



# THE RSF REPORT

Rewald, Sebranek, & Frawley | An Independent Firm

October 2024

## THE BARRENNESS OF A BUSY LIFE

By Joseph Brown, Financial Advisor

I recently stumbled upon a blog post by James Welch-Thronton. In the piece he shares the following story: Jim was raised in a typical midwestern home with little money, where he learned the value of hard work. He was highly motivated with lofty dreams, but struggled to find balance and satisfaction in his life.

Through his working years, it seemed his sole focus was saving money for retirement, ultimately hoping to “hang it up” early by age 55 or 60. He believed it could be done by hard work, pinching pennies, and delaying gratification. Jim hypothesized, there would be time later in life in which he’d claw back some extra enjoyment. A time to enjoy all he’s accumulated in life.

Upon completing college, he worked his way up from an entry-level job to senior management over the course of 35 years, securing a comfortable salary and retirement benefits. The hard work dedicated to work was paying off!

Jim poured himself into his career, declining invitations from friends to join them for fun, thinking, “There’s plenty of time for that later.” Rarely did Jim travel, choosing instead to save his pennies. His plan was to travel the world upon retirement. To see and experience the places he had dreamt about. Despite a wife and children at home, his dedication to work never faltered. The hours racked up in the office leaving little opportunity for quality time with his family.

Of course, the money he earned gave them a

comfortable life, and he naturally he insisted there would be “plenty of time to spend together later”.

His plan, it seemed, had worked. Approaching his 60th birthday Jim began to plan how he would spend his twilight years. So many exciting experiences he had put off, all those years of toil and determination about to pay their dividends. But Jim never made it to retirement - he died of a heart attack at 59, just before he could enjoy the life he’d spent decades preparing for.

Reflecting on this story helped me realize the time we have is precious, that we aren’t really in control, and that there are certain things in life are so important that you should never put them off! It is easy to fall into the trap of living a “busy life”. In fact it seems at times “busyness” is worn as some sort of badge of honor. Personally, I’m guilty of it, with work, church, and school I often find our weeks full of commitments.

Obviously, I’m not suggesting to avoid work hard or achievement of our goals. Rather, because tomorrow isn’t promised a reminder to appreciate the here and now. Working hard in the present and holding out for greater rewards in the future is a sensible career strategy to live by. That, however, is not the be-all and end-all of life. So maybe take your foot off the gas every now and then. Appreciate every moment you spend with your friends and family.

Your biggest regrets in life will be the things you didn’t do and the moments you didn’t spend with the people you love.

### 2024 Index Returns (Year-to-Date)

#### Major Stock Indices (As of 9/30/2024)

S&P 500	+22.10%
Dow Jones Industrial	+13.93%
Nasdaq	+21.84%
MSCI World ex USA	+14.70%

#### Major Bond Indices (As of 9/30/2024)

U.S. Aggregate Bond Index	+4.45%
U.S. High Yield Bond Index	+8.00%
U.S. Government—Long	+2.44%
Consumer Price Index	+2.52%

\*Source: MSCI Net Returns, Barclays Capital



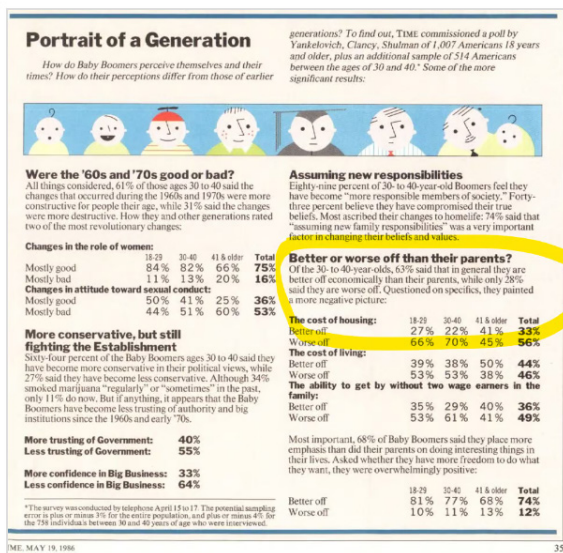
# DOWN THIS PATH BEFORE

by Joseph Brown, Financial Advisor

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As we find ourselves approaching the fourth quarter of another year, you can't help but think "the more things change, they stay the same". While 2024 may well be remembered for the election, run-away inflation, and increased costs of living, it can be tempting to feel we live in unprecedented times. History offers a different perspective: "We've been down this path before".

The image below from a 1986 issue of TIME magazine provides insight into the sentiments of the Baby Boomer generation during the 1980s. It shows their perspective and uncertainty despite having lived through the economic boom of post-World War II. They too asked, "Are we better or worse off than our parents?"



According to the TIME magazine image, 66% of people aged 30-40 in that era believed they were worse off in terms of housing costs in comparison to their parents. Today, we hear similar concerns. Housing prices have surged to all-time highs, now only to be followed by rising interest rates and a market that seems to be slowing. To younger generations (especially millennials and Gen Z) homeownership seems more distant than it did for their parents. Not new as Boomers felt much

the same way in the mid-1980s.

Despite the challenges, history has shown us that real estate markets tend to be cyclical. The 66% of Baby Boomers who believed they were worse off in terms of housing during the 1980s eventually witnessed market corrections and long-term appreciation in property values.

In the 1980s, 53% of Baby Boomers aged 41-60 said they were worse off when it came to getting by on their wages compared to their parents. These concerns persist today, as well as ongoing discussions about a "living wage" that seems to dominate conversations. The survey also shows 56% of respondents believed they were worse off in terms of overall living costs. Today, families must face inflation and rising costs of living making it harder for them to maintain a standard of living. Not all that different from what the Baby Boomers faced in the 1970s and 1980s when economic uncertainty was driven by energy crises, geopolitical tensions, and rising government debt.

While this image reflects economic concern, it's worth noting that Boomer's optimism remained strong, and many believed they had it better than prior generations, particularly in education and healthcare. Much like today as advancement in technology, healthcare, and financial tools, one can't help but maintain a similar sentiment of optimism.

Despite all the uncertainties we face in 2024 and beyond, it is important to remember this is not the first time we've had to face uncertainty. The past shows us that while there will always be periods of economic difficulty, there are also opportunities for growth, adaptation, and resilience. In the end, the financial challenges we face are not insurmountable. We've been here before, and with the right mindset and strategies, we can get through it again.



## SKILL VERSUS LUCK

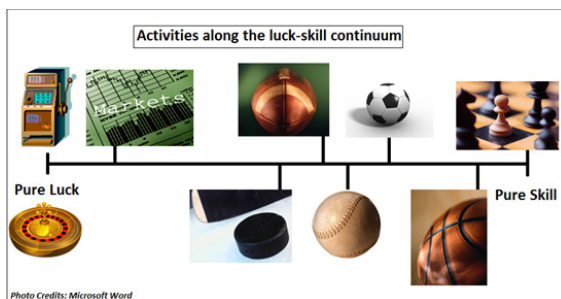
by Kaleb Frawley, Financial Advisor

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When we have success in our lives, we tend to attribute that success to skill or hard work. When something goes wrong and we fail, we attribute it to bad luck.

Earlier this month I was reading our parish's weekly bulletin and noticed a piece reviewing the parish's endowment trust. In the past year, the endowment trust had grown by a little over \$135,000 or approximately 19%. The allocation was 60% stocks and 40% fixed income. The final comment had me wondering: *"The amount of \$135,000 was the result of investing skill by Mr. XYZ."* Was it really skill or luck?

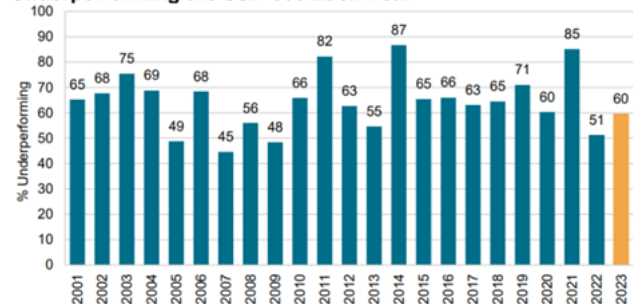
Over that same period, the S&P 500 returned 22% and fixed income returns were in the 5% range. Concocting a simple 60-40 cocktail between the two, the hypothetical portfolio return would have returned a hair over 15%. I know I am likely comparing "apples to oranges" yet this was an easy way for me to measure a benchmark. In this crude example, the portfolio manager's "skill" was an additional 4% year over year return. As I pondered, I recalled two charts:



The first chart shows where certain activities fall on the scale of luck and skill. On one side (pure luck) you have gambling. On the other side (pure skill), you have chess. We know that investing involves a great deal of luck, because there are not experts who can consistently forecast where the markets are going. Research shows that most active managers generate returns above their benchmark on a gross basis, but that those excess returns are offset by fees, leaving investors with net returns below those of the benchmark.<sup>1</sup>

<sup>1</sup> <https://www.gsb.stanford.edu/insights/jonathan-berk-are-mutual-fund-managers-skilled-or-just-lucky>

**Exhibit 1: Percentage of Large-Cap Domestic Equity Funds Underperforming the S&P 500 Each Year**



Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The second chart shows the percentage of large-cap domestic equity funds underperforming the S&P 500 each year. Last year, 60% of fund managers underperformed the S&P 500 and over the past 20+ years the average underperformance was 64% of active funds. Further in their research, Standard & Poor's states active managers who outperform the index one year tend to fall behind the next. After three years, only 20% of them outperformed the index. Over five years, no manager stays in the top 25% let alone outperforms the index.

We are advocates for passively managed, low-cost index funds and my thought experiment led me to a familiar conclusion: The outperformance was likely one year of luck. It is probably another reason why we hadn't received an update as a parish in a few years. Celebrate the good, keep quiet the mediocre.

As a grade school basketball coach of mine preached "Anyone can do it once. The best do it consistently." As research and historical evidence show, the "best" does not exist when it comes to investing. It's my belief that you have a better chance of taking your money to Las Vegas and winning playing the slots than picking out an actively managed mutual fund that will outperform over the next 10 years. Save yourself a trip, take the conservative route, be average, and consider investing in low-cost index funds designed to outperform their active counterparts.



# WHAT IS ARTIFICIAL INTELLIGENCE?

by Jesse Peckham, Business Manager

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Artificial intelligence (AI) has made significant strides in recent years, transforming industries and influencing everyday tasks. More recently, generative artificial intelligence has become the trendy example. Generative AI is a subcategory of AI that is trained on large datasets and responds to prompts with “new” content. One of the more popular examples of this innovation is a site called ChatGPT, a conversational AI that has gained popularity for its ability to generate human-like text based on prompts.

About two years ago, I bought a used pickup truck to replace my aging Jeep Grand Cherokee. The jeep was 18 years old and had it's normal share of problems for a vehicle of that age. My plan was to make a listing to sell it on Facebook marketplace. Not having tried ChatGPT before, I thought creating an ad would be a perfect trial use case for the service.

I logged into the ChatGPT website and gave it the following prompt: *“Write me a funny car market place ad to sell my 2004 Jeep Grand Cherokee. Please include the following details: 4.7HO V8 engine, well maintained, newer tires, 200k miles, air conditioning doesn't work, some rust, leather seats, driver's side seat has a rip.”*

I hit enter and after a short pause, it started typing the following advertisement copy on the screen:

*Looking for a car that's got some character? Look no further than my 2004 Jeep Grand Cherokee!*

*With its 4.7HO V8 engine, this bad boy is sure to get your heart racing (and your wallet too, but that's beside the point). And don't worry about getting stranded on the side of the road - this baby has been well-maintained and has newer tires, so it's ready to go the distance.*

*Sure, there's a little rust and the air conditioning doesn't work, but who needs cool air blowing on your face when you've got the wind in your hair and a powerful V8 engine at your fingertips? And if you're feeling a little fancy, the leather seats will give you that luxury car feel... just make sure to avoid sitting in the driver's seat, as it has a rip.*

*Overall, this car has got some quirks, but that's what makes it special. So if you're looking for a unique ride that's sure to turn heads, come take a look at my 2004 Jeep Grand Cherokee. It may not be perfect, but it's definitely got personality!*

Now I didn't use this copy verbatim, but it made a great starting point for a funny ad. I made a few edits, posted it on Facebook marketplace and had it sold within 24 hours.

One of the neat features of ChatGPT is that it remembers the previous prompts that you gave it. A favorite example of mine is to ask it to explain a concept to me, and then ask it to explain it again as if I were eight years old. It takes the definition it previously gave me and dumbs it down to the most basic elements.

As amazing as these tools are, they're not perfect. They do get facts wrong from time to time or don't follow your requests exactly. The best way I've heard to think about tools like ChatGPT is to think about them as an intern. Most of the time (but not always) they'll do the task correctly, but it would be a good idea to double check their work from time to time.

We're still in the early days of this new technology, it's exciting to think where the possibilities will take us.





# KEPLER FAMILY SUMMER VACATION

*by Beth Kepler, Financial Services Professional*

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With the presidential election in full swing, my phone is bombarded with spam calls and texts daily. Sometimes, we all need a break from the chaos, so I'm taking a break from financial topics this time around.

Recently, we enjoyed a late summer family vacation on Washington Island in Door County. Being on an island made for a wonderfully laid-back experience, even though there were only so many places to explore. Despite the limited options, it was a tranquil and enjoyable retreat. We made it a point to try every activity and drive every road just to say we did. We also took a trip to Rock Island, hiking its perimeter and soaking in the views along the way. The kids had a blast kayaking in the cove where we stayed and biking to the ferry and around the island. We even had some snake encounters in the yard, which the kids found exciting to chase—though I prefer to keep my distance. Every evening, we gathered around a fire, and the kids took turns chopping wood into kindling using a rustic chopping stand.

After a few relaxing days on vacation, we've returned to reality and the start of a new school year. The kids are back in action with soccer: Daryn is playing



on the high school varsity team, while the other three are participating in the local league. Daryn is a sophomore, Avery's in 8th grade, Finley's in 4th, and Allisyn's in 2nd. On a different note, Larkyn has taken her first steps—wobbly, but making progress!

## TEXTING NOW AVAILABLE!

We're excited to announce that you can now text us directly at our office number!

- **Running late to your meeting?** Send us a text!
- **Need to sign a form?** We'll text you with the details!

Text us anytime at 608-647-3745, and one of our team members will assist you. Please note that for certain requests, we may need to give you a call to confirm the details.

We're thrilled to offer this new communication feature and look forward to making things easier for you!



# TO EVERYTHING THERE IS A SEASON

by Terry Sebranek, Financial Advisor

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Fall is our family's favorite time of year-cool nights, watching football together, harvesting the final garden produce, hauling in wood for the winter, and slow drives through the countryside to the apple orchard while witnessing the vibrant fall colors!

Whether "To Everything There is a Season" makes you think about the famous "Turn! Turn! Turn!" song by The Byrds or reflect on chapter 3 of Ecclesiastes, this verse kindly reminds us that each season has its own purpose in the whole spectrum of life's experiences. Our team at Rewald, Sebranek and Frawley is both privileged and honored to be next to you during these sometimes difficult, sometimes joyous transitions.

The various 'seasons' of financial planning include accumulating, growing, enjoying, and eventually passing on your wealth. We think of those seasons as planting in the Spring, growing in the Summer, harvesting in the Fall and the darkness of Winter. Most of you who are reading this newsletter made wise, yet difficult decisions in the Spring and Summer. You planned well and prepared, so now, in this season of life you can live comfortably. Maybe it's time to find a second home in a warmer climate to escape the harsh winters, maybe it's time to plan a family trip to Norway, Switzerland or Disney World, maybe it's just time to work less and enjoy your hobbies or grandchildren, maybe it's time to find new companionship after the loss of a loved one, or maybe it's time to just find peace and contentment in the treasures you already have... Whatever your 'maybe' is – take a chance, set a goal and ask us for some accountability to make that goal a fond memory.

In addition to helping clients be good stewards of their capital, we're also here to help you improve your emotional well-being. Throughout the seasons of life, there are many challenging times. Health struggles

and the loss of a loved one are two of the most difficult seasons of life we witness our client's experience.

Whatever you're going through, know we're just a cup of coffee or a phone call away – there is a time to weep and a time to mourn, it's ok! We certainly don't have all the answers, but we've watched other client families go through struggles, and hopefully we can provide you with some suggestions to help you, too. Our clients are also some of our dearest friends – we care about you!

As we approach the end of the year, you should expect to hear from our office regarding healthcare planning (Marketplace & Medicare Open Enrollment) and tax planning (Roth Conversions, tax-loss harvesting, charitable contributions, and our internal tax team's rollout of tax return preparation).

From my family and our team to you and yours – wishing you a time to dance, wishing you a time to heal, wishing you a time to love and wishing you a time for peace - I swear it's not too late!



*Declan and Desi picked a bushel of apples from Uncle Jamey and Aunt Amy's apple trees. After washing the fruit in the garage, they peeled all the apples (learning how to use a paring knife) and cooked them down into applesauce.*



## PREPARING TODAY TO PROTECT TOMORROW

*by Alyssa Gander, Financial Services Assistant*

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Many of you have young children, grandchildren, and/or great grandchildren; others may not. Regardless, all of you have named beneficiaries on your different retirement accounts, investment accounts, life insurance policies, etc. You do this as a form of planning for the worst. However, what if you want to set up guidelines regarding your investments? What if you name your daughter as your beneficiary and you and your spouse pass away in a common car accident when she is only 18? Would you want her to inherit a large amount of money? Is she responsible enough for this, or will she see a large sum of money and blow it? There are so many unknowns. However, there is a way to make this already tough time somewhat easier. The answer... an estate plan!

Estate plans, as most of you know, cover any decisions that can arise when a person dies. This can include decisions regarding money, property, medical care, dependent care, pet care, and more. For those of you who have plans in place, great. For those of you who may think, "Estate plans are for old people with a lot of money," that's not necessarily true. I can say that if my parents were seriously injured or ill, I wouldn't know what their wishes for life-sustaining medical treatment were. Similarly, I know my youngest sister shouldn't have access to a large amount of money. Plus, who is going to raise her? Who's getting the house, and who's getting the land? If mom and dad can't make decisions, who is supposed to? All these questions and likely argumentative conversations are avoidable with an estate plan.

Possibly the biggest decision you make is who you want to make decisions for you when you are no longer able. This person is known as your Power of Attorney (POA). Your POA has the power to represent or act on your behalf once you are deemed incapacitated. However,

having a POA is important for people of all ages.

Specifically, for those of you with adult children, having them sign a POA will allow you to get information and make decisions on behalf of your non-minor children. Once your child turns 18, you no longer can make decisions on behalf of them, no longer have access to any medical information.

This is not ideal for both parties, trust me. My mom and I have been going back and forth for weeks now over a hospital bill. Since I am over 18, the bill comes addressed to me. Therefore, if I do not open it and give it to her, she never gets it. Then, bills go unpaid, and she gets frustrated, but she can't call because, "I am not Alyssa Gander, you have to call." Then I get frustrated because I sent her a picture of it over a month ago, but she hasn't paid it because, "I don't pay bills unless a paper copy is on my desk." Then I get more irritated because everything is online these days, and she is acting incapable of using the internet. Moral of the story, avoid the problem, get the POA.

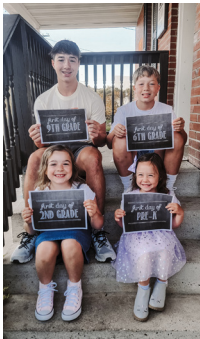
The decisions you make as part of an estate plan are important. They are decisions you make now and decisions that you will continue to make throughout life. Although nobody is ever ready for it, the inevitable does happen, and when it does, having an estate plan in place allows you to have an opinion, even when you're not physically capable or present.



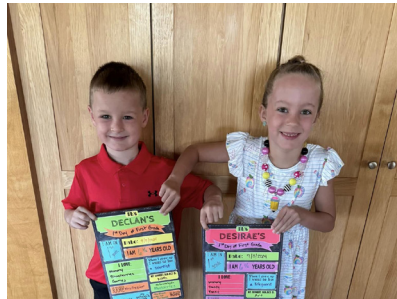
Investments are subject to risk, including loss of principal. Some investments are not suitable for all investors, and there is no guarantee that any investing goal will be met. Passively managed index funds are designed to replicate the performance of a particular market index typically by investing in the same securities that make up that index. Index funds are subject to market swings and concentration risk due to a large portion of assets being invested in a single asset, sector, or market segment. All indices are unmanaged, and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

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## BACK TO SCHOOL



Peyton, Cameron,  
Ellyn & Allison Brown



Desi & Declan Sebranek



Finley, Daryn,  
Avery & Allisyn Kepler



Benjamin Peckham



Alyssa Gander



Grace & Jake Frawley