

# Quarterly Insights

## Economic and Investment Environment

The first quarter of 2023 was solidly positive for the investment world in both the stock and bond markets. Though 2022 was a tough year, there has now been a 17% bounce off of last October's lows for the stock market and about half of that in the bond market. Despite an unending media cycle covering largely doom and gloom, the fundamentals of the stock market have been more stable than most appreciate.

In stark contrast to last year, tech/growth companies have had a very strong start to 2023, and dividend paying blue-chip stocks have been nearly flat during the same timeframe. In other words, last year's winners have taken a back seat to the growth/tech stocks so far in 2023. This is a good reminder that most investors benefit from owning both value and growth stocks as part of their diversified portfolio.



Looking ahead for the next few months, the economy is still a major wildcard and there is a possibility of recession. Despite these unknowns, our investment committee believes it is unlikely that we would retest the market lows of last year. This is largely because the market is starting to price in what could be strong growth immediately following this period of uncertainty. We see a high probability of continued volatility without huge moves either direction in the shorter term.

We remain very optimistic about stock market gains longer-term and believe long-term diversified investors stand to reap rewards for weathering the storm during these uncomfortable times.

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3. Portfolio Updates
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## BFG Welcomes a New Advisor

We are very happy to announce Adam Bjorklund recently joined BFG as our newest Financial Advisor.

Adam's focus spans from retirement planning and wealth preservation strategies to family finances, investments, tax planning, insurance and beyond. Adam previously worked for Ameriprise Financial where he learned to concentrate on his clients' future vision to understand what is most important for their financial success. Adam is a great fit for the firm as he continues to grow his client relationships.

Outside of the office, Adam is very active in his community of Buffalo, Minnesota, starting a business networking group called 'GoGivers' with the mission to generously serve, support and connect the community and small businesses. He also serves on the Buffalo, Hanover, Montrose School board and the Buffalo Girls Fastpitch Association Board. Adam, his wife Abby and their children Avery and Asher love to travel together as a family. In addition to keeping up with kids sporting events, Adam enjoys playing baseball, softball, basketball, golf and is also a baseball and softball coach.



## Staff Updates



**Welcome Luke Kyostia** as our newest Client Services Associate at our Plymouth office! Luke is responsible for preparing client paperwork, general client servicing and assisting in process improvement projects company wide.

Luke graduated from the University of Minnesota with a bachelor's in economics & management. Away from the office, Luke is a big hockey and football fan and enjoys playing frisbee golf. You can find him at the gym, reading in his spare time, or spending time with friends and family.



**Congratulations to Breanna Dupras** and her fiancé Tim on their upcoming wedding June 3rd. Breanna and Tim have been together for over ten years and engaged for one year. They will be celebrating with a small group of family and friends in Vermont. Breanna and Tim plan to spend their honeymoon in Vermont, renting a cabin and going hiking and canoeing.

Wishing you all the love and happiness Breanna and Tim!



**Congratulations to Krista Masera** and her husband Josh as they welcomed baby girl, Bray into the world at the beginning of March.

Big sister Raelyn loves helping and taking care of the new baby and everyone is doing well.

Many congratulations Krista and Josh on your bundle of joy!



## Model Portfolio Update

After our annual rebalance in January, markets have been relatively stable and further changes have generally not been required to the portfolios or overarching strategy.

As the federal reserve winds down its interest rate hikes and possibly even reverses, we are monitoring the bond market recovery and stock sector opportunities as some certainty builds for the economic outlook. Although portfolio changes have not yet been implemented, many ideas are on our radar for possible inclusion in the quarters ahead. Statistically, pre-election years have a great deal of opportunity which we are carefully watching.

## Investment Committee (IC)



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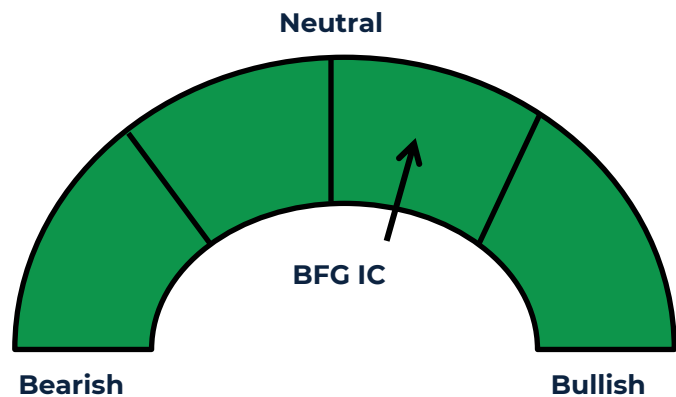
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Benchmark Returns as of 3/31/2023		
	1st Qtr	YTD
<b>Bond Markets</b>		
Barclay's US Aggregate Bond Index	3.23%	3.23%
Barclay's Global Aggregate Index	3.01%	3.01%
<b>Stock Markets</b>		
S&P 500	7.44%	7.44%
All Country World Index Ex-US (ACWX)	7.18%	7.18%
Russell 2000	2.73%	2.73%
<b>Blended Indexes</b>		
25% Equity	4.28%	4.28%
50% Equity	5.34%	5.34%
50% Equity w/ Foreign	5.28%	5.28%
<b>Commodity</b>		
Goldman Sachs Commodity Index (GSCI)	-4.94%	-4.94%

## BFG Investment Committee Market Outlook for Q2



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

## 2023 Contribution Limits

Type of Account	Contribution Limit	Add'l Catch-Up Contribution*	*For Ages At and Above
401(k) / 403(b)	\$22,500	\$7,500	50
IRA	\$6,500	\$7,500	50
HSA - Self Only	\$3,850	\$1,000	55
HSA - Family	\$7,750	\$1,000	55

## Employer Match - Roth 401(k)

It is common for employers to offer matching contributions to an employee's 401(k) plan. However, these matches have always been with pre-tax dollars, even if the employee is contributing to a Roth 401(k). As a result, the employee is left with Roth and Traditional funds even though they only contributed to a Roth account.

Following the SECURE 2.0 Act, employers now have the ability to make matching contributions into an employee's Roth 401(k). Contact your employer and consult your tax advisor to see if this is a good option for you.

## Health Savings Accounts

- **Contribute through your payroll**

It is well known that contributing to your HSA reduces the amount of income subject to income tax. However, contributing to your HSA account through your payroll also reduces the amount of wages that are subject to Social Security (6.2%) and Medicare (1.45%) tax.

This means that a family contributing \$9,750 (the \$7,750 family contribution limit plus the \$1,000 catch-up for each spouse) can save around \$745 each year by contributing through their payroll versus making outside contributions to their accounts.

- **Save your receipts**

When qualified medical expenses are incurred, HSA owners can either pay for the expenses directly out of their HSA account or by using other funds and later reimbursing themselves with the HSA. **There is no limit on the time the account owner can wait before reimbursement.** By paying medical expenses out of pocket and waiting to reimburse themselves, account owners allow more time for funds to accumulate tax-free within their HSA. Later on, the saved receipts will substantiate the reimbursement and allow funds to come out of the HSA tax-free.

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*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.*

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