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FINANCIAL GROUP

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Welcome to the Greseth Financial Group newsletter. Each quarter, we bring you fresh news on finance and investing topics and personal updates from our team. Let us know what you think!

## Quarterly newsletter

Summer 2022

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## Inflation like it's 1982

It feels like déjà vu all over again. Think back to the year 1982 when we were all talking about that adorable little alien, ET, and singing “Eye of the Tiger” by Survivor. During that time, the nation was also reeling from skyrocketing inflation<sup>1</sup> – and here we go again. According to the U.S. Bureau of Labor Statistics,<sup>2</sup> the Consumer Price Index (CPI) soared in April 2022 by 8.3% from the previous April. That's the highest gain in 40 years.

So, what does this inflation mean for your investments? It's true that if returns on investments do not match the inflation rate, the investments will effectively be losing value in real terms for the short haul. However, it's important to consider a steady, measured response to the current environment. Inflation is a near-term phenomenon, and we always remind clients investing is a long-term commitment. Over an extended period of time – 10, 20, 30 years, or more – stocks can potentially provide solid returns that exceed inflation.

One other key area of interest during an inflationary period is dividend-paying stocks. In general, company earnings are on the rise, which typically increases dividends. According to Yardeni Research, year-over-year earnings growth rates are expected to continue to rise throughout the year.

During this uncertain time, we are here for you and together can help adjust as needed, always keeping an eye on the long haul. ■

<sup>1</sup> “1982 CPI and Inflation Rate for the United States,” CPI Inflation Calculator, [www.cpiinflationcalculator.com/1982-cpi-inflation-united-states](http://www.cpiinflationcalculator.com/1982-cpi-inflation-united-states)

<sup>2</sup> “Consumer Price Index – March 2022,” Bureau of Labor Statistics, 12 April 2022.

## Congrats to Shawn!



Managing Partner Shawn Greseth has been recognized by Forbes as one of the Best-in-State Wealth Advisors for 2022. This accolade represents a list of professionals who come to work with one goal in mind – helping their clients succeed.

The Forbes Best-In-State Wealth Advisor ranking algorithm is based on industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC, which does not receive compensation from the advisors or their firms in exchange for placement on a ranking. Investment performance is not a criterion.

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***“It’s an honor to be recognized by Forbes,” Shawn commented. “As investment planning has become more complex, my top priority is to work with my clients to develop strategies to help give them confidence around all facets of their financial lives and achieve their short- and long-term investment goals.”***

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## Just the facts: how to decide where to invest

First the global pandemic and supply chain issues. Now turbulence caused by the war in Ukraine. Needless to say, the past couple of years have been a rollercoaster in most aspects of our lives. This includes the stock market, which has vacillated this year from Bull to Bear, and will likely continue to have ups and downs.

That isn’t to say that all companies were or will be good/bad bets. When we at Greseth Financial Group analyze stocks for solid investment opportunities, we aren’t interested in analysts’ “buy” or “sell” recommendations – we’re only interested in the facts.

For our advisory clients only, we evaluate companies based on their earnings estimates. We evaluate more companies than just those on the S&P 500. It’s been interesting to see that even during these uncertain times, source analysts compiled by FactSet Research Systems, Inc. are upgrading estimates for companies they follow this year and beyond.

The past couple years and issues such as supply chain breaks and pandemic shutdowns have built up demand. The money is there, and as we eventually ease out of these crises, it will be interesting to see how the market will respond. ■

\*Advisory programs are not designed for excessively traded or inactive accounts, and may not be appropriate for all investors. During periods of lower trading activity, your costs might be lower if our compensation was based on commissions. Please carefully review the Wells Fargo Advisors advisory disclosure document for a full description of our services, including fees and expenses. The minimum account size for Advisory Programs varies.

## Managing your money by sweeping away debt

It's spring cleaning time for your finances. We've all heard about best practices for helping to eliminate debt, but consider the change in seasons a time to take a hard look at cleaning up your balance sheet. Here are some tips:

### **Pay more than the minimum on interest-bearing accounts, if appropriate or possible for your specific situation.**

A colleague of Shawn's mentioned that she paid off her 20-year mortgage in just seven years, saving her nearly \$50,000 in interest. Every bit of extra debt payment beyond the minimum will mean more cash in your pocket in the long run.

**Avoid opening – and closing – credit card accounts unless absolutely necessary.** Having too many accounts can cause a hit on your credit score. Conversely, your credit score could also be hurt in the short term if you close accounts. Status quo is best.

**Pay on time.** It's easy to miss a payment when that statement gets stuck under a pile of papers, causing heavy overdraft fees and hits to your credit score. Consider setting up autopay for your credit cards, and also take advantage of Wells Fargo's Asset Aggregator software. With this new tool, you can see all your assets in one place to make sure there are no surprises. Call our team for more information on this software.

**Evaluate your budget.** Are you spending money on things that are no longer important to you? Take a look at your accounts and your statements, and then make sure your purchases are worth it. ■



## IRS announces 2022 changes to retirement plans

You can make your retirement nest egg a little bit bigger this year, thanks to changes announced by the IRS.<sup>3</sup> In 2022, the 401(k) contribution limit has risen by \$1,000 to \$20,500. Workers aged 50 and older are allowed to contribute an additional amount, known as a “catch-up” contribution. The catch-up contribution limit remains at \$6,500, meaning older workers can contribute a maximum of \$27,000 to their 401(k) plans.

If your employer also contributes to your 401(k) plans, the limits on total contributions has also increased. In 2022, the total limit is \$61,000, up from \$58,000. For workers 50 and older, the total limit rises to \$67,500, up from \$64,500 in 2021.

Contributing to a 401(k) is also a great way to cut your tax bill, as funds are tax-deferred. However, you will need to pay taxes when you withdraw the funds.

### **Roth IRAs**

Another retirement option is Roth IRAs. According to the IRS,<sup>4</sup> you cannot deduct contributions to a Roth IRA. However, if you satisfy certain requirements (such as not exceeding \$204,000 in adjusted gross income for married couples filing jointly and \$129,000 for single, head of household,) qualified distributions are tax-free.

There are annual limits on contributions. In 2022, there is a \$6,000 maximum contribution for people younger than 50 and \$7,000 for people 50 and older. If all of these numbers seem confusing, don't worry. We have you covered. Shawn and the team will help you navigate the requirements and make a plan that is right for you. ■

<sup>3</sup> “IRS announces changes to retirement plans for 2022,” Internal Revenue Service, 17 November 2021.

<sup>4</sup> “Roth IRAs,” Internal Revenue Service, 5 November 2021.

While we believe this information to be reliable, its accuracy and completeness are not guaranteed.



## Welcome Heather!

*Client Relationship Manager*

Heather Rezab joined Greseth Financial Group in March 2022 as a Client Relationship Manager. As a licensed general securities professional, she works with clients in all aspects of their financial lives and ensures requests are handled in a timely and efficient manner.

She lives in Champlin, MN, with her husband, John, and their two sons. Roman is 11, Vincent (Vinny) is eight years old, and their 12-year-old Golden Doodle, Manny, completes the family.

The family is busiest during hockey season, as Roman plays on the team that John coaches. In the summer, their family enjoys camping and hiking in Minnesota state parks. Don't be surprised if you see Heather at your next 5k run.

Heather is happy to join the professional and friendly team at Greseth Financial Group and is looking forward to helping clients work to secure their financial futures. ■



## Meet Mary!

*Client Associate*

There's a new addition to the Greseth Financial family. Mary Holmes has joined the group and is serving as a Client Associate. She's assisting in a wide range of efforts, including helping open new accounts, maintaining files, and facilitating deposits – “whatever's needed,” Mary says with a can-do attitude. Mary is originally from Vietnam, but moved to the United States in 1975. She lived in several different areas of the country – including New Orleans, San Antonio, and Boston – before moving to Minneapolis in 1994.

She started her career in the retail industry, and then moved into finance, working at Wells Fargo Bank and Wells Fargo Mortgage. She then took some time off from her career to be a full-time mom to her children, 10-year-old Sophia and 14-year-old Carson.

In 2019, Mary re-entered the workforce by joining Wells Fargo Advisors and then Greseth Financial Group in March 2022.

One of the biggest reasons she made the shift to our team is the culture. “I love the professional ‘get-it-done’ atmosphere,” Mary says. “Everyone here cares about the well-being of their colleagues and clients. It's the real deal.”

Mary lives in South Minneapolis and enjoys everything it has to offer. She paddleboards on the lakes, enjoys biking with her kids, and loves all the new restaurants popping up.

Be sure to wish Mary a warm welcome! ■

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