



# What's Our Story?

2022 Review and 2023 Outlook

*Dr. Dave Yeske, Yusuf Abugideiri, and Lauren Stansell*

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# Agenda

- 2022: Highlights
- 2023: Outlook
- Policy Update: SECURE Act 2.0



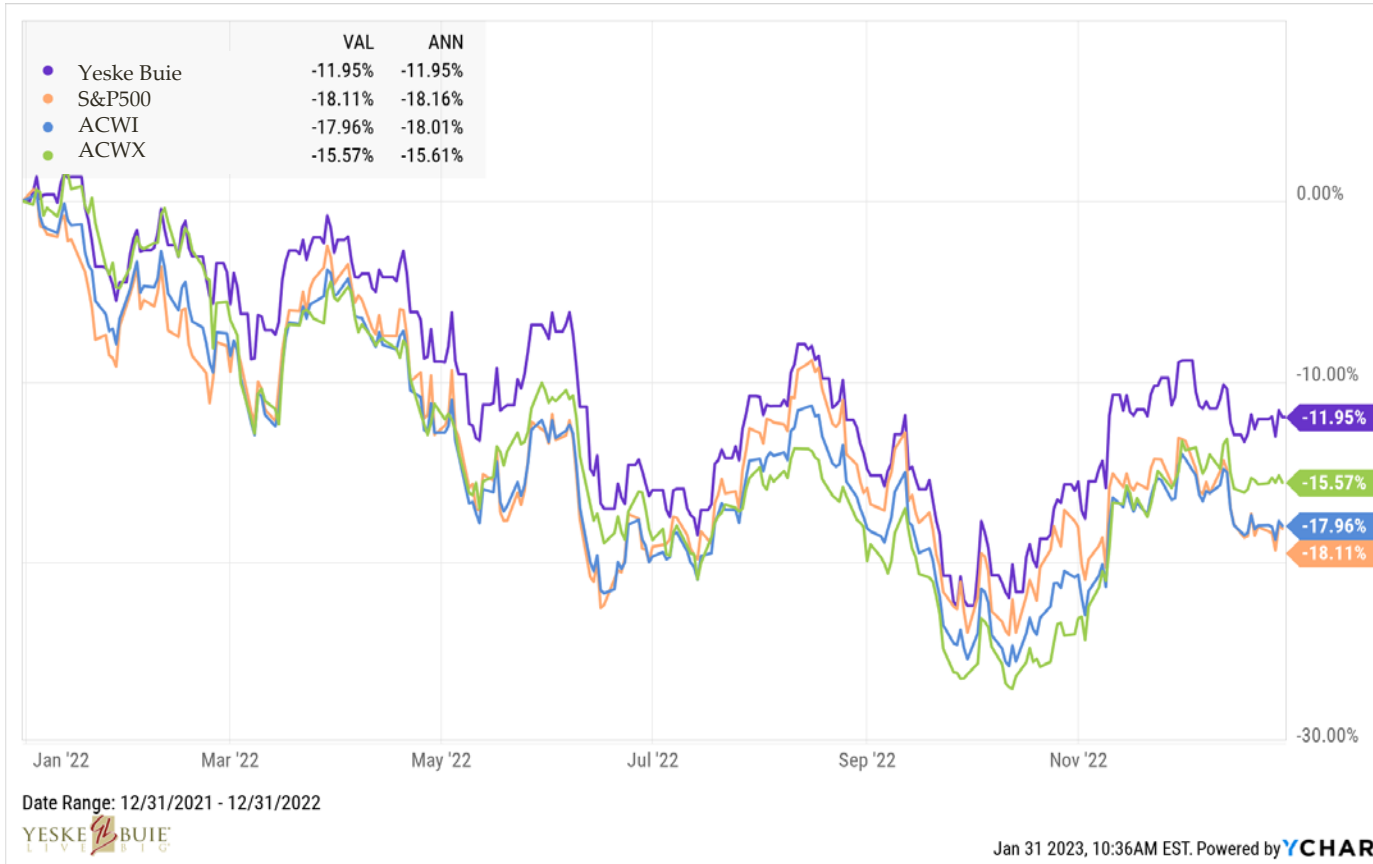
# 2022: Highlights

- Comparative Performance Review
- Changes in Emerging Markets
- Rising Interest Rates? Look for Value
- Tough Times in Tech
- International Stocks Strike Back



# Comparative Performance Review

## 2022



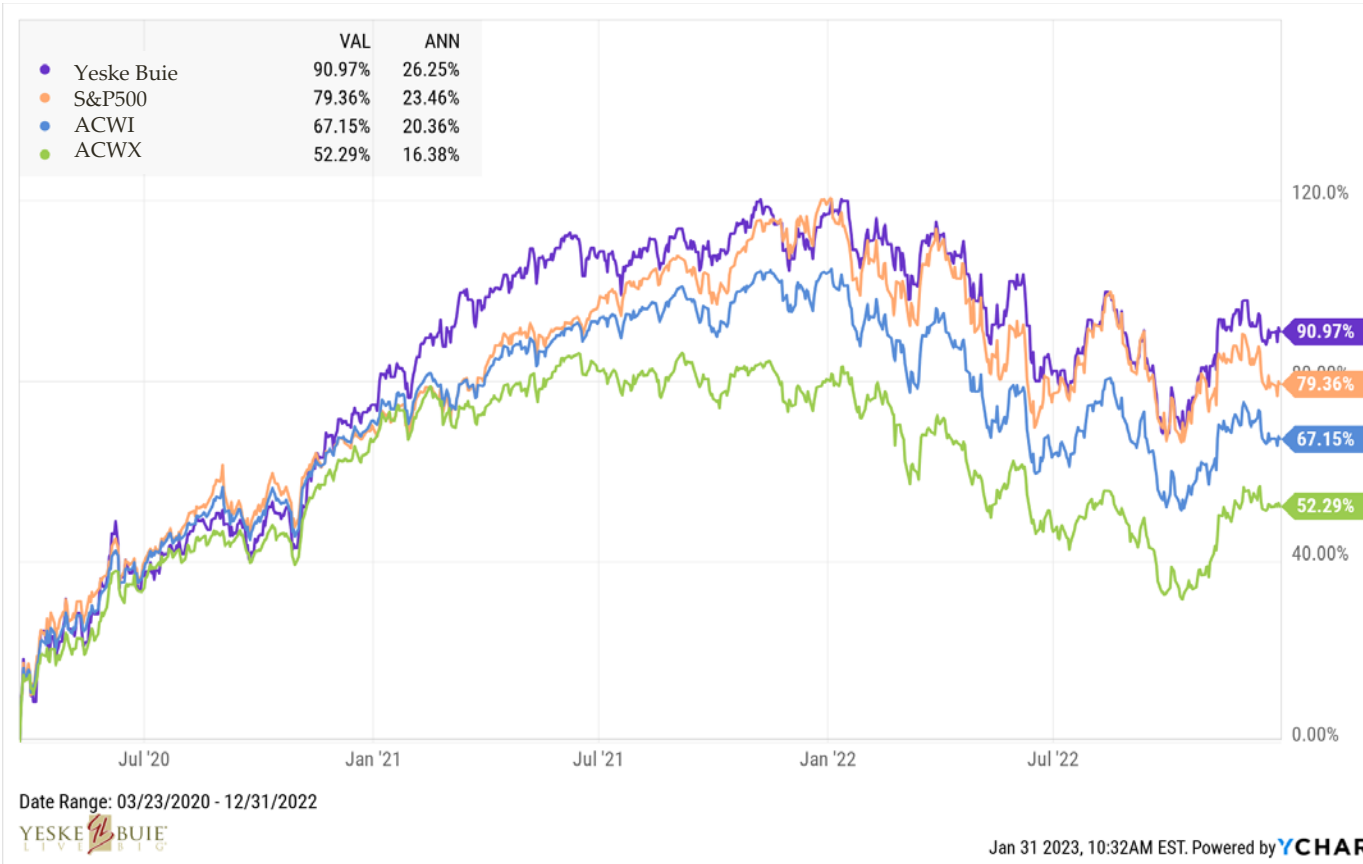
# Comparative Performance Review

## 2021-2022



# Comparative Performance Review

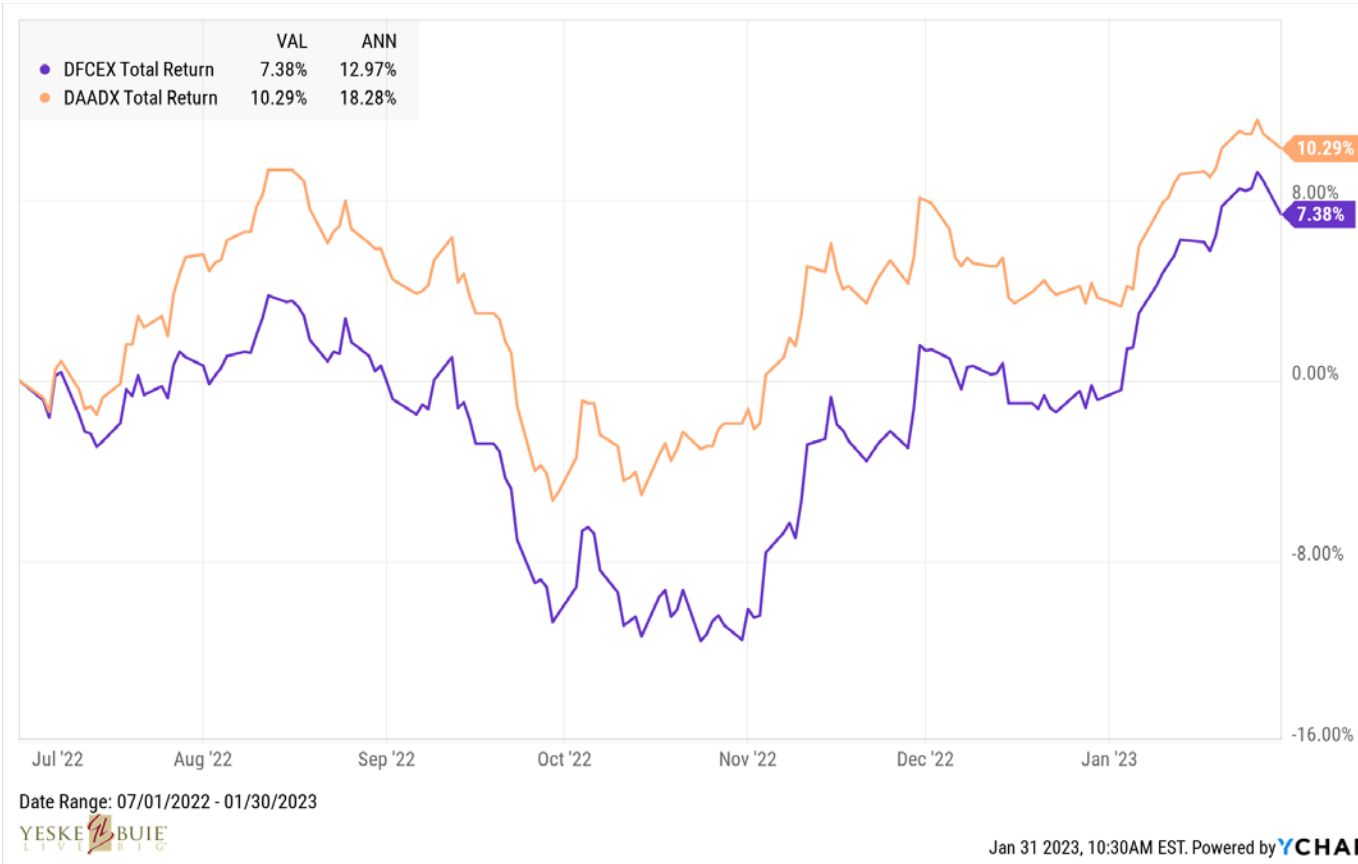
March 2020-2022



Date Range: 03/23/2020 - 12/31/2022

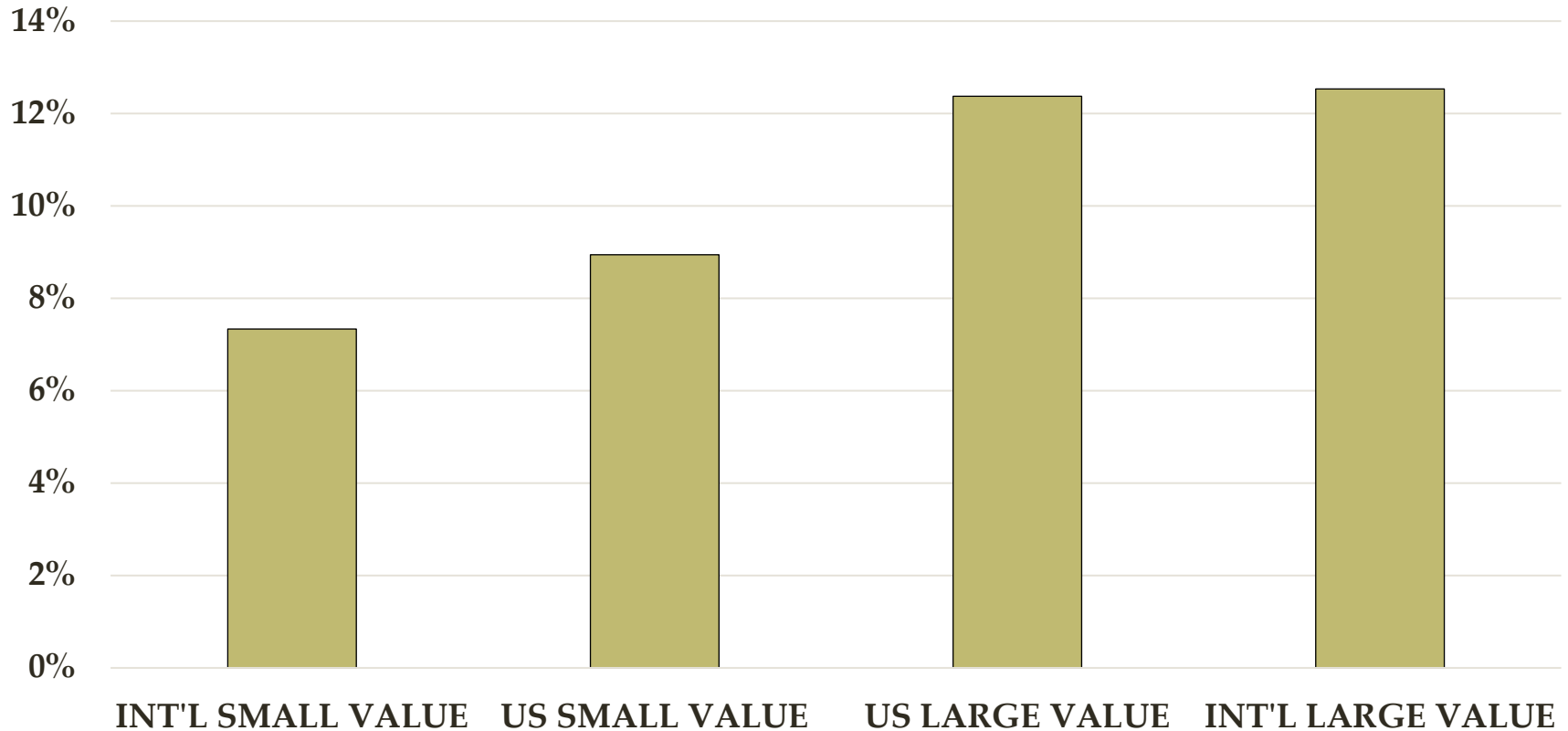


# Changes in Emerging Markets



# Rising Interest Rates? Look for Value

## Value Premium (2022)





# Rising Interest Rates? Look for Value

## Recent Value Performance in Context

July 1926–November 2022



Performance data shown represents past performance and is no guarantee of future results.

Value and growth stocks represented by the Fama/French US Value Research Index and the Fama/French US Growth Research Index, respectively. Returns provided by Ken French, available at [http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data\\_library.html](http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html). Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to Dimensional Fund Advisors LP.

# Rising Interest Rates? Look for Value

## Relative Performance of Dimensional Value Equity Funds



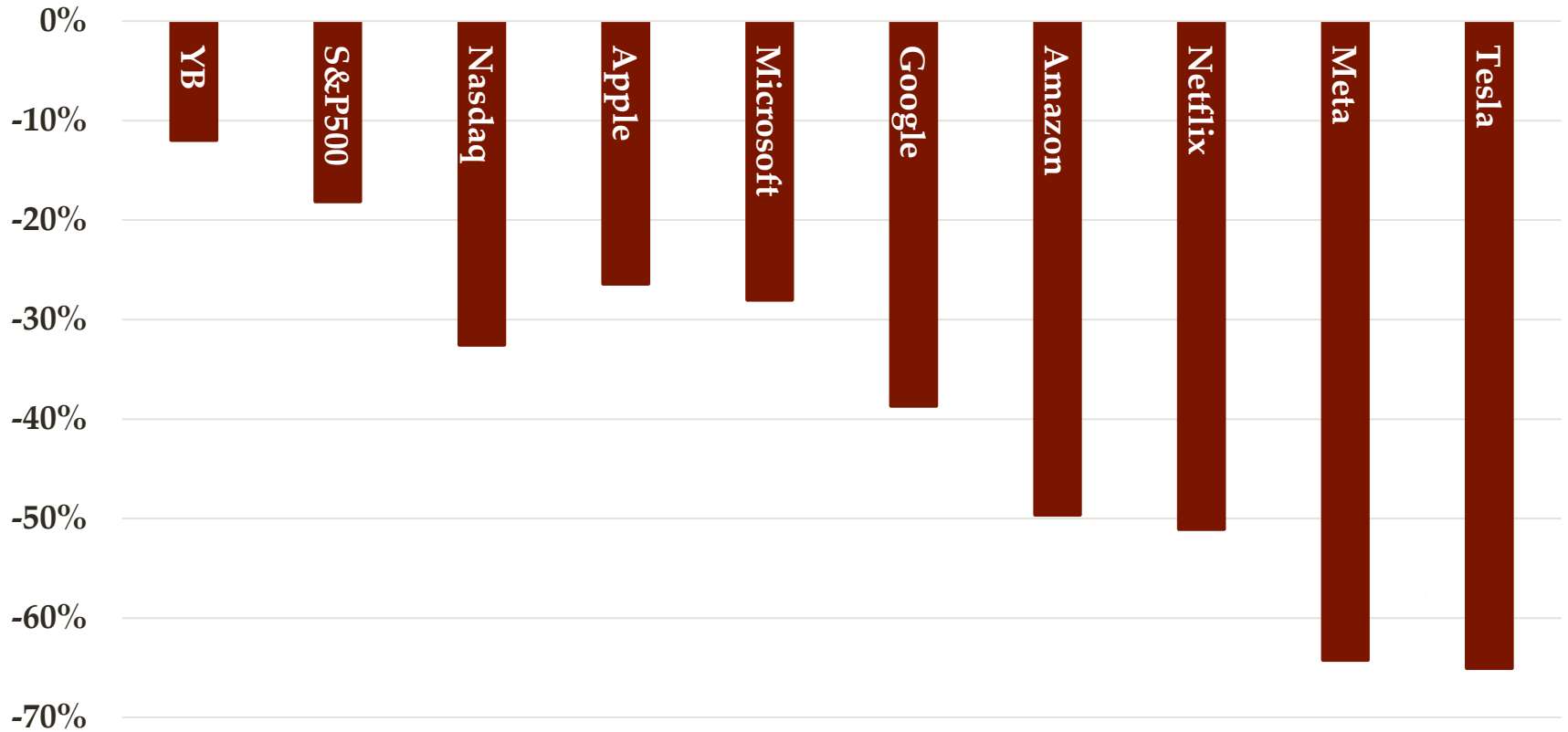
2022 returns relative to prospectus benchmarks, as of December 31, 2022



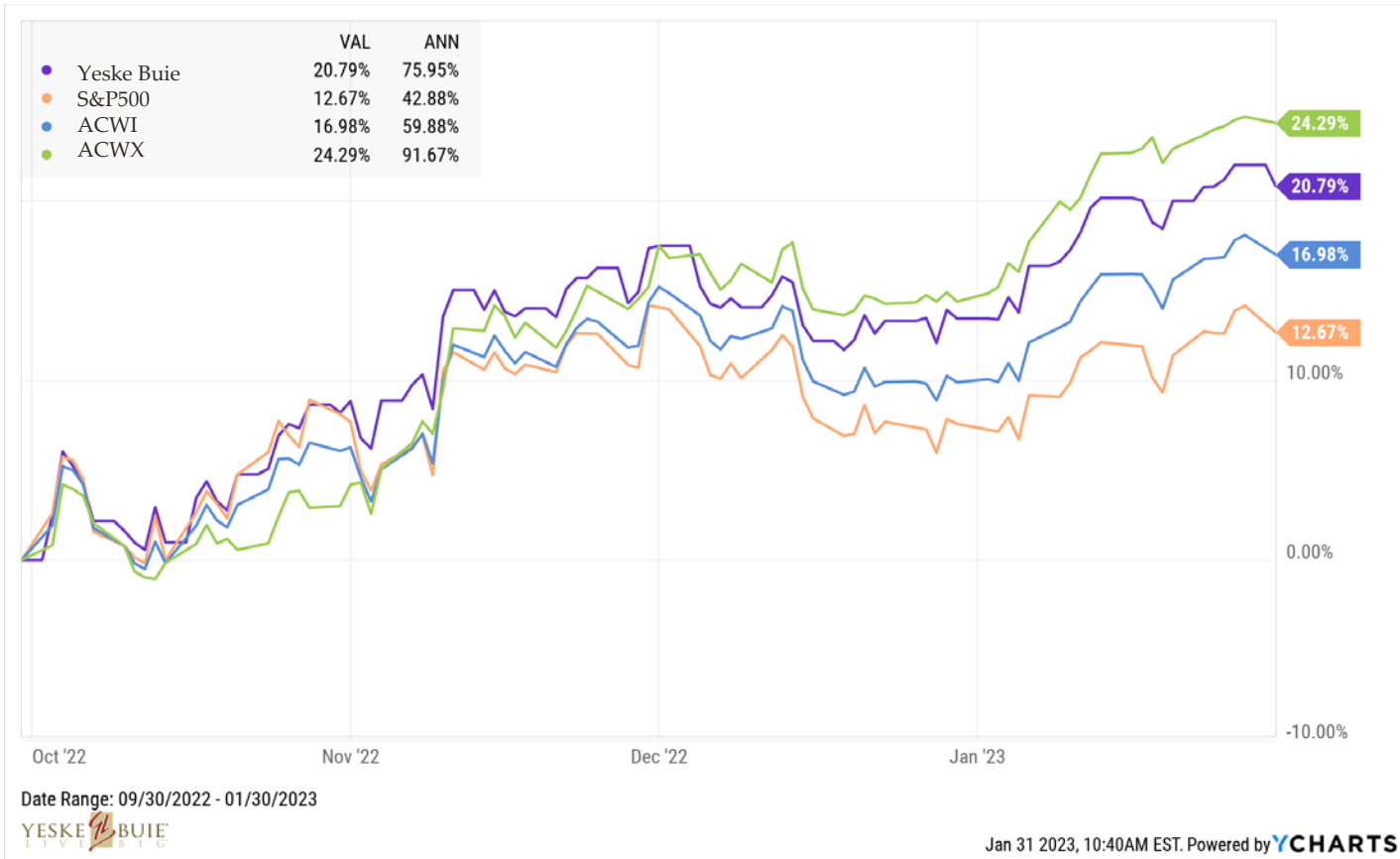
<sup>1</sup> Prior to listing on May 9, 2022, the ETF operated as a mutual fund. The NAVs of the predecessor mutual fund are used for both NAV and market price performance from inception to listing. Funds shown are Dimensional US value equity strategies. Performance data shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed maybe worth more or less than their original cost. To obtain the most current month-end performance data, visit [us.dimensional.com](http://us.dimensional.com). Returns for ETFs are based on NAV. Performance includes reinvestment of dividends and other earnings. See "Standardized Performance Data and Disclosures" to learn how to obtain complete information on performance, investment objectives, risks, advisory fees, and expenses of Dimensional's funds. Funds shown are Dimensional's US, International, and Emerging Markets value funds. VA funds are not included because they are considered separate strategies.

# Tough Times in Tech

2022



# International Stocks Strike Back

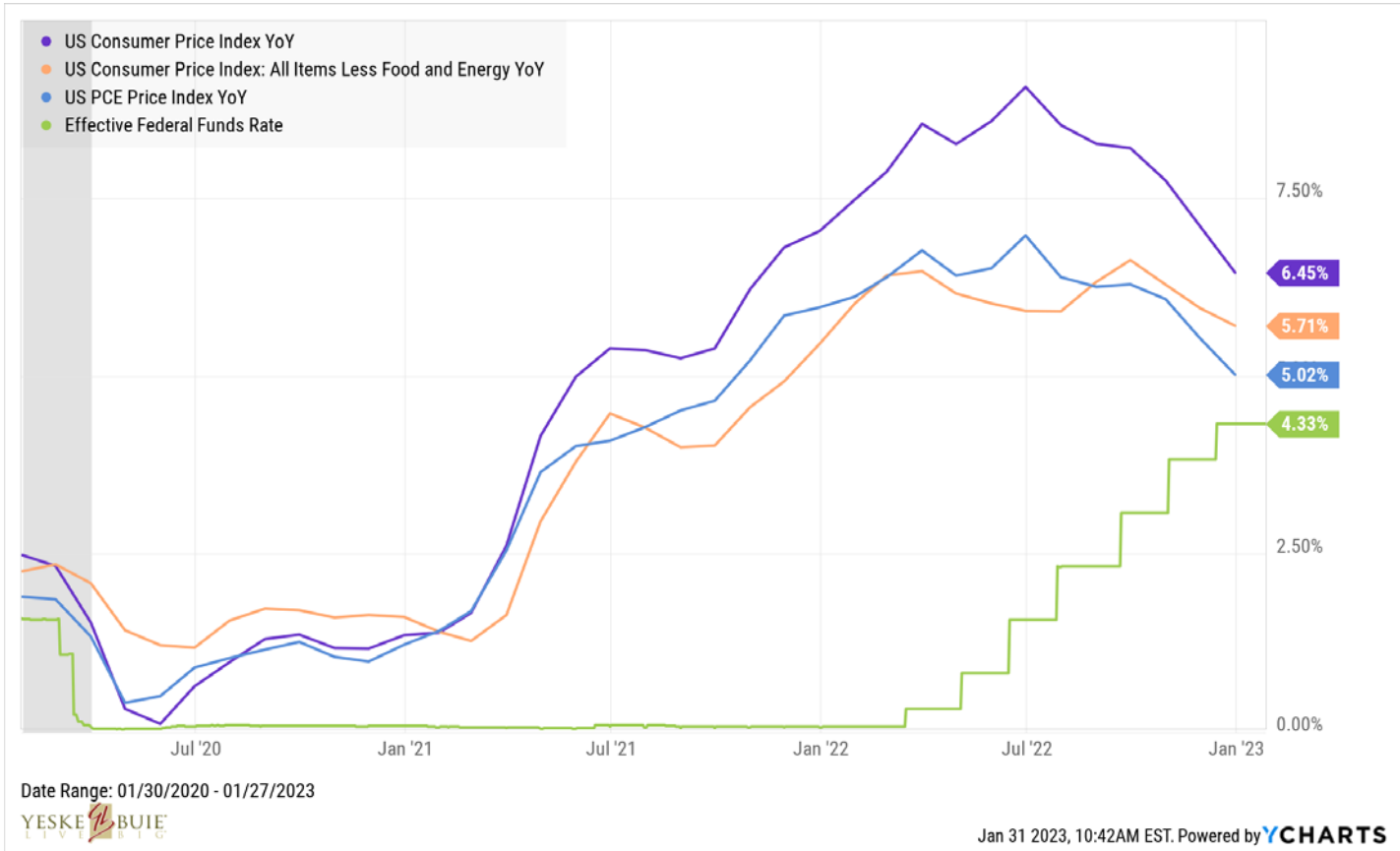


# 2023 Outlook

- Inflation and Interest Rates
- Bonds Blues Behind Us?
- Labor Market Updates
- Recession Coming?



# Inflation and Interest Rates

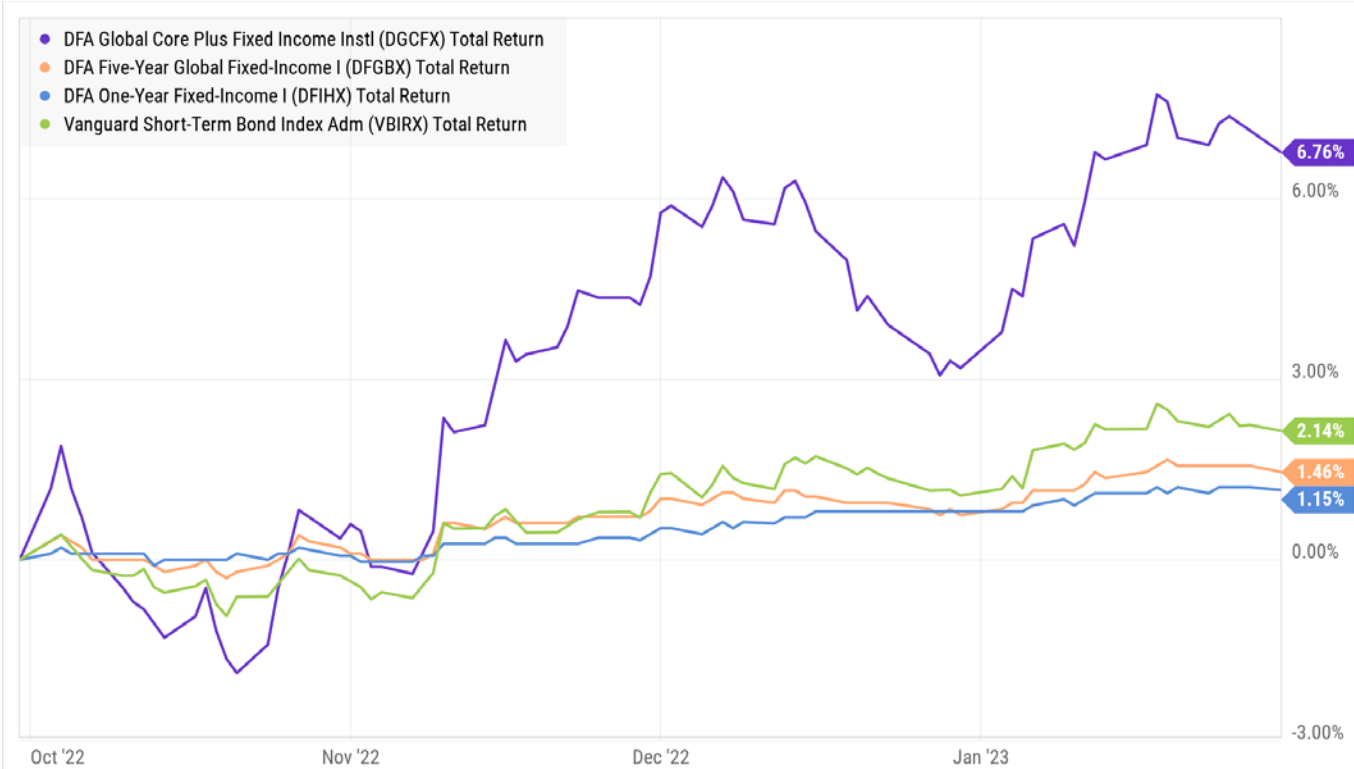


# Inflation and Interest Rates

- Next Fed Meeting: Today, January 31<sup>st</sup>
  - Expected rate increase: **0.25%** - 0.50%
- 2023 Fed Meeting Calendar:
  - March 21<sup>st</sup>
  - May 2<sup>nd</sup>
  - **June 13<sup>th</sup>**
  - **July 25<sup>th</sup>**
  - September 19<sup>th</sup>
  - October 31<sup>st</sup>
  - December 12<sup>th</sup>



# Bonds Blues Behind Us?



Date Range: 09/30/2022 - 01/30/2023





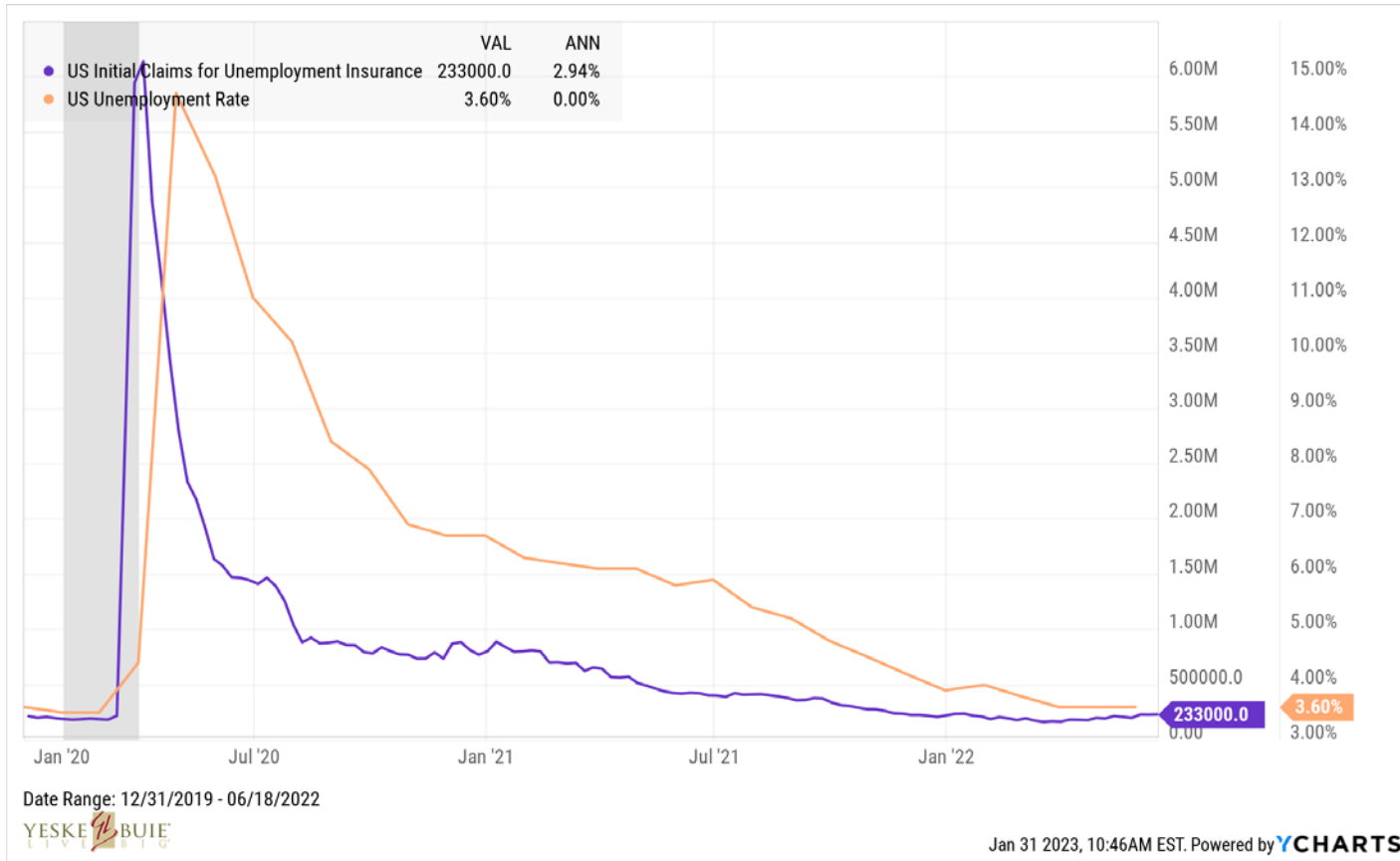
# Bonds Blues Behind Us?

## FIXED INCOME CHARACTERISTICS

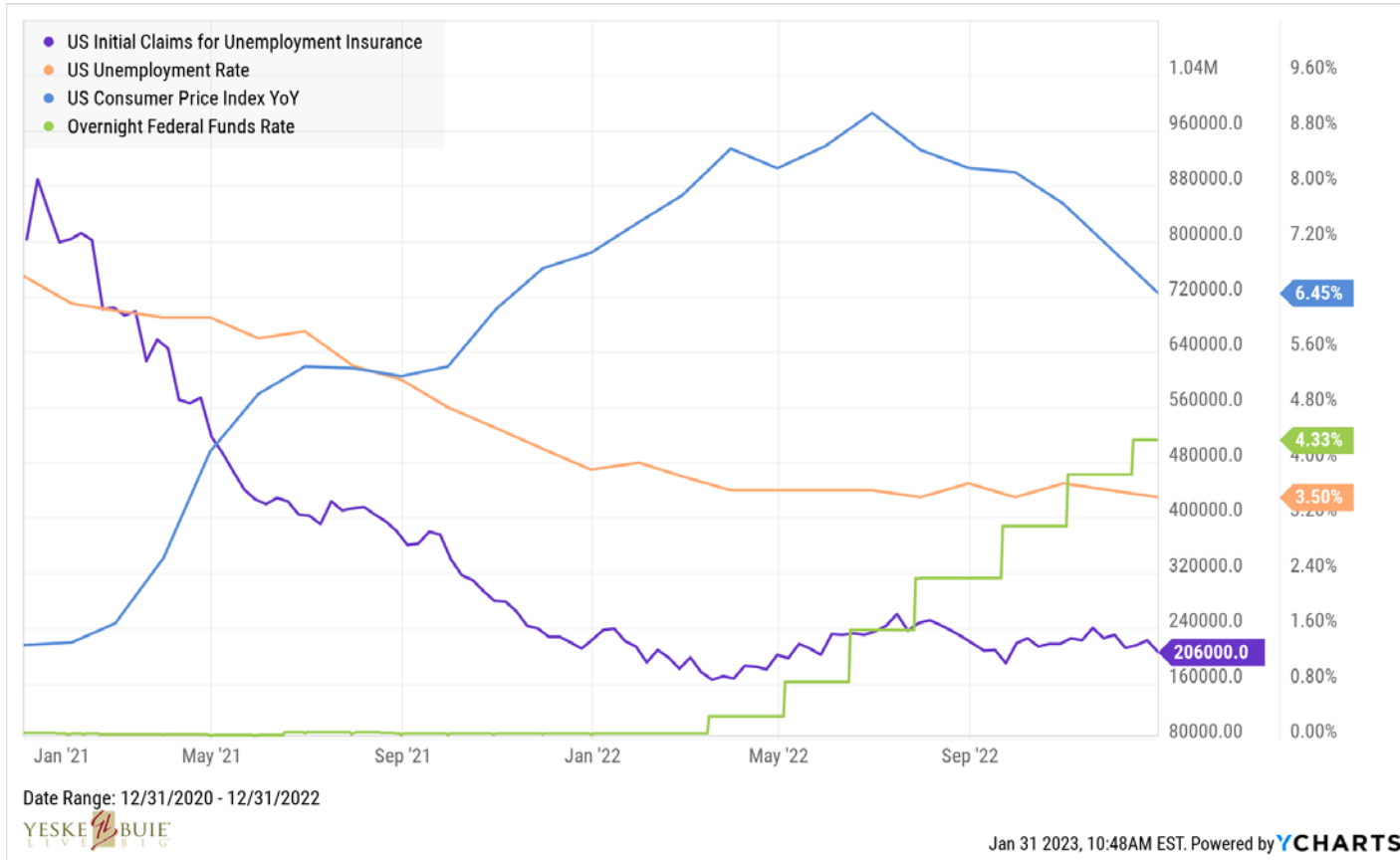
		Number of Holdings	Weighted Average Maturity (years)	Weighted Average Modified Duration (years)	Weighted Average Effective Duration (years)	30 Day SEC Yield	Yield To Maturity
Five-Year Global Fixed Income Portfolio (I)	100%	289	1.85	1.77	1.77	3.74%	5.20%
Global Core Plus Fixed Income Portfolio	100%	931	8.97	6.30	6.30	4.68%	6.14%
One-Year Fixed Income Portfolio (I)	100%	77	0.89	0.86	0.86	4.55%	4.85%



# Labor Market Updates



# Labor Market Updates



# Recession Coming?



# A Note on Human Resilience

- The End of the “Russia shock”
  - Food prices: lower than at the beginning of 2022
  - Fertilizer prices: lower than at the beginning of 2022
  - Natural gas prices: lower than at the beginning of 2022
  - Oil prices: lower than at the start of the war
- How?
  - Human beings are fundamentally resilient and ingenious, and deployed their resources and worked together





# SECURE Act 2.0

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# RMD Age Delayed (*Again*)

## SECURE Act 2.0 Phased-In Timeline For RMD Beginning Ages

Birth Year	Age at Which RMDs Begin
1950 or earlier	72 (70½ for those who turned 70½ prior to 2020)
1951 - 1959	73
1960 or later	75

# Catch-Up Contributions Increased

- IRA catch-up contribution has been at \$1,000 for a long time
  - Indexed for inflation starting 2024
- 401(k) catch-up contribution for participants turning 60-63 that year is the greater of:
  - \$10,000, or
  - 150% of the current catch-up contribution
  - Example:
    - 2023: \$10,000 or 150% of \$7,500 catch-up **(\$11,250)**





# Roth, Roth, Roth!

- Now
  - Roth SIMPLE IRAs and Roth SEP IRAs are now an option
  - Employers can make matching contributions to Roth portion of employee retirement accounts (will be taxable income to employee)
- Starting in 2024
  - No RMDs for Roth Employer Retirement Accounts
  - Catch-up contributions if you earn > \$145,000 will be required to be made to Roth portion of employer retirement account
  - 529-to-Roth IRA transfers



# Automatic Enrollment

- Beginning in 2025, new 401(k) plans will require auto-enrollment
  - Initial rate at least 3% (up to 10%)
  - Automatic increase 1% per year to 10%

# Missed RMD Penalty

- Was 50%
- Now 25% (further reduced to 10% if corrected within correction window)



# Spouses Inheriting IRAs

- Can elect to be treated as the decedent for RMD purposes (if spouse was younger, can delay RMD start date to when spouse would have turned 73/75)



**Questions?**



**Thank you!**

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