enjoys bowling in a league with her husband, David, playing bunco with neighbors, and unwinding with a good book.



Welcome Justin West to our Plymouth, MN office as our IT director. Justin oversees all aspects of our IT environment, managing everything from computers and network equipment to cloud services. He spearheads the planning and execution of new IT projects, directs equipment installations, and leads the customization and enhancement of our CRM software. By ensuring a secure and efficient IT infrastructure, Justin enables us to deliver reliable and innovative solutions that help keep our clients protected. With over 25 years of experience in the IT field, Justin's career began as a help desk technician, eventually progressing to a systems engineer for a financial services company. His extensive knowledge of best practices for meeting the complex security and technical requirements of the financial sector makes him a valuable asset to our firm.

Outside of work you'll catch Justin reading a new book, travelling to explore new places, or spending time in nature.



Welcome Blake Paurus to our Plymouth, MN office as a Client Services Associate on the Central Service team, assisting financial advisors and para planners across all of our locations around the country. He is primarily responsible for setting up new accounts, facilitating asset transfers, aiding in process improvement projects, and maintaining consistent communication with clients to ensure their needs are met with exceptional service. With a background in customer service and personal banking, Blake has gained valuable experience in client relations and a keen understanding of financial processes.

Blake holds a degree in Finance with a minor in Accounting from the University of Minnesota – Duluth. When away from the office, you'll find Blake on the golf course, fishing, watching movies or spending time with friends and family.



Welcome Zach Shelby to our Plymouth, MN office as a Client Services Associate on the Central Service team, assisting financial advisors and para planners across all of our locations around the country. He is responsible for generating and processing client paperwork, providing account maintenance, and contributing to process improvement initiatives through a deep understanding of the firm's systems and workflows. With a strong background in customer service and valuable experience from an internship in bookkeeping at a tax and accounting firm, Zach has built a solid foundation for effectively supporting our financial planning clients.

Zach holds a degree in Finance with a minor in Accounting from the University of Wisconsin-River Falls. Beyond the office, he values quality time with family and friends and has a passion for basketball, sports, music, fitness, fishing, travel, and the outdoors.

Model Portfolio Update

As the rising stock market tide continued over the past quarter, fewer changes have been necessary. However, we've been working diligently behind the scenes to create and refine new strategies.

Additionally, we are nearing completion on the development of a tax-advantaged municipal bond model portfolio, made more attractive by current rates. This option may significantly reduce the tax burden for clients in higher tax brackets with substantial after-tax investment accounts. While the risks and rewards differ from traditional bonds, BFG advisors will be able to offer this to clients who may benefit.

Investment Committee (IC)



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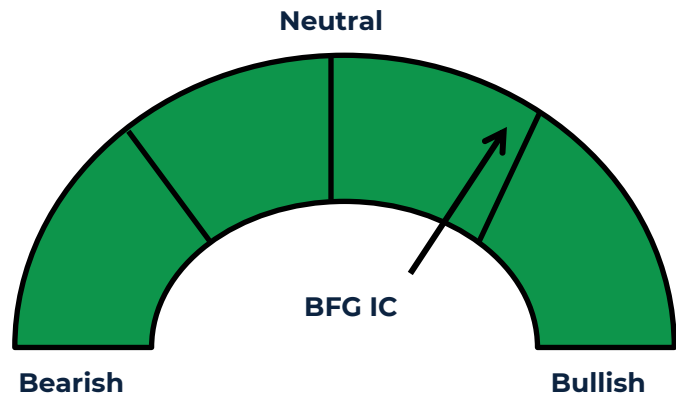
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Benchmark Returns as of 6/30/2024		
	2nd Qtr	YTD
Bond Markets		
Barclay's US Aggregate Bond Index	0.07%	-0.71%
Barclay's Global Aggregate Index	-1.10%	-3.16%
Stock Markets		
S&P 500	4.28%	15.29%
All Country World Index Ex-US (ACWX)	0.96%	5.69%
Russell 2000	-3.28%	1.73%
Blended Indexes		
25% Equity	1.12%	3.29%
50% Equity	2.18%	7.29%
50% Equity w/ Foreign	1.51%	5.37%
Commodity		
Goldman Sachs Commodity Index (GSCI)	0.65%	11.08%

BFG Investment Committee Market Outlook for Q3



Indices mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. These are the opinions of BFG Investment Committee and are for informational purposes only, and should not be construed or acted upon as individualized investment advice. The market view information is based on a collective view of the current economy. This information cannot be guaranteed and should not be used as the basis for making an investment decision. Please consult your financial professional prior to making investment decisions.

Income Tax Update

As we navigate through 2024, several important changes and updates in income tax regulations have emerged. These updates are crucial for taxpayers and financial advisors alike to ensure compliance and optimize tax strategies.

Standard Deduction Increase: For 2024, the standard deduction has been adjusted for inflation. Single filers can now claim \$13,850, while married couples filing jointly can claim \$27,700. This increase aims to provide relief amidst rising living costs.

Tax Bracket Adjustments: Tax brackets have been adjusted to reflect inflation. The marginal rates remain the same, but the income thresholds have shifted, impacting how much taxpayers owe.

Retirement Contributions: Contribution limits for retirement accounts, such as 401(k)s and IRAs, have increased. The 401(k) contribution limit is now \$23,000, with a catch-up contribution of \$7,500 for those aged 50 and above. For IRAs, the limit is \$7,000, with a \$1,000 catch-up.

Child Tax Credit: The Child Tax Credit remains at \$2,000 per qualifying child. However, income thresholds for phase-outs have been adjusted, potentially affecting eligibility for some families.

Energy Efficiency Credits: Tax credits for energy-efficient home improvements and electric vehicles have been expanded. These credits aim to incentivize sustainable practices and reduce environmental impact.

Stay informed on these and other tax changes to maximize your returns and ensure compliance. For personalized advice, consult with a tax professional. For further details and updates, visit the IRS website or contact our office.

At BFG, we provide comprehensive, ethical and personal service to help our clients navigate the complex world of personal finance. With experienced financial planners and dedicated CPAs, our unique tax-focused, team approach to planning sets us apart. As a result, we are able to seamlessly collaborate, plan for and implement multi-year financial and tax strategies few others are capable of.

Advisory services through Berger Financial Group, Inc., a Registered Investment Advisor

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