

EPA Financial Services

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Bob's Bullet Points

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Inside this issue:

Bob's Article	1
Family Update	2
Heather's Article	3
Bridget's Article	4
Workshop Schedule	5

How many times have we said, "this year has got to be better than last year" and lo and behold, the year turns out worse. Of course, that happened to us last year, 2022. Looking back, we can tell you what happened and why. Most of our portfolios were in fairly conservative positions, with bonds being the largest asset class. As it turned out, this caused most of the damage as bonds had their worst year ever. The Mutual Fund company, Blackrock issued a report based on information from Morningstar which stated that 2022 was by far the worst year for bond returns, ever. The Aggregate Bond Index fell 13.0% in 2022, while 1994 was the second worst year at only a loss of 2.9%. Think about that for a minute, 2022 was 10% lower than the previous record loss. Traditionally, we count on bonds to soften the losses in a portfolio when the stock market falls. This time it accelerated the losses.

Combine this with the fact that, according to the same Blackrock report, the stock market suffered its seventh worst yearly loss, and we have a recipe for disaster. In fact, the first half of 2022 saw a balanced portfolio suffer its worst loss in my lifetime. While this was happening, we were not sitting idly by and just watching your money free fall. Rather, once the trends showed us what was happening, we made several changes to our portfolios and moved more to cash, value funds and shorter-term bonds. All of these moves were meant to lower the losses, even if we couldn't prevent them. Being independent, once we identify a type of fund we want to get into, we research which ones meet our criteria as best in class. Keep in mind we almost never are able to pick the absolute number one fund, but if we can be in the top ten percent, we feel that is our goal. For the most part, we stemmed the losses and have held pretty steady since mid-year.

For the most part, even with the losses in 2022, since we moved to Commonwealth in 2020, most portfolios are fairly close to breaking even, so all 2022 did was give back the gains we made in prior years. Obviously, your individual results are determined by your risk tolerance and portfolio allocations. One thing to keep in mind regarding your overall net worth, is that your home values increased significantly over this time period, even offsetting some of the market losses. Thus, when your portfolio rebounds, you'll be in a better position.

Having been through seven or eight bear markets in my career, I am very confident that we will recover from 2022 and move even higher once the turnaround begins. When that will happen is anybody's guess, no one really knows, but I am hoping that after a few more months of volatility, we can see some gains in the second half of 2023. While the circumstances of this bear market are not like any we have seen before, it's not really different this time. Hang in there, we will get through this together.

Bob

The Richards & Barone Family Update

Hard to believe another year has passed. Seems like just yesterday Michael was crawling down our hallway to see all of you in your appointments with my dad. Now standing at 6 feet, he is in his final months of high school. A lot of tears will be shed from now until he goes off to college. We still don't know where that will be. He was accepted at Coastal Carolina with a scholarship, Seton Hall with a scholarship, and now we are awaiting to hear from University of South Carolina, College of Charleston, University of Tampa, University of Tennessee, William and Mary, and Virginia Tech. He has worked hard and did it with such obstacles and through it all he has persevered with determination and strength. I know he is going to be just fine in his future endeavors.

AJ is turning into quite the performer. Just a year ago he tried out for his first extra-curricular activity, performing arts. He got a role as one of the 5 major Oompa Loompa's, in Willy Wonka. This fall he was asked to have a larger role in the junior ensemble for Donovan Catholic High School's presentation of Oliver. Now he tried out for and got the role of Officer Ward in Annie. His first speaking part! I am so proud of him and happy that he is doing something he enjoys. There is no doubt my mom is smiling ear to ear that she finally got someone who enjoys the performing arts like she did!

Anthony got a promotion at Southern Ocean Medical Center. He is now director. He works a lot, always receiving texts and calls but he is enjoying it and works with some really great people. We celebrated 20 years married in October and had a great time in Aruba celebrating.

Dad is holding his own. He is splitting time between softball, the Poconos, and home here in New Jersey. He just got back from a tournament in Tampa. Of course, he was an All-Star! He has a really great group of friends that have kept him laughing. He is still enjoying coming to work. We laugh and laugh. I do not think I can think of another moment in time over the last 20 years where we have had this much fun! Shane of course is turning into one spoiled baby. He eats half my lunch every day because I can't resist those puppy eyes!

Speaking of twenty years, the first week in August will be my twentieth year here at EPA Financial Services. Most of you have watched me get married, have two sons, be an assistant than an advisor and now everything in between! I also turn 50 in a few days. I won't lie, this one is a hard one without mom. No doubt she would have gotten me a cake with the numbers 51 on them just like she did when I was 35 and she got 36 candles and laughed it off saying "oh well one for good luck".

Next time I write to you, I will have a high school graduate! Until then, enjoy the rest of winter and have a relaxing spring! Don't be a stranger and come in for a cup of coffee!

Heather, Bob, Anthony, Michael, AJ & Shane

Heather's Headlines

We have a wonderful client base, and you all are so incredible about promoting us via word of mouth. We can not tell you how much we appreciate the referrals. However, ever since WOBS took away our radio show, I have been searching for ways to get the EPA Financial Services' name out there again.

There used to be a long-standing rule against testimonials and endorsements. In essence, we could not take any client quotes and or words of endorsement about any of our advisors, staff, or EPA Financial Services. Testimonials are defined as "any statement made by a current client about their experience with you as their advisor." Endorsements are defined as "statements made by persons other than a current client that indicate their approval, support, or recommendation of you or describe an experience with you."

For those of you that are our current clients and want to participate in our client testimonial page on our website and social media page, please let us know. We will send you out a form to sign and a paper to fill out. Here are some example questions to get you thinking about it!

- What have you enjoyed the most about working with our firm?
- How have we exceeded your expectations?
- How has your partnership with us positively affected your life?
- What have you been able to achieve since working with us?
- What are some reasons you'd recommend me to your friends and family?

If you would like to refer us to someone, please give me a call at 732-286-1000 and we can send you out some information on my dad and myself and EPA Financial Services.

Warmest Regards,

Heather

From the Desk of Bridget

I hope this newsletter finds all of you well, as we are now into the first few months of 2023. I look forward to continuing to work with you and say welcome to anyone new to the EPA Financial Family.

2023 has brought some changes with it. With the passing of the Secure Act 2.0, the age in which you must begin receiving Required Minimum Distributions, or RMDs as they are called, from your retirement account increased from age 72 to age 73. That change went into effect on January 1, 2023. The RMD beginning age will ultimately increase to 75 but that will not be until 2033. As an item of note, if you inherited a retirement account in the year 2020 or beyond, we are still awaiting further guidance from the IRS about distributions being required for those accounts. As always, we will be in touch with any changes. If you would like to know how much your RMD for 2023 will be, please give me a call.

2022 saw the return of our in-person workshops. It was an extremely successful line-up filled with information and even a guest speaker and 2023 will be no different. In fact, our workshops are going to kick off this year in April! Be on the lookout for our emails, they will give you an outline of the workshop and you can reply to them directly to reserve your spot or if you do not have an email give us a call at 732-286-1000 to reserve your spot. Our workshops are free, and space is limited, so we ask if you are interested to please reserve your spot right away. If we don't have your email address on file, you can send it to me at Bridget@epafinancial.com and I will make sure we put you on our list. Periodically we send reminders via email and market and economical updates.

Social media is a great way to keep up with EPA Financial Services. We post articles and make announcements throughout the week on our Facebook page. Next time you log on make sure you're following us @EPA Financial Services. You may even find that one of our posts may be important information for a friend so feel free to pass that information on!

I always like to mention that it is important that Bob and Heather meet with their clients at least once per year for a portfolio review. If you haven't seen them in a while, you may be receiving calls from me to remind you to come in for a portfolio review. Please give us a call back so we can reserve a mutually convenient time with you and Heather or Bob.

Finally, I always like to mention a few items of note. If you do not have on-line access to your account and would like to be set up, we would be happy to take care of that for you. You would be able to view your portfolio, retrieve documents, and much more! Sitting inside and running out of books to read? Stop by our EPA Financial Services library located in our education room and grab a few new books to read. We have a wide variety of genres that are sure to entertain!

That's all for now, as always it is my pleasure to help you! Don't keep us a secret!

Bridget

EPA Financial Services

2023 Workshop Schedule

EPA Financial Services proudly announces the 2023 line-up of our in-person workshops. Our workshops are free of charge and are held at our corporate offices. As you know from the past, during these workshops we cover a wide range of topics and this year's line-up will not disappoint. While we will send reminders via social media and emails to our clients, our workshops are open to the public, so you do not have to be a client to attend. However, we do work on a first come first serve basis as space in our education room is limited. We suggest if you are interested in one of the below workshops, please call early to ensure your spot.

If you are interested, please give us a call at 732-286-1000 to reserve your spot. If you call after hours, simply leave your name, number, and which workshop(s) you would like to attend on our voicemail, and someone will get back to you on the next business day to confirm. Remember you can bring a friend, but space is limited!

Wednesday, April 19, 2023 @ 10am

How and When to Take Income

Featuring: Allianz Life Insurance

Monday, July 24, 2023 @ 1pm

Mid-Year Review

We will be featuring a tasting of our favorite wines and cheese and crackers.

Tuesday, September 19, 2023 @ 11am

Family Love Letter & Estate Planning

Lunch will be provided.

Thursday, October 19, 2023 @ 11am

How world events impact the markets & economy

Lunch will be provided.

Tuesday, December 12, 2023 @ 1pm

Lessons Learned from Past Markets

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