

NEWSLETTER

Fiduciary Financial Planners and Investment Managers

Registered Investment Advisor - Member FINRA/SIPC

Student Loan

Payments to Resume

After a three-year pause, federal student loan payments are set to resume June 30th (or 60 days after the Supreme Court issues an opinion in the two cases challenging federal loan forgiveness that remain pending before the Supreme Court). Borrowers should check with their student loan servicer to see if they need to opt-in again for automatic payment enrollment.

New Performance

Reporting Statements

Coming Soon

For many years WMR has provided clients with quarterly performance statements. These WMR statements that you have come to know are getting a major facelift in 2023 as we upgrade our performance reporting technology. We will provide additional details in the coming months as the rollout gets closer. No changes are planned for statements issued directly from our custodians such as Charles Schwab or SEI.



Spring in Wilcox Park, Westerly, R.I.

March Madness in Full Swing!

Taylor Swift breaks Ticketmaster, the UConn Huskies are NCAA basketball champions again, major league baseball has a pitch clock, stocks and bonds rebounded, and a few regional banks failed (more on this below). It's been quite a start to 2023! The remainder of the year is likely to hold much in store as we watch inflation subside, interest rates start to level off, and we track how the labor market and economy perform (...and of course the Red Sox!). We hope you enjoy spring and Easter break with your family and friends, and we want to say "Thank You" to each and every one of our clients for the trust and confidence you place in us to build your long term wealth... in all seasons. We look forward to seeing and speaking with you soon.

- Arthur, Kevin, Scott, Patrick, Todd, Jeremy, Betsy, Chris, Emily and Marissa

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Outside the Office: WMR Volunteers!

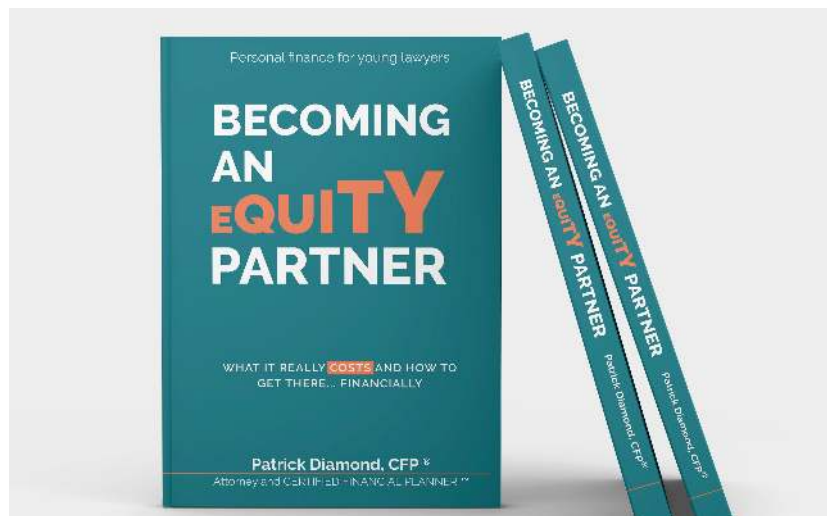
WMR encourages team members to volunteer with nonprofit and charitable organizations. Sometimes the projects stay local, like cleaning our beaches, but other times projects take team members across the ocean. This past January (and June), team member Emily Wilkinson, traveled to Kenya with Eagle Projects International and Lifeway Mission. Medical clinics were held in remote areas, where access to medical care is limited or nonexistent. Locals receive medicine, wound care, and dentistry. Emily assisted with finding people the perfect pair of reading glasses, which often helped someone see clearly for the first time in years... an amazing thing!

Mortgage Rates:

As of April 5, the average rate on a 30-year fixed mortgage was 6.75% (vs. 6.96% a week earlier (Source: bankrate.com)).

WMR Advisor, Patrick Diamond, CFP®, Publishes Personal Finance Book

WMR is excited to announce that our team member, Patrick Diamond, has published a book aimed at personal finance for young lawyers. In addition to being a CERTIFIED FINANCIAL PLANNER™ professional, Patrick worked as a practicing attorney for over a decade in corporate and securities law in the greater New York City area. The book covers many relevant topics for law school graduates and young professionals, including student loan repayment, tax-smart investing, and the financial realities of law firm life. You can visit www.bepthebook.com to learn more.



Regional Bank Failures in the News

Last month, two large U.S. banks, Silicon Valley Bank (SVB) and Silvergate Bank, with significant exposure to the technology sector or to cryptocurrency failed. Customers quickly withdrew deposits (what most consider a "run on the bank") causing the FDIC to take them over. A third, Signature Bank, entered liquidation under financial distress. The assets and remaining deposits of SVB are being sold to First Citizens BancShares of North Carolina. The events at SVB may be indicative of a more widespread mismatch between bank assets and liabilities due to the quick rise in interest rates over the past 12 to 16 months, and poor risk

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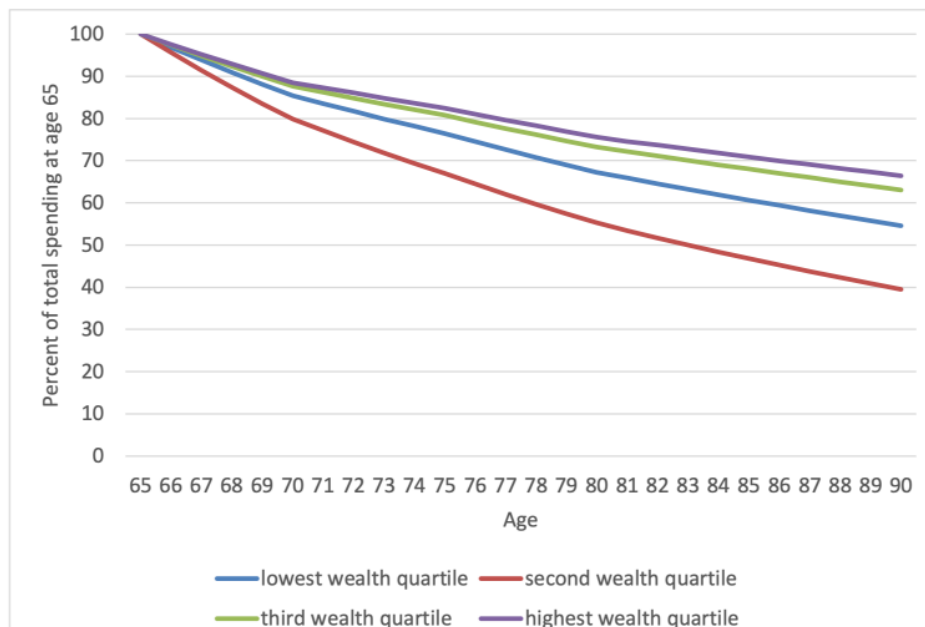
management at these banks. These factors may impact bank profits, and the pace/size of interest rate hikes for the rest of the year, especially if banks reduce their willingness to make loans moving forward. Government data coming in May will provide information on bank lending levels.

The U.S.'s primary safeguard against bank runs of these types is FDIC insurance on deposits. FDIC insurance covers up to \$250,000 per depositor, per bank, per account ownership category (e.g., an individual account and a joint account are different categories, so a person with one of each gets \$500,000 in total FDIC insurance). Regulators also took the additional step of creating a special one-year lending program, making funds available to banks that need cash to meet deposit withdrawals. One additional result of these events is that banks may now have to start competing for deposits by paying higher interest rates on savings accounts.

To learn more visit: <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230312a.htm>.

Research Provides Insights Into Spending Through Retirement

How much does a retiree actually spend in retirement? Two studies shed light on this key retirement planning question: a 2022 study by the RAND Corporation and a 2021 study by JP Morgan Asset Management. Both studies provide insight into spending trajectories through retirement. The RAND research utilizes data from the University of Michigan Health and Retirement Study, which is a panel study that surveys a representative sample of approximately 20,000 people in America, supported by the National Institute on Aging and the Social Security Administration.



Estimated Spending Trajectories for Single Households
Source: RAND Corporation

Both studies concluded that spending declines through retirement regardless of income bracket. According to the RAND study, real spending declined for all households (single and coupled) after age 65 at annual rates of about 1.7 percent and 2.4 percent, respectively.

JP Morgan's study, based on its own consumer banking data, concluded that pre-retiree and retiree households are spending more, on average, than in the past decades. The average retirement income needed to sustain this elevated lifestyle at the point of retirement is 92% of the average pre-retirement salary of \$70,000. This spending/replacement level declined from 92% at age 65 to 78% at age 75 and 70% at age 85.

Qualifying for a Mortgage in Retirement... What to Know

According to Consumer Financial Protection Bureau data, 13% of all mortgages originated in 2021 were by people 65 years of age and older. Income, assets, debts, and credit score are all considered by lenders when evaluating mortgage applicants. But for older individuals close to retirement, and those already retired, satisfying income requirements can be more challenging as it's much easier to qualify when you are still earning wages from employment. Nevertheless, all types of income (for example, Social Security, pension, or withdrawals from IRAs or taxable investment accounts) can be included in a mortgage application but may be treated and verified differently.

The Center for Retirement Research at Boston College recently published a two-part study on older mortgage applicants. While it is illegal to discriminate against credit applicants based on age pursuant to the Equal Credit Opportunity Act* lenders will look at age-related factors around income and retirement. The study found that older mortgage applicants were more likely to be denied mortgage loans, but also that older homebuyers paid slightly higher interest rates (8 basis points or 8/100th of 1%) to borrow against a property. One recommendation in light of this data is to ensure an applicant shops around for the best rate from multiple lenders.

*Available at: www.ftc.gov/legal-library/browse/status/equal-credit-opportunity-act

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