

## Focus

For this quarter's newsletter, I thought that I would run and experiment and let ChatGPT write an article for me:

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As we continue to navigate through these uncertain times, it's important to stay focused on our long-term financial goals. The recent market volatility has understandably raised concerns, but it's essential to remember that market fluctuations are a normal part of the investment journey. As your trusted Registered Investment Advisor, we're here to provide guidance and strategies to help you weather the storm.

**\*\*1. \*\*Diversification: The Cornerstone of a Resilient Portfolio\*\***

Diversification remains one of the most effective ways to manage risk in a portfolio. By spreading investments across different asset classes, industries, and geographies, we aim to reduce the impact of any single market event on your overall wealth. Our team continuously monitors and adjusts your portfolio to ensure it aligns with your long-term objectives. Diversification does not ensure a profit or guarantee against a loss.

**\*\*2. \*\*Staying Informed, Not Reactive\*\***

While it's crucial to stay informed about market trends and economic indicators, it's equally important to avoid knee-jerk reactions to short-term market movements. We take a disciplined approach, focusing on your individual financial plan rather than reacting to every market fluctuation.

**\*\*3. \*\*Opportunistic Investing\*\***

During periods of market volatility, opportunities can emerge. Our team actively looks for quality investments that may be undervalued due to market sentiment. These opportunities can potentially enhance long-term returns.

**\*\*4. \*\*Regular Reviews and Adjustments\*\***

Market conditions and personal circumstances change over time. That's why we conduct regular reviews of your financial plan and portfolio to ensure they remain aligned with your goals and risk tolerance. Your financial future is our top priority.

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I must admit, on a first impression this is not a bad article; however, as I re-read the article a few things started to jump out. The first sentence starts with "As we continue to navigate through these uncertain times" but there is no specificity on the "uncertainty." I found this interesting, not for the lack of specificity, but rather the



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Senior Wealth  
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acknowledgement that investing is always in a state of uncertainty. AI draws upon data, in this case it is likely publicly available newsletters, to generate its unique article. This probably means that “uncertainty” is prevalent in a significant number of the newsletters, which negates the timeliness of this article. Without the specificity of the unique “uncertainty” that we are currently facing, the newsletter becomes a generic piece of standard investment advice that lacks timeliness.

I acknowledge that as AI improves, these articles will likely improve and will offer more actionable advice based on current situations. However, this brings me to another flaw that I see in this experiment – this article and its advice, while sound, feels soulless and impersonal. Be it right or wrong, society today has equated money/wealth with survival. This means that in periods of extreme volatility and uncertainty, our flight or fight instinct kicks in and we are prone to making illogical decisions. The average investor has traditionally become significantly bullish near the peak of the market cycle and bearish toward its trough. It is during these periods that I believe the personal relationships that exist between an advisor and client provides that greatest benefit. When a client cannot sleep at night due to the market volatility and wants to sell everything in their portfolio, just providing standard investment advice, while logical, is not a successful approach. The personal relationships that allow an advisor to understand clients' concerns and attempt to mitigate them is not something that AI will be able to replicate in the near future. It is this understanding that allows an advisor to attempt to find a middle ground helping to maximize a portfolio's potential return, while also allowing the client to have reassurance.

I think that AI will change many things in our world and will likely disrupt the investment profession in significant ways. This will likely increase efficiencies and help advisors to better create portfolios. However, I think the personal relationship between the advisor and client will continue to be the cornerstone of the industry and where the greatest benefit of employing an RIA continues to be found.



**Tamara Ballensky**  
CPA, Tax Manager

## New Tax Form 1099-DA

The IRS announced that new Form 1099-DA will be used to report digital asset transactions. In lengthy proposed regulations issued last month, the IRS detailed its plan for the use of Form 1099-DA to report transactions occurring on or after January 1, 2025 (forms will be issued beginning January 2026).

Per the regulations, digital assets include cryptocurrencies such as Bitcoin and Ethereum, as well as NFTs. The brokers responsible for issuing Form 1099-DA to investors may include digital asset trading platforms, payment processors, and digital wallet providers. As there is no de minimis rule all digital asset transactions must be reported.

Currently, the reports and tax forms issued by various cryptocurrency exchanges are inconsistent, often lacking in information needed for tax purposes. The new 1099-DA would standardize reporting and aim to increase compliance and accuracy in reporting capital gains and losses associated with digital asset transactions.

# Welcome, Chris Paolantonio!

Chris graduated cum laude in 2018 from the University of South Carolina with degrees in finance and marketing. Prior to joining the firm, he was an Investment Associate at Fiduciary Trust International in Radnor, Pennsylvania. In May 2023, he was awarded the Chartered Financial Analyst® certification.



**Chris Paolantonio,**  
**CFA®**  
Associate Wealth Advisor



**Jonas Noack, CFA®**  
Associate Wealth Advisor

# Welcome, Jonas Noack!

Jonas graduated from the University of the Pacific with a B.S. in Business Administration and earned an M.S. in Finance from the University of San Diego. He is a CFA® charterholder and a member of the CFA® Society of San Diego. His prior experience includes time as an Investment Analyst at Meketa Investment Group, advising institutional clients, and more recently as a Senior Investment Analyst on Northrop Grumman's investment team overseeing the pension plan.

## Operations Corner

### 2023 IRA RMDs

If you have an IRA with us and will be 73 or older by December 31 of this year, you should have received a letter from us notifying you of the amount of your 2023 Required Minimum Distribution (RMD). If you have not already given us your instructions, please don't hesitate to do so. We can either schedule your RMD for a specific future date in 2023 or set it up as a monthly action.

### Verbal Verification

Please be aware that money movement and certain other request may require verbal verification by someone on our

team. We apologize in advance for any inconvenience. Fraudsters continue to be quite active in our industry and these are steps we are taking to help ensure the security of your accounts.

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