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313,086

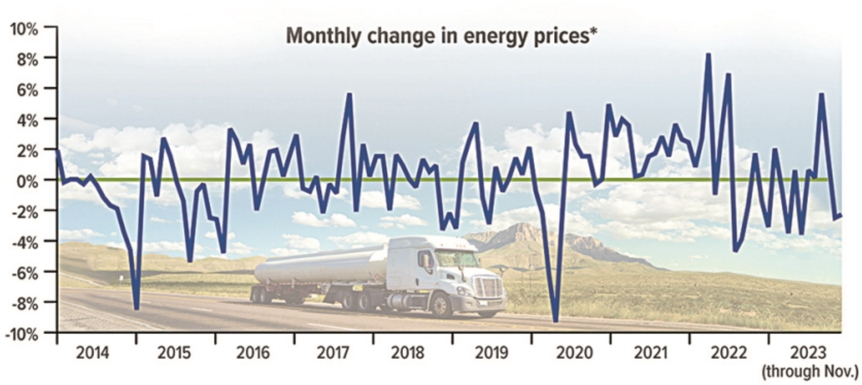
Total U.S. electric vehicle sales in Q3 2023, a record high and an increase of 49.8% over the same period of the previous year. EVs accounted for 7.9% of U.S. car sales in Q3 2023, up from 6.1% in Q3 2022. Annual EV sales were expected to surpass the 1 million mark for the first time.

Source: Kelley Blue Book, October 12, 2023

Two Ways That Volatile Energy Costs Fuel Inflation

Energy prices can fluctuate dramatically based on changes in supply or demand. According to the Consumer Price Index (CPI), energy prices across the economy fell 2.5% in October and 2.3% in November, following a surge of 7.2% over the previous two months. Gasoline prices fell 5.0% in October and 6.0% in November, providing relief after a painful summer spike of 14.3%. In fact, rapid swings in gasoline prices were often a key contributor to the monthly changes in CPI in 2023.

When energy costs are high, it can also impact inflation indirectly, as many businesses that rely on energy to produce and transport goods, or to provide services, may have to raise the prices they charge consumers.



***The CPI-U energy index tracks prices for motor fuels such as gasoline and diesel; fuel oil and propane (used for residential heating); and utilities, including natural gas and electricity.**

Source: U.S. Bureau of Labor Statistics, 2023

Extreme Weather and Your Home Insurance: How to Navigate the Financial Storm

With wildfires in Maui, Hurricane Idalia in Florida, and the heat wave that blanketed the South, Midwest, and Great Plains, 2023 was a record-setting year for extreme weather in the United States. In fact, last year the U.S. saw more weather and climate-related disasters that cost over $1 billion than ever before.[1]

As a result of these extreme weather events, many insurance companies have begun to raise rates, restrict coverage, or stop selling policies in high-risk areas. This has left homeowners in a precarious situation when it comes to home insurance, as many are now faced with higher premiums, lower home values, and the possibility of the nonrenewal of their policies.

If you live in an area that is susceptible to extreme weather events, you'll want to be prepared for the possible disruption of your home insurance coverage. The key is to act quickly so that you can manage your financial risk and help make sure that your home is protected.

Handling a nonrenewal

Depending on the state you live in, if your insurer chooses not to renew your coverage, they generally have 30 to 60 days to send you a notice of nonrenewal. Your first step should be to contact your insurer and ask why your policy wasn't renewed. They may reverse their decision and renew your policy if the reason for nonrenewal can be fixed, such as by installing a fire alarm system or fortifying a roof.

If that doesn't work, you should begin shopping for new coverage as soon as possible. Start by contacting your insurance agent or broker or your state's insurance department to find out which licensed insurance companies are still selling policies in your area. You can also try using the various online comparison tools that will allow you to compare rates and coverage amongst different insurers. Finally, ask for recommendations for insurers from friends, neighbors, and coworkers who live nearby.

Consider high-risk home insurance

If your home is deemed to be at high risk due to its geographic area, you may want to look for an insurance company that specializes in high-risk home insurance.

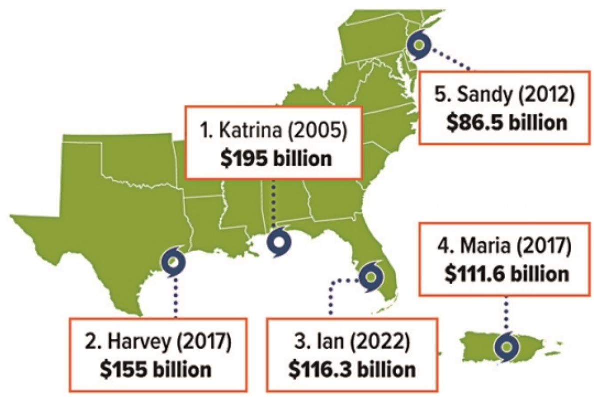
High-risk policies often have significant exclusions and policy limits and are more expensive than traditional home insurance policies. However, they can provide coverage to a home that might otherwise be uninsurable.

Use a FAIR plan as a last resort

If you have trouble obtaining standard home insurance coverage, you may be eligible to obtain coverage under your state's Fair Access to Insurance Requirements (FAIR) plan. Many states offer homeowners access to some type of FAIR plan.[2]

FAIR plans are often referred to as "last resort" plans, since homeowners who obtain insurance through a FAIR plan are usually not eligible for standard home insurance coverage due to their home being located in a high-risk area. Coverage under a FAIR plan is more expensive than standard home insurance and is fairly limited — it usually only provides basic dwelling coverage, although some states may offer other coverage options for things like personal belongings or additional structures. In addition, most states require you to show proof that you have been denied coverage before you can apply for a FAIR plan.

Five Costliest Natural Disasters in U.S. History



Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

Avoid expensive force-placed insurance

If you have a mortgage, your lender will require your home to be properly insured. If you lose your home insurance coverage or your coverage is deemed insufficient, your lender will purchase home insurance for you and charge you for it. These types of policies are referred to as "force-placed insurance" and are designed to protect lenders, not homeowners. They usually only provide limited coverage, such as coverage for the amount due on the loan or replacement coverage if the structure is lost.

Force-placed insurance policies are typically much more expensive than traditional home insurance, with the premiums being paid upfront by your lender and added on to your monthly mortgage payment. Your lender is required to give you notice before it charges you for force-placed insurance. In addition, you have the right to have the force-placed insurance removed once you obtain proper home insurance coverage on your own.

1) NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters, 2023

2) National Association of Insurance Commissioners, 2023

Can Your Personality Influence Your Portfolio? New Research Points to Yes

Academic researchers have been exploring how investors' personalities might affect their financial decisions and wealth outcomes.

In one study, three finance professors (Dr. Zhengyang Jiang from Northwestern University's Kellogg School of Management, Cameron Peng from the London School of Economics, and Hongjun Yan from DePaul University's Driehaus College of Business) surveyed more than 3,000 members of the American Association of Individual Investors — a relatively sophisticated group of market participants. These researchers examined correlations between five personality traits and the investors' market expectations and portfolio allocations.[1]

Another study (by Mark Fenton-O'Creevy from The Open University Business School and Adrian Furnham from the BI Norwegian School of Management) involved more than 3,000 U.K. participants. These authors looked for correlations between the same five personality traits and three measures of wealth: property, savings and investments, and physical items.[2]

The Big Five

Both studies were designed around the "Big Five" model of personality, which has long been used by psychologists to measure people's personalities and identify their dominant tendencies, based on five broad traits. These traits are openness to experience (curious and creative), conscientiousness (organized and responsible), extraversion (sociable and action-oriented), agreeableness (cooperative and empathetic), and neuroticism (emotionally unstable and worry-prone).

Each participant was rated on a spectrum for each trait according to how they answered survey questions, the results of which typically capture how individuals differ from one another in terms of their preferences, feelings, and behaviors.

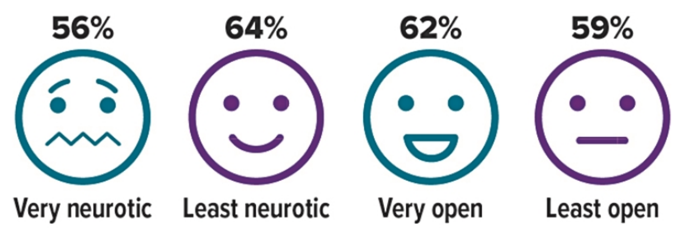
Meaningful results

The first study pinpointed two traits that were closely correlated with investors' market perceptions and investment behavior: openness and neuroticism. Investors who scored high for openness entertained the possibility of extreme market swings, but were more willing to bear the risk, and they allocated a larger share of their investment portfolios to stocks. Highly neurotic personalities were pessimistic about market performance, worried more about a potential crash, and had a smaller portion of their assets invested in stocks. Investors who scored higher on neuroticism and extraversion were more likely to buy certain investments when they became popular with people around them — which could easily take them down the wrong road.[3]

The second study found that conscientiousness was positively correlated with all three measures of wealth, even more so than education level, often because this personality type brings a diligent approach to saving and investing. Unfortunately, the traits of agreeableness, extraversion, and neuroticism were associated with lower lifetime wealth accumulation. Highly agreeable people may devote more of their money to helping others and might also be more vulnerable to financial scams, whereas extroverts could be more impulsive spenders.[4]

Both studies found common ground in one respect: highly neurotic investors tend to be risk-averse, and their volatility fears may cause them to have overly conservative portfolios.

Share of portfolio invested in stocks, by personality type



Source: *The Wall Street Journal,* May 19, 2023

Implications for investors

You might take some time to consider how your personality impacts the many financial decisions that you make in life. Becoming more self-aware may help you tap into your strengths and counter weaknesses that could prevent you from reaching your goals.

Even the most experienced investors can fall into psychological traps, but having a long-term perspective and a thoughtfully crafted investing strategy may help you avoid costly, emotion-driven mistakes. Also, discussing your concerns with an objective financial professional might help you deal with tendencies that could potentially cloud your judgment.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Although there is no assurance that working with a financial professional will improve investment results, a financial professional can provide education, identify appropriate strategies, and help you consider options that could have a substantial effect on your long-term financial prospects.

1, 3) "Personality Differences and Investment Decision-Making," National Bureau of Economic Research, March 2023

2, 4) "Personality and Wealth," *Financial Planning Review,* 2023

Don't Forget About Credit When Planning for Retirement

As you plan for retirement, you might not give credit a second thought, especially if your plan includes paying off your mortgage and other debts, and relying more on cash than credit. But retirement could last many years, and your need for credit doesn't necessarily disappear on your last day of work. At some point you may want to buy a second home, move to a retirement community, take out a home equity loan, or buy a vehicle; it's also possible you will face an unexpected expense. Keeping your credit healthy may help you qualify for a lower interest rate or better terms on a loan or credit card, or if a credit check is involved, even help you land a part-time job or obtain a better deal on auto insurance.

When it comes to getting credit, it's not growing older that matters — lenders can't deny a credit application based solely on age. The factors that affect your ability to get credit are the same as for younger people and include your debt-to-income ratio (DTI) and your credit score.

Lenders use your DTI to measure your ability to repay money you borrow. This ratio is calculated by totaling your monthly debt payments then dividing that figure by your gross monthly income. For example, if your retirement income totals $6,000 and your debt payments total $2,000, your DTI is 33%. What's considered a good DTI will vary, depending on lender requirements and loan type, but lenders generally look for a DTI of 43% or less.[1]

If there's a reasonable chance you'll be applying for credit after you retire, consider what your DTI might be as you evaluate your retirement income needs or decide which debts to pay off. And think carefully about taking on new debt obligations, including co-signing a loan for a family member.

Another major factor lenders consider is your credit score. Retirement doesn't automatically affect your score, because credit reports only reflect your history of borrowing and repaying money, not your employment status or your salary. The three things that count the most toward your score are your payment history, the amount you owe on credit cards (including the percentage of available credit you're using), and the length of your credit history.[2] So continue to make credit card or loan payments on time (consider setting up autopay or reminders), aim to use no more than 10% to 30% of your credit limits, and consider the possible negative impact of closing accounts that you've had for years but no longer use.

Another way to help keep your credit healthy throughout retirement is to check your credit report regularly to spot errors or fraudulent transactions. You can order free copies of your credit report from Equifax, Experian, and TransUnion at the official site AnnualCreditReport.com.

1–2) Experian, 2023