

Edward Jones®

Perspective

September 2024

3 takeaways on U.S. presidential elections and stock markets



Mona Mahajan, *Senior Investment Strategist*

3 takeaways on U.S. presidential elections and stock markets

- **Headlines like to predict what may or may not happen after Election Day**
- **It's important to keep emotion out of your investment decisions**

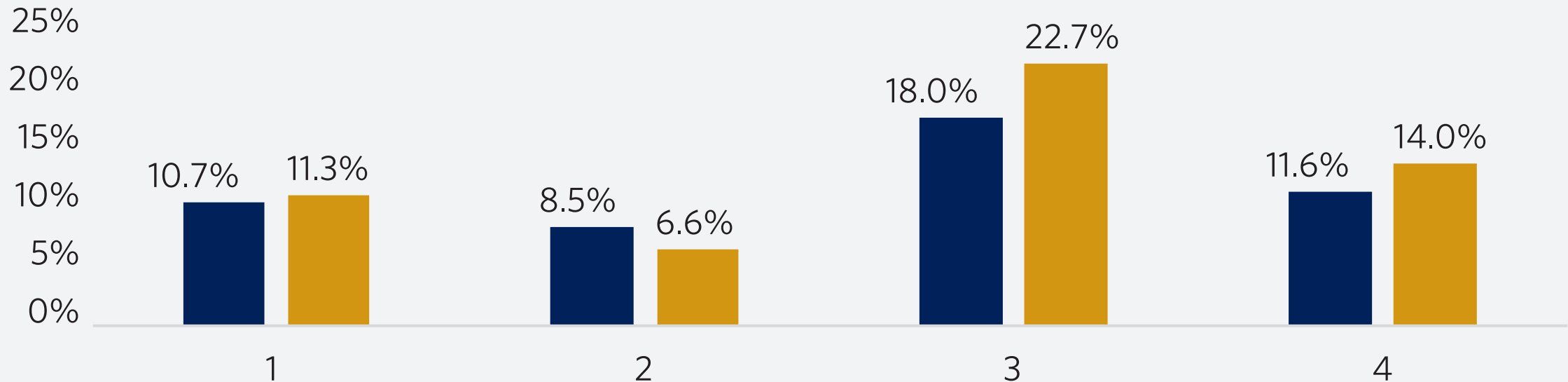


1. Year 4 tends to be good for markets

Presidential cycle returns: S&P total returns have been highest in year 3 and year 4 (1928-2023)

■ Average S&P 500 total return

■ Median S&P 500 total return



Source: Morningstar Direct, Slickcharts, Edward Jones. S&P 500 Total Return Index. Past performance is not a guarantee of future results.

2. Stock markets focus on fundamentals

Portfolio moves based on policy choices have yielded poor returns:

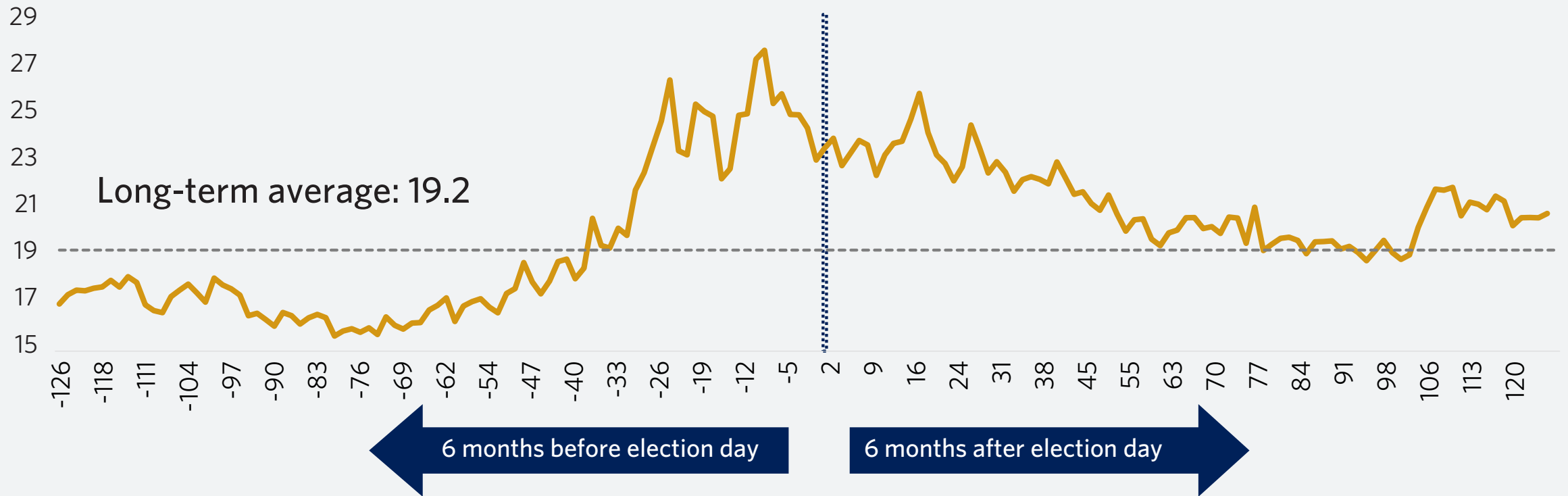
- **Trump administration** — Clean energy outperformed traditional energy by 43% per year
- **Biden administration** — Traditional energy has outperformed clean energy by 53% per year



3. Volatility may rise but could be short-lived

Volatility index (VIX) tends to normalize after Election Day

(1992, 1996, 2000, 2004, 2008, 2012, 2016 elections)



Source: Bloomberg, Edward Jones. Past performance is not a guarantee of future results.

3 takeaways on U.S. presidential elections and stock markets (cont.)

The bottom line

- Markets have had a solid start so far this year
- The election and policy agendas likely won't drive investment returns
- Consider taking advantage of any election volatility





Give smarter with your required distribution

- You generally must start taking RMDs from a traditional IRA at age 73
- RMD income is taxable in the year of the distribution
- A qualified charitable distribution (QCD) transfers your RMD from your IRA directly to your chosen charity

Why consider a QCD?

3 ways to benefit from a QCD strategy



Reduced tax liability



Reduced taxes on
your Social Security
benefit



Reduced Medicare
premiums



What else should you know about QCDs?

- Deductible IRA contributions at/after age 70½ can reduce future QCD tax deductions
- Employer-sponsored retirement accounts don't qualify for a QCD
- A QCD from a Roth IRA is less beneficial from a tax standpoint

I can work with your tax professional to help you set up a QCD

Gifts through a donor-advised fund (DAF)

Set up specifically for charitable giving

Can be a simple and convenient way to maximize charitable giving with an upfront tax deduction

DAFs come with higher contributions and can't be funded with a QCD



Important information

This content should not be depended upon for other than broadly informational purposes. Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.

Should you max out your retirement accounts?

The 2024 contribution limits

Retirement account	Max contribution	Catch-up contribution
401(k)	\$23,000	\$7,500 (age 50 or older)
Traditional/Roth IRA	\$7,000	\$1,000 (age 50 or older)
HSA	\$4,150 (single) \$8,300 (family)	\$1,000 (age 55 or older)

Source: Edward Jones.

Should you max out your retirement accounts? (cont.)

Benefits

- Give retirement savings an early boost
- Catch up on retirement savings
- Provide greater flexibility if you need to save less later

Trade-offs

- Take away money saved or spent elsewhere
- Could jeopardize other financial goals

Should you max out your retirement accounts? (cont.)

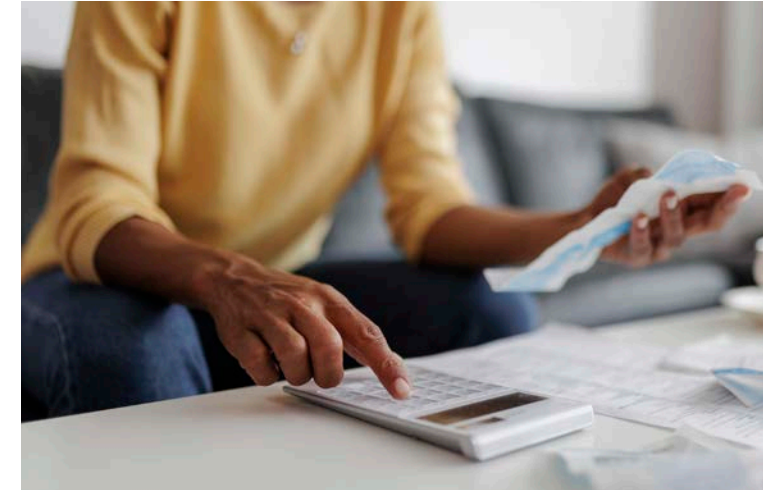
Considerations before you decide to max out



1. Maintain adequate insurance coverage



2. Build an emergency fund

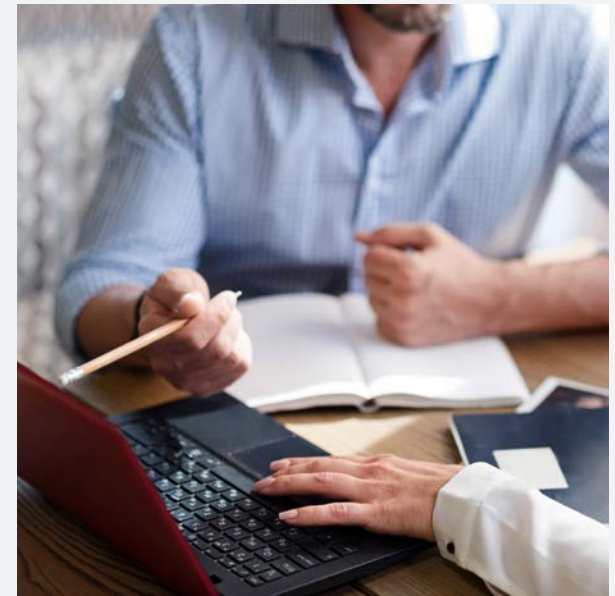


3. Pay off your high-interest debt

Should you max out your retirement accounts? (cont.)

Tax benefits of retirement accounts

- Traditional 401(k), traditional IRA and HSA contributions can lower your taxes for the year, and investments can grow tax deferred, but there can be IRS penalties for early withdrawal
- Roth account and HSA withdrawals are tax- and penalty-free, which makes each contribution dollar worth more than if it were in a traditional retirement account



Do you need an estate plan?

2 questions about estate plans:

- Who believes they should have an estate plan — or has already set one up?
- Who believes they don't need an estate plan at this point in their lives?

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.



Do you need an estate plan? (cont.)

- Regardless of your net worth, family situation or age, an estate strategy can help you control your personal and financial life
- It's never too early to put your estate strategy in writing

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.



Do you need an estate plan? (cont.)

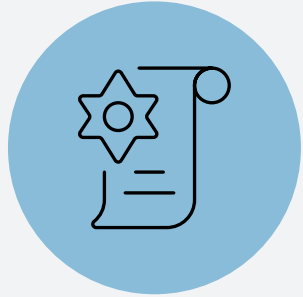
An estate strategy can help:

- Ensure your family, financial and medical affairs are taken care of
- You gain control over your financial life
- Preserve and transfer assets according to your wishes
- Reduce delays and conflict

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.



Key pieces of an estate plan



Will



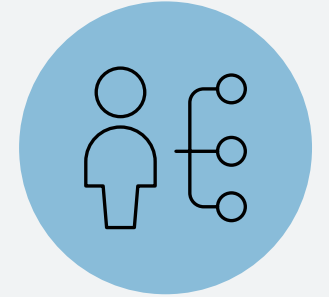
Living trust



Financial and
health care
powers of
attorney



Medical
directive



Beneficiary
designations

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.

Communicating your estate strategy

- Share roles/responsibilities with those you've named in a fiduciary capacity
- Share the location of assets, documents and passwords, as well as how to access them

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.



Do you need an estate plan? (cont.)

As a member of your financial team, I can:

Help walk you
through the process

Prioritize your goals

Coordinate with
your team of
tax and legal
professionals

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation.

More information available

- This month's issue of *Edward Jones Perspective* contains more in-depth coverage of the topics discussed today
- Please be sure to complete your seminar evaluation form
- Please contact me with any further questions or to schedule an appointment

Thank you for your time!

