



# INVESTMENT & WEALTH MANAGEMENT UPDATE

OCTOBER 14, 2021

THIRD QUARTER - 2021



*Chris Hunter, Associate Trust Officer & Wealth Advisor; Doug Wiley, CFP®, Vice President & Trust Officer; Connie Kipp, Account Administrator; and Cole Bachamp, Assistant Vice President, Trust Officer & Wealth Advisor*

## IN THIS ISSUE

2021 Third Quarter Market Review	1-2
Q3 Market Performance Chart	2
Contact Us	2
30th Anniversary Kickoff Party!	2
Do You Need a Medicare Part D Review?	3
Company News	4

## 2021 THIRD QUARTER MARKET REVIEW



**By Michael Carlisle, Vice President & Investment Committee Chair**

As the third quarter ends, we invoke the Bard's famous question as it relates to inflation in the US economy. Inflation has been the topic du jour in

2021 for anyone following economic and market news. Is it “transitory” or more “endemic”? Why do we care? Answer, because maintaining price stability is one of two core mandates of the Federal Reserve, thus inflation is an ever-present influence on Fed policy and by extension, asset prices.

August consumer prices (CPI) rose at an annual rate of 3.3%—well above the Fed's 2% target. Covid-Delta has impacted economic activity during Q3—particularly travel and leisure—inducing price declines in such items as airfares and hotel rooms. As Covid gradually recedes these prices will likely rise, giving credence to the view that inflation will not be as transitory as some would have us believe.

Another major influence on the rate of inflation is the cost of housing. Housing rents (comprising about 30% of CPI) are currently significantly understated and are likely to accelerate sharply in the years ahead. Ultimately, it is important to remember that inflation is still a monetary phenomenon and the M2 measure of money supply is up approximately 33% since Q1 2020. Eventually this will translate into a rise in overall spending and augur for higher inflation. Supply chain disruptions, rising freight costs, and worker shortages leading to higher labor costs, all conspire to support the higher-for-longer view of inflation. In the real world, transitory does

Continued on p. 2

# THIRD QUARTER MARKET REVIEW, CONTINUED

not mean inconsequential! Let's assume the Fed's 2% inflation target is achieved. At this rate, in 10 years prices would be approximately 22% higher. It is not likely worker wages rise to match that rate of increase, and the loss of purchasing power for those on fixed incomes would be significant. Needless to say, if inflation were to trend above 2% the loss of purchasing power would be even greater.

To compound the problem, measuring inflation is more art than science. Based on our spending patterns, we all feel inflation differently. Simply put, it is difficult to accurately measure inflation. Policy makers may think it is not a problem when it actually is, leading to errors that can trigger recessions. The nature and scope of this publication does not allow

for a thoroughgoing analysis of all the components and processes of how inflation is determined and its different measures, i.e., CPI, PPI and PCE. Suffice it to say, the various measures of inflation command

the attention of policy makers and investors the world over. So, the debate as to the level and duration of inflation will continue for some time to come.

Market/Index	2020 Close	As of 9/30/2021	3rd Qtr 2021 Change	YTD Change
<b>S&amp;P 500</b>	\$3,756	\$4,308	0.23%	14.68%
<b>DJIA</b>	\$30,606	\$33,844	-1.91%	10.58%
<b>NASDAQ</b>	\$12,888	\$14,449	-0.38%	12.11%
<b>Russell 2000</b>	\$1,975	\$2,204	-4.60%	11.62%
<b>Global Dow</b>	\$3,488	\$3,958	-1.08%	13.50%
<b>Fed Funds Rate</b>	0% - .25%	0% - .25%	0 bps	0 bps
<b>10-Year Treasury Rate</b>	0.91%	1.52%	8 bps	61 bps

## CONTACT US

800 Poyntz Ave., P.O. Box 1806  
**Manhattan, KS 66505**  
 785.537.7200

4210 Philips Farm Road, Suite 109  
**Columbia, MO 65201**  
 573.876.7000

333 West 9th Street, Suite A  
**Lawrence, KS 66044**  
 785.371.9555

908 Broadway, Suite B  
**Marysville, KS 66508**  
 785.562.2344

THETRUSTCO.COM  
 800.285.7878



LET'S CELEBRATE

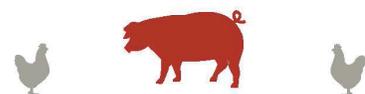
JOIN US FOR A  
**30 YEAR  
 KICKOFF  
 BLOCK PARTY**

COME AND GO!  
 4:00-8:00 PM



OCTOBER  
**22** FRIDAY

The Trust Company • 800 Poyntz Avenue • MHK



KNACKENOFFEL HOG ROAST,  
 BBQ, SWEETS and MUSIC!



## DO YOU NEED TO REVIEW YOUR MEDICARE PART D OPTIONS?



*Garrett Jackson, Financial Planner; Katie Seay, CFP®, CFEA, Vice President & Trust Officer - Director of Financial Planning; and Mackenzie Blakeslee, MS, CFP® Associate Director of Financial Planning & Associate Trust Officer*

### **By Mackenzie Blakeslee, MS, CFP® Associate Director of Financial Planning & Associate Trust Officer**

The end of each calendar year brings with it lots of holidays, year-end tax planning, and many other things. Did you know the end of the year is also a great time to evaluate your current Medicare coverage? Every year presents a new opportunity to switch from your current Medicare Part D (prescription drug) plan to a new one if it provides you with better, more cost-effective coverage. This window of opportunity exists between October 15th and December 7th each year.

Some parts of Medicare, such as your supplemental plan, are harder to change after your initial enrollment. Your Medicare Part D coverage, however, can and should be reviewed and potentially changed each year. At the very least, it is important to review your coverage on an annual basis even if you choose not to make a change. You may feel like you have great coverage this year, and there would be no reason to change Part D plans. So why, you ask, do we suggest reviewing your plan each year? Medicare Part D

plans change their plan premiums from year to year, so what you are paying in 2021 may not be what you would pay for the plan in 2022.

Additionally, plans can choose which pharmacies they work with. For example, your pharmacy of choice may be a preferred pharmacy in 2021 on your current plan. However, that plan or pharmacy can decide not to work with one another in 2022, which causes the pharmacy to be out of network. This can cost you hundreds, if not thousands, in out-of-pocket prescription costs, or the hassle of changing pharmacies.

Certain drugs may change tiers in the Medicare system, as well. This change can be identified through the analysis process, and a different plan could reduce your cost. Or, for example, it may be beneficial to ask your doctor if you could switch to the generic version instead. You may have had changes to your own list of prescriptions. Your doctor may have prescribed a new drug during the year or taken one off your list. Adding or subtracting prescription drugs from your plan can have a large impact on cost and which plan you choose. Even changing the dosage can

impact cost from plan to plan. This is another primary reason to review your Part D plan on an annual basis.

Medicare Part D analysis can be done annually during the Open Enrollment window (October 15th to December 7th) through [www.medicare.gov](http://www.medicare.gov). If you are reading this and don't know where to begin, let us know. This analysis is something our Financial Planning Team specializes in.

To give you the best recommendation, we will ask for:

- your prescription drug list and dosages
- your preferred pharmacy

We can then make a recommendation on cost if you stayed on your current plan versus switching to a new plan. In our experience, sometimes clients want to stay on their current plan because the cost difference is low. However, in other cases, we have seen clients save up to \$10,000 for the year by switching their Part D plan.

We would love the opportunity to help evaluate your current plan. Give us a call today! An Advisor or member of our Financial Planning Team would be delighted to speak with you.

## WELCOME, NEW STAFF!



### **SUMMON MAHMOOD, J.D.**

#### **Assoc. Trust Officer & Wealth Advisor, Manhattan**

Summon received her B.S. in Government with an emphasis in Legal Studies and Criminal Justice from Texas Woman's University and Juris Doctor from Oklahoma City University School of Law. She brings five years of legal experience in a range of estate and wealth planning issues. During her first year of law school, Summon was selected by the Sonia and Celina Sotomayor Judicial Program to intern for the New York State Supreme Court.

### **GARRETT JACKSON**

#### **Financial Planner, Manhattan**

Garrett may look familiar because he spent two years interning with The Trust Company's Financial Planning department before joining us full time upon graduation this past May. He is a graduate of Kansas State University with a Personal Financial Planning degree and minors in Business and Agricultural Economics. He hails from Cedar Point, KS, where he was one of his class valedictorians.



### **ELLEN KNACKENDOFFEL**

#### **Business Development Officer, Manhattan**

As the eldest daughter of The Trust Company's founder and CEO Mark Knackendoffel, Ellen is honored to play a role in the future of the company she grew up with, and further connect with community leaders. She earned a Bachelor of Science in Business Administration from Kansas State University, with dual majors in Finance and Accounting and a Certificate of Integrated Investment Management.



### **MACK CURRY, J.D.**

#### **Assoc. Trust Officer & Wealth Advisor, Lawrence**

Mack earned his B.S. in Political Science from the University of Georgia Juris Doctor from the University of Kansas. He passed the bar exam in 2021. His affinity for contract law led him to the trust business and an internship with The Trust Company while completing his degree. A son and grandson of United States Air Force Colonels, Mack was born in Lawrence and lived and traveled around the world before making his way back home to Kansas.



### **CONNIE KIPP**

#### **Account Administrator, Manhattan**

Connie is an Account Administrator working with Doug Wiley, Cole Bachamp and Chris Hunter. She most recently served as Senior Development Coordinator at the Kansas State University Foundation, supporting eight development officers. Prior to K-State, she spent nearly 20 years with Briggs Auto Group. We are thrilled to have her expertise and top-notch organizational abilities!



**THETRUSTCO.COM**

800.285.7878

**INVESTMENT MANAGEMENT**

**FINANCIAL PLANNING**

**RETIREMENT PLANS**

**TRUST ADMINISTRATION**

Some content may be prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2021

**DISCLOSURES** —Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable—we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

