

Dear Clients,

As 2022 ends giving way to the New Year, we hope you have all been enjoying the holidays with family and friends and taking well-needed and deserved breaks from work, school, and everyday routines. During these days, many of you will have more time than usual to read or watch the news. We all see clearly that many of the unresolved challenges facing the world a year ago have been augmented by unexpected events leaving many of us to wonder what 2023 has in store. While the effects of the pandemic have subsided in many countries and given way to inflation, energy and food insecurity, China is in the midst of, and seems rather unprepared for, a dramatic policy change as COVID seems to have infected roughly [250 million of their citizens](#) in December. The impacts of this on the country and the world will undoubtedly be felt well into 2023.

In financial markets, 2022 has been a rough roller coaster ride, setting the S&P 500 year-end level back to 3839.50, which was a market high for the first time in January 2021. Unlike most market shocks of the past few decades, this has been a long and drawn-out affair, with the primary driver being inflation-fighting interest rate increases at the fastest pace in over 4 decades by the Fed and other central banks. One of the biggest positive surprises of 2022 has been that employment in the US, Europe, and most major economies remains strong as do company earnings (for now) while stock market investors have been riddled with fear. This is not totally unsurprising as investors in the stock market tend to be forward-looking and when the future feels more uncertain, fear sets in. In late December, the financial media seems to be switching its focus away from interest rate increases as inflation is starting to decline, and the latest fear is that unemployment will rise, earnings will decline, and a recession (mild expected in the US and more severe in Europe) seems possible for 2023.

Growing up with a father and grandfather who were both very involved with investing, I was exposed to so many of the classic quotes around finance and markets. One that comes to mind at the moment is attributed to President Truman: "It's a recession when your neighbor loses his job; it's a depression when you lose yours." For those of us who have not yet reached retirement, it is our ability to earn and good health that are amongst our greatest assets. Is negative GDP growth for 2 quarters in a row, with the strongest employment numbers in many decades, truly a recession?

Stable employment along with a strong skill set and motivation helps us to weather financial market instability, while we stay focused on long-term investing. Emergency cash reserves and appropriate levels of short-term investments, retirement income, as well as experience, also help us to get through challenging financial times. These have been particularly important for personal

financial stability, and I commend so many of you who I have spoken to this year who have been able to shrug off the stock market downturn and volatility, knowing that periods like this, while very unpleasant, are very much a normal part of being an investor.

If any of you are reading this and are concerned about your personal financial situation and your ability to reach your financial goals due to the stock market downturn, job instability, or any other concern, I would encourage you to reach out to me or any one of our advisors to see if we can help. While accurately predicting when the stock market will return to a new high point, when interest rates will peak, when the war in Ukraine will end or any other future event, is beyond our skill set, helping our clients to analyse their current situation and, as needed, helping them to modify their financial path is indeed an area where we can assist.

As I look forward to starting my eighteenth year at White Lighthouse, one of the greatest satisfactions of being a personal financial planner and motivations to try and deliver excellent advice and service, has been the gratitude that I/we have received from so many of you over the years. I also remain extraordinarily grateful to all of you for your questions, feedback, support, and the time we have been able to share together in person and on calls.

As I look forward to at least eighteen more years working together with you, I am setting the company on a path to ensure that our service will remain robust and continue to improve. Over the next 18 months or so, I hope to bring on at least four more team members and to continue to improve on our use of technology, to support all of our team in continuing education and personally to remain actively involved and available to our clients. Thank you very much to all of our team members for their hard work and dedication to excellent service and to our clients for the continued trust they place in our services!

We hope you enjoy our latest newsletter!

Inflation, Interest Rates, Unemployment, A 2023 Recession? The Federal Reserve – When Is All This Stock Market Volatility Going to End?

If you are wondering when the stock market volatility is going to end and the stock markets will return to making new highs, you are by no means alone. The biggest questions investors have had in 2022 have been how high will the Federal Reserve raise interest rates, and by direct association, when will inflation moderate? Lately however, as inflation is coming down and the Fed is slowing the magnitude of interest rate increases, the emerging worry for investors has been if the US will enter a recession in 2023. I would add to this list however, and how much does that really matter? Other than to the financial media, who will undoubtedly love to continue pedalling heavy doses of fear. Let's have a look at some numbers:

During the last three months the Federal Reserve has raised interest rates another 1.25%, by .75% on November 2nd (their 4th straight increase of that magnitude) and by .50% on December 14th for a total of 4.25% of increases since March 2022, with a Fed target rate jumping to a range of 4.25% to 4.50% (from 0.25% to 0.50%). The Fed, according to the latest [dot plot](#) is expected to have a peak rate of 5.1% in 2023 before starting to cut, though this forward-looking guidance will change based on actual financial numbers.

The speed and magnitude of the increases in 2022 and those expected in early 2023 is not unique over the last 70 years as can be seen in this [chart](#), but it is also not very common. The most comparable periods being during the early 1970s (oil shock) and the end of the “Great Inflationary” period around the early 1980s. [If you are a financial history buff and interested in the last big inflationary period, you can read more from the [Fed’s own history books on their site.](#)] Since the early 1980s it has become accepted strategically that maintaining and defending a low inflation rate (eventually settling at around 2%) was very important to maintain macroeconomic stability.

So, interest rates will stop going up, and eventually go back down once the Fed is convinced that inflation is under control. Almost by design (really by the fact that economic statistics of the past are rather more accurate than the ones that try to predict the future), the Fed will start to lower rates “too late”. Jerome Powell and the other Central Bank officials (in the US and around the world) don’t have a better crystal ball than you or I.

Let’s look at where we are on inflation, some of the key components and where we are headed.

November’s Monthly Inflation data, released on December 13th, showed the 5th monthly decline in the Consumer Price Index (CPI) to 7.1% from a peak of 9.1% in June 2022. 2022’s average annualized inflation increases of about 8% is more than double any year in the [last two decades](#) and the highest number since [1981](#).

The consumer price index (and its variations) is one of the most popular gauges of price increases. Shelter (cost of ownership and rent), Food and Energy make up over 50% of the index and are the largest three components. The monthly changes in CPI and “core inflation” (which excludes Food and Energy due to their very high variability compared to other components) have been an eagerly awaited data point throughout 2022, with the data release followed by large moves in the stock market. [Core Inflation increased by .2% in November](#), the lowest reading since August of 2021.

The good news on inflation is that Housing, Food and Energy are all trending lower and most of the COVID-related [supply chain snarls have been resolved](#). Housing prices, impacted greatly by the large increases in the interest cost of mortgages, tend to be sticky on the way down, are

giving way and trending lower after a >7% increase in 2022 and strong increases in prior years. Gasoline in the US is now down to an average of \$3.23 per gallon after peaking at over \$5.00 per gallon in June. It is now lower than any month since October 2021, well before the Russian invasion of Ukraine. This reprieve may be temporary though as China's economy starts to heat up again.

Manufactured Goods prices in November were also falling alongside Food, Energy and Housing. This is rather good news especially if these trends continue. Chairman Powell noted however that there is still inflationary pressure on the cost of services, mainly due to strong employment numbers, and so the Fed is clearly not convinced their job is done in fighting inflation.

The irony for individual investors is that strong employment numbers are not always great for stock markets, especially if it keeps interest rates high. There are over 10 million job openings in the US (more than double the number of job seekers). Most people who want a job have one or more, those who want to change jobs have plenty of opportunity and in many sectors, and there has been wage inflation. Great if you are a worker, not so great when you are a consumer or business who is dealing with higher prices. At this point in the economic cycle, it would be more common to have more large job cuts announced. While there have been some large cuts, especially in tech companies (where many companies went on a pandemic-induced hiring binge), employment remains strong and so this could slow the rate at which inflation decelerates.

Employment data is showing some degrees of easing with employers finding it easier to fill open positions than earlier in 2022. The relative strength here, and its impact on prices, is likely the last remaining pillar that will need to ease further before the Fed can come close to walking a victory lap on inflation. As a final thought, companies are not waiting for a surge in people to become available in the work force. Management, like always, will look for other solutions, especially in the use of technology, as well as locating services and manufacturing in parts of the world, that have excess employees available.

So, interest rate increases are easing and perhaps will peak in early 2023, inflation is easing in most places, and employment/services are showing signs that they may be easing, we should get a clearer picture here on January 12 (the December release of CPI) and the next few monthly reports. The remaining questions are: Will the US Economy go into recession? And, well, how much does this matter?

Before we go into the recession question, let's pivot to stock market valuations. When you own or buy shares in a company or many companies (through ETFs, other funds or individually), what you are buying is the right to a part of the future growth and earnings of those companies. Stock market valuations are an amalgamation of 1) the component company's earnings, 2) the relative attractiveness of risky stocks compared to safer investments (interest rates are the key driver in

this component), and 3) by the sentiment of investors. Investor sentiment tends to peak in stock market bubbles and trough at the bottom of a downturn, it is seen as a contrarian indicator. The American Association of Individual Investors has a [weekly survey](#), one of many sentiment measures. The 2022 [peak](#) in bearish numbers was back in September, though it has increased again in December to over 50%. Remember this is a contrarian indicator, or as Warren Buffet likes to say and is often quoted, “be fearful when others are greedy and greedy when others are fearful.”

So back to corporate profits, perhaps the most important driver of long-term valuations. Dr. Ed Yardeni has great analysis and statistics on the stock market and his [latest report](#) shows that S&P 500 earnings are declining slightly after a rather rapid increase in the last two years. Earnings are of course another backward-looking measure, and it is future earnings that really matter. Stock market analysts' primary job seems to be “guessing” or let’s call it, “making educated guesses”, on where earnings will be in the future, mostly over the next 4 quarters. The forecasts of thousands of analysts are then combined into outlooks for the market as a whole. Again Dr. Yardeni has [excellent analysis](#) here too, with 2023’s outlook being ~5% positive growth in 2023, but with the second half of the year being much stronger than the first two quarters, which are estimated as negative. Using stock market forecasts is very much like the “[wisdom of the crowd](#)” type of analysis, whereby it does a reasonable job much of the time, but not always.

And just to be clear, I am not saying that our ability to guess the future is better than anyone else. Statistically, there will always be someone who has been better at predicting the future than others over any given period of time.

So, the recession question. It does seem possible and even likely that with the rapid increase in interest rates in 2022, the US economy will experience a low growth start to 2023, possibly tipping into recession with a couple of quarters of negative growth. Is this a big deal? I don’t think so. Even if companies’ earnings go down somewhat the outlook for late 2023 and beyond is likely going to be positive economic growth. More importantly however, due to both demographics and slowing immigration, the job market is likely to remain strong for any of us who want to work whether in a current role or making a job change. If, as an investor, you can afford to be patient; interest rate, sentiment and earnings are likely to all be working in favor of future economic and stock market growth, it really is just the timing of how long this will take.

We are just about reaching the one-year mark of the last peak in the stock market (S&P 500) with 2022 having a negative return of **19.4%**. I am certainly as curious as you are to know if we will see a new high before the end of 2023. While strong stock market returns often follow a weak year like 2022, a gain of over 20% or even a gain at all is not a certainty. There is a reasonable chance that we have another market downturn in the first quarter evening hitting a new low in this bear market though I do think we are likely to get close if not surpass the all-time highs by the end of 2023, but this is highly dependant on events unknowable today.

What does this all mean for your investment portfolios? If you have an investment horizon that is “longer term”, more than a couple of years, as always, this tends to be a much safer timeframe to expect positive returns from a diversified portfolio of primarily stocks and bonds. If you have cash that you are investing for retirement or other long-term goals, we expect that now is as good a time as any (and better than at previous higher levels) to invest. On the contrary if you have cash that you are intending to use for a home purchase, cash flow, taxes or anything else over a shorter time period of 2 years or less, we think that keeping this in the currency that you will spend it in and guarding against loss of principle is more important. Please reach out to us if you have any questions or concerns on your current investments or what you may want to do with excess cash.

A Brief World Review Of 2022 And Looking Into The Crystal Ball For 2023

After the Pandemic which consumed most of the news in 2020 and 2021, it seemed this time last year that 2022 would bring some well-needed relief to the world. Well, that was not to be. In addition to inflation and interest rates which we have talked about a lot so far in this newsletter and the last few, here are a few other things that have had rather significant impacts:

Russia’s horrific invasion of Ukraine and continued senseless bombing, especially of civilians and infrastructure, have seen Putin and his regime sink to new lows. Other than those people directly impacted, the world is well on the way to adapting to the conflict. Supply chains for food and energy and transport routes are well on their way to adapting. Sanctions seem to have had little impact outside of Russia and as the war grinds on, the arms industry should have years of economic growth as depleted supplies are restored and governments from Europe (Germany especially) to the US to Japan, Taiwan and beyond are increasing their defence budgets. President Zelensky will have to continue to work hard to convince the US and EU to continue to support Ukraine if the conflict extends beyond another 6 months or so. As far as the world economy goes, wars tend to lead to economic expansion, this one looks to be no exception.

COVID-19’s impact in most of the world has diminished as treatments, vaccinations and exposure to the disease have made the virus less scary on the health front and many countries have removed most, if not all, of their COVID restrictions. Ironically the US is still requiring non-American residents to be vaccinated to enter the country though this could be dropped as early as January 2023 when the attest mandate expires.

China, of course, is the big exception on COVID where almost overnight and unexpectedly (and many would say without the appropriate preparation of the country’s health system) the country has dropped their very strict COVID policies. The news coming out of China does not look good. A little over a week ago there was an apparent leaked note from Chinese Health Officials estimating that China would have 250 million COVID infections in December. This was reported in the FT, Bloomberg and by [CNN](#). [Experts are anticipating](#) over 1 million Chinese citizens or many more could die as a result of COVID.

With the recent Communist Party Congress in the rear-view mirror and President Xi securing his third term, one has to imagine that there was a calculus between the threat of social unrest versus the impacts of the virus that led President Xi to change course. Hopefully China can get through this period with a lower loss of life than predicted. On the economic side of things, the loosening of policy should, within a few months, lead to increased economic activity around the globe. Good perhaps for those people fearing a global recession, but bad in that it may also contribute to inflation. On a net basis, this will probably be positive for the world economy.

The US mid-term elections were concluded with a lot less drama than was feared. Congress is now firmly divided, though a lot less so than Republicans and history would have forecast. A lot of this had to do with the rejection of the more extreme candidates supported by former President Trump. Most of the country is hoping that the 2024 Presidential election will not feature Presidents Biden or Trump. However, both seem firmly on the path to stay in the race. President Biden is likely to run again; his popularity has been on the upswing, but his health and stamina could become a problem. President Trump continues to have more detractors in the Republican party but, despite the ascendant popularity of Governor Ron DeSantis, the extensive investigations of the [January 6th commission](#), defending many lawsuits, and the willingness of more politicians to criticize him, President Trump's return remains a possibility, that hopefully further diminishes before the next election. A divided US government tends to be positive for the stock market and the economy, let's hope to hear a lot less out of Washington in 2023!

Clean energy, biodiversity and long-term policies to further limit the impact of humanity on the environment and climate change all seem to be gathering further support than in the past. The finance industry, for years, accused of "green-washing" their products and policies will see increased focus and regulation in the labelling and marketing of their products, and individual companies will have to report further on the risks to their businesses impacted by climate activity as well as their own efforts to be better corporate citizens. In some corners there is growing pushback on just how much social responsibility should be on the shoulders of big company executives. On balance, companies in aggregate will invest in more clean energy (incentivised by governments, shareholders and other stakeholders), and will incur costs of compliance. On balance, this will probably be a positive for economic growth in 2023.

Europe has seen its share of individual challenges too. Europe has suffered the most from energy prices, with a declining currency (relative to the dollar) and much of the Russian supply cut off, countries across the continent are struggling to avoid potentially disastrous energy shortages. While the worst predictions from early 2022 have been averted, the cost of heat and electricity is hurting business and individuals alike.

In 2022, The UK has seen the first change in the Monarchy in over 70 years, 3 different prime ministers and 4 chancellors of the exchequer. The pound briefly sunk to almost parity with the US dollar back in September, an all-time low. The UK looks likely to suffer more and more from its decision to exit the EU, the government there will likely look for ways to reverse their declining fortunes, perhaps trying to shore up the financial sector and prevent businesses from further migrating to other financial centers.

The ECB has been a bit slower in raising interest rates than the Fed and Europe is experiencing higher inflation and lower growth than the US. The ECB expects the EU to have a shallow recession and only relatively mild positive growth in 2023-2025 as communicated in their [latest reports](#). The EU looks likely to lag the rest of the world in economic growth in 2023 with energy, interest rates, inflation, and demographics all seemingly working against growth. One of the bright spots for now is employment remains relatively strong, though more than anything the EU will likely need more workers, especially in [Germany](#), to support the aging population, slower immigration, and declining birth rates.

In November 2022, the world population passed 8 billion. India's population is forecast to overtake China's in April 2023 at a little over 1.4 billion people. [According to the UN](#) the world population is expected to be 8.6 billion in 2030 and reach 9.8 billion by 2050. While the world population is growing, the growth rate is slowing due to lower fertility rates. Despite a COVID-induced reversal in life expectancy numbers in several countries, life expectancy is expected to continue increasing globally. More people, with increasing standards of living should contribute to positive economic growth for decades to come. This I believe will be one of the primary drivers of not only economic growth but also stock market growth as large companies listed on the world's stock markets are likely to capture a large share of the profits of population expansion.

With the war in Ukraine on the doorstep of the EU, it suddenly seems possible that more developed countries could be engaged in future armed conflicts. Japan and Germany are both significantly increasing their defence budgets, as are many other nations in Asia and Europe; not to mention the two largest defence budgets of the US and China. Economic conflicts will continue to happen between the US and China; though since the November 14 meeting between Presidents Biden and Xi, there seems to be noticeably less confrontational rhetoric between the two countries. A war between the US and China, over Taiwan or anything else seems like a losing proposition for both countries.

What is certain about 2023, like any year just beginning, is that unexpected things will happen both on a grand scale in the world and also for each of us individually. Resiliency and the ability to cope with the unexpected will remain as important as ever. In closely reading world events, I find that my bias is somewhat towards the optimistic, not only as a counterbalance to the overt negative bias of the news media, but also in trying to keep a grasp of probability and statistics in mind. Most events in the news end up having relatively little impact on stock markets in the long term and on the quality of each of our lives, though it often does not feel that way.

Saving money and investing are largely a tool by which we can each support our life goals and our job in both financial planning and investment management at WLIM is to help you make good choices by staying informed. We see time and again that people who read the news from trusted and rational news sources tend to be noticeably less stressed than those who consume most of their news by watching the news. Some of our favorite news sources are The Economist, the WSJ, the Financial Times, and Bloomberg and we thank the many of you who continue to send us interesting articles and encourage you to send more!

US Tax And Social Security Update

A new year and lots of new tax law changes. The accounting industry and its customers just never seem to get a break, so much to keep track of and the IRS wonders why there are so many frustrated taxpayers.

First, a quick update on Inherited IRAs from the last newsletter. The [IRS](#) has clarified their [rules](#) and now for individuals who inherit IRA accounts from someone other than a spouse, and the decedent was 72 or older (they were required to start RMDs, as the age will soon change again), then not only must the beneficiary take all the distributions within 10 years, but they are also required to take RMDs each year. Previously it appeared that non-spouse beneficiaries could defer all withdrawals up until the 10th year. The IRS has also waived penalties for missed RMDs in 2021 and 2022 under the same legislation.

The IRS, creating some more controversy as to the legality of the move since it was not authorized by Congress, has just announced a one-year delay in the requirement of companies such as PayPal, eBay, Venmo and others to issue forms 1099-K for certain users with total transactions over \$600 [currently \$20,000]. The millions (estimated at over 10 million) of additional 1099-Ks with relatively small values, will undoubtedly further clog tax return reporting for consumers, accounting firms and the IRS. Will it lead to increased compliance...yes, probably marginally.

Retirement plan contribution limits will also go up in 2023. IRA accounts will go up to \$6500 (\$7500 for those of us over 50), 401k limits will go up to \$22,500 (\$30,000 if you are over 50) and \$66,000 for SEP IRAs (or \$73,500 for those over 50).

The annual gift limitation in the US will jump to \$17,000 per year under which no gift tax or reporting is required. Many people seem to still think this is stuck at \$10,000...but no, indeed, it is now \$17,000 that every individual can give to any other individual annually.

Congress also just passed the Secure 2.0 Act, with lots more future changes now in the pipeline. Beginning in 2023, the age RMDs will start at 73, and then in 2033 it will be scheduled to jump to age 75. RMD penalties are also coming down from 50% to 25% or lower and penalty waivers are possible in some cases by filing form 5329. [Kiplinger](#) does a good job of expanding on RMD provisions in secure 2.0.

The above changes due to Secure 2.0 are the most wide reaching for many of our clients. If you want to read more about Secure 2.0, articles from [Kiplinger](#), the [National Association of Plan Advisors](#) and details from the [Senate Finance Committee](#) are a good place to start.

For those of you receiving US Social Security, or expecting future benefits, you are about to get a [sizeable raise](#). The annual COLA (Cost of Living Adjustment) will be 8.7%.

Personally, I have submitted comments, suggestions and offers to review the new US – Swiss income tax treaty that is being revised and received a nice response from the IRS Counsel's office. As any news becomes available, I will keep you posted in our newsletter.

Technology – What Is Chat GPT? What Is Zero Trust Cybersecurity?

What is Chat GPT? Well, let's have Chat GPT tell you:

GPT (Generative Pre-training Transformer) is a type of artificial intelligence (AI) model that is designed to generate human-like text. It uses a neural network architecture called a transformer, which is trained on a large dataset of text and learns to predict the next word in a sequence based on the words that come before it. The GPT model can be used to generate a wide range of text, including chat responses.

One way that GPT can be used for chat is by training it on a large dataset of conversation transcripts, which allows it to learn how to generate appropriate responses to different types of messages. The model can then be used to generate responses to real-time chat messages, allowing it to engage in conversation with humans in a way that is similar to how a human would respond.

It's worth noting that GPT is not a stand-alone chatbot; rather, it is a tool that can be used to build chatbots or other types of conversational AI systems.

The above text was generated from the publicly available and currently free [website](#) as an artificial intelligence chatbot. You can read more about it on [Wikipedia](#). Artificial Intelligence is one of the emerging frontiers of technology that will certainly impact jobs and services. The major technology companies are all working in different areas of AI (and have been for many years). Just like many technologies, the adoption will happen gradually as companies develop applications and find confidence in the services this software provides. Having experienced AI messaging systems as a consumer of software and other services, I have to say that current iterations are rather more frustrating than useful when trying to find answers, but this is likely to change.

Another interesting trend on the technology front is something called “[zero-trust-security](#)”, which is essentially giving up on much of the deemed effectiveness of the largely password driven security of information systems. Zero trust is assuming that just because someone is logged into a system, does not mean they should be trusted as being there legitimately. You may have experienced this already when logged into a system, such as a financial institution and all of the sudden when you go to do something like transfer money, or look at sensitive data, you are asked to enter your log-in credentials again. This has been, personally, rather frustrating.

Zero trust is coming along at the same time as another trend which will be to use [passkeys](#) instead of passwords. Companies such as Google, Apple, PayPal and [more](#) are already using passkeys in an effort to improve security. You can expect this trend to continue....

And just for some fun before writing on FTX and cryptocurrency in the next section, here is another sample when I asked Chat GPT to “Please write a short article, in the style of the Economist on the pros and cons of buying Cryptocurrency.”

Cryptocurrency, such as Bitcoin and Ethereum, has become a popular investment option in recent years. Some people are drawn to the potential for high returns, while others see cryptocurrency as a way to diversify their investment portfolio. However, before buying cryptocurrency, it's important to understand both the potential benefits and risks.

One of the biggest advantages of buying cryptocurrency is the potential for high returns. The price of cryptocurrency can fluctuate significantly, and some investors have made a lot of money by buying low and selling high. Additionally, some experts believe that the technology behind cryptocurrency, such as blockchain, has the potential to revolutionize the financial industry and create new opportunities for growth.

On the other hand, there are also several risks to consider before buying cryptocurrency. For one, the value of cryptocurrency is highly volatile, and prices can fluctuate wildly in a short period of time. This means that investors could potentially lose a significant amount of money if they buy at the wrong time. Additionally, the cryptocurrency market is largely unregulated, which makes it vulnerable to fraud and other illicit activities. This lack of oversight also means that there is no government protection for investors if something goes wrong.

In conclusion, buying cryptocurrency can be a risky but potentially rewarding investment. It's important for investors to thoroughly research the market and understand the potential risks before making any investment decisions. Those who are willing to take on the risks may be rewarded with the potential for high returns, but it's also important to have a long-term investment strategy and not to invest more than you can afford to lose.

Chat GPT available to the public was trained on a dataset that does not include 2022 and may be able to write better than some people, but I am not ready to outsource future newsletters to this service unless our clients find that it does a better job. We can check back in 2032 and by then I would imagine the technology will be vastly improved.

FTX Bankruptcy, Fraud And The Future Of Cryptocurrency?

When financial markets go down significantly in concert around the world, it is often the catalyst for previously unseen problems to come to light. Or as Warren Buffet likes to say, “It’s only when the tide goes out that you discover who’s been swimming naked”. It certainly looks like Sam Bankman-Fried, Caroline Ellison, and Gary Wang are the latest example, but their actions should

not be primarily seen as a symptom of the challenges that the cryptocurrency market faces. Very simply, the perpetrators (by admission so far of [Ellison and Wang in court](#)) are guilty of fraud and other crimes against the customers and investors in the trading platform FTX, in much the same way Bernie Madoff and his associates defrauded investors.

FTX was an exchange for cryptocurrency coins and tokens, in much the same way the New York Stock Exchange is an exchange for more traditional financial investments such as stocks and ETFs. FTX was founded by Sam Bankman-Fried. Alameda Research, also founded by Bankman-Fried, was a cryptocurrency trading firm and market maker, and apparently a rather unsuccessful one at that. Bankman-Fried had seen his wealth, on paper, rise well past \$15 billion, allowing him and his associates to donate millions of dollars to politicians, live a rather lavish lifestyle, and promote a philosophy of giving called [effective altruism](#).

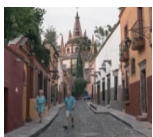
As of this writing, it appears that Sam Bankman-Fried and a handful of his colleagues at FTX and Alameda, took unauthorized withdrawals out of customer accounts at FTX, allowing the trading firm Alameda to use these assets as collateral to support their trading. The trading firm racked up sizeable assets. This has apparently been going on almost since the founding of FTX. You can read more about the brief history on [Wikipedia](#). FTX is now being led by CEO John J. Ray III, who also took over the CEO role in other past financial disasters including Enron.

The likely outcome over the coming years is the following: Sam Bankman-Fried will likely spend 10-20 years or more in prison, and other former executives who are cooperating with the investigation will also likely see prison time, a lifetime exclusion from working in the financial industry, and a lifetime of embarrassment. Just like in the case of Madoff, there will be an attempt to find assets and clawback funds from some individuals and organizations in order to partially compensate account holders. There will be lawsuits against promoters and endorsers of FTX (many celebrities including Kevin O'Leary of "Shark Tank" fame who should be most embarrassed, and Tom Brady...well, he probably did not know better) which may add to the recovery fund. Equity investors will likely get nothing and worse than that, damage to their reputations. The list of firms who invested sizeable amounts in FTX reads like a who's who of the private investment world including the following firms: Sequoia Capital, Tiger Global, Blackrock, Third Point Ventures, Altimeter Capital Management, NEA, IVP and many others. All of these firms claim to their own investors how strong their "due diligence" processes are...people in these firms, but maybe not the right ones, will lose their jobs.

FTX's bankruptcy comes at a time when many crypto investments had already lost more than 70% of their value from last year's peak, adding insult to injury. The impact on the crypto industry will be considerable, drawing more regulations and scrutiny. Many of the people working in this industry will likely migrate to other more productive use of their skills, whether in blockchain or elsewhere. Otherwise for people who were not directly involved as customers, investors or employees, there will be very little to no impact. For future investments in crypto, I still believe that people should not invest more than they are prepared to lose, this remains highly speculative.

I hope to spend less time in future newsletters writing about cryptocurrency. In the same way that I understand but am not actively interested in gambling and gaming, I can add cryptocurrency to this list. It certainly has a place in the world, I just think the use of blockchain has much more interesting applications as a digital store of value in competition with other forms of currency. Trying to compete with the relatively stable governments who have legislative and taxing authority and the ability to add some of the positive technological aspects of blockchain to their own currencies, will continue to make cryptocurrency a very risky endeavour. Consistently my advice here has been and remains, if you want to invest in it, don't invest more than you are willing to and able to lose.

Interesting links from this newsletter:



[Click to read](#)

Millions of Americans have left the country. Where are they going and why? - Washington Post



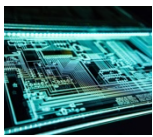
[Click to read](#)

Prosecutors charge two top executives in connection with FTX collapse - Reuters



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This is how we will replace passwords in the near future... - Cybertalk



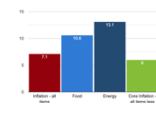
[Click to read](#)

New cyber threat landscape spurs shift to zero trust security paradigm - World Economic Forum



[Click to read](#)

The Great Inflation - Federal Reserve History



[Click to read](#)

US Inflation Eases Again with November CPI at 7.1% - US Inflation Calculator

White Lighthouse Investment Management (WLIM) Information

We gladly welcome Malina Cristisor as an administrative assistant starting in mid-January. Malina speaks four languages, (English, French, Italian, and Romanian) and is planning to continue her finance and business studies in her home country of Romania. She will be visiting us in our Lausanne office periodically for training where she will also be able to visit with her many relatives who live and work in Switzerland.

We hope to keep this section of the newsletter active with additional colleagues this year. We have made another offer for a senior role in the United States in our back office for an April start and are hoping to have a close colleague for Kathy to work on compliance, accounting, and operations. Additionally, we are in discussions with someone we know well with international tax experience and who recently passed the CFP® exam who we hope will join our financial planning team around 4th quarter of 2023.

We have reached another milestone in long journey towards getting our authorizations from [FINMA](#) [Switzerland's independent financial market's regulator]. FINMA has made their first review

of our applications for White Lighthouse Sarl and White Lighthouse Inc. and have come back with their first round of questions. [Just to get to this phase, all firms need to go through an extensive application review process with a self-regulatory organization, our SRO is [OSFIN](#)]. The process with FINMA is proceeding like any normal “audit” process, and we anticipate one or two more rounds and hope to be finished soon. We are very thankful to our compliance attorney, and Risk Officer for WLIM Sarl, [Raphael Schindelholz](#), a partner at [Bonnard and Lawson](#) in Lausanne. Raphael has been guiding us through this arduous process and has a lot more patience and legal expertise than we do!

At White Lighthouse we encourage and support our team in their continued education, not only to retain their current qualifications but also to expand their skills. Building on his recent CFP® qualifications, Otto is now studying towards the Enrolled Agent designation as tax expertise is such an important element for many of our clients. John York is building on both his CPA and CFP® and has started his journey towards becoming a CFA® (Chartered Financial Analyst).

For this last subject, it is not WLIM-specific item, but I think it will be interesting to hundreds of our clients who are the subject of the Washington Post article, “[Millions of Americans have left the Country. Where are they going and Why?](#)” Despite the fact that there are approximately 4 million overseas Americans (about 2.8 million of whom were born in the USA), this is only a little over 1% of the population who live overseas, one of the [lowest of all countries in the world](#).

Market Wrap up for the 4th Quarter of 2022:

Index	Quarter	Last months 12
S&P 500	↑ 7.1%	↓ 19.4%
Dow Jones	↑ 15.4%	↓ 8.8%
Canadian Market	↑ 4.7%	↓ 8.9%
Swiss Market Index (SMI)	↑ 4.5%	↓ -16.7%
FTSE	↑ 8.1%	↑ 0.9%
DAX	↑ 14.9%	↓ 12.3%
CAC40	↑ 12.3%	↓ 9.5%
Shanghai Index	↑ 2.1%	↓ 15.1%
\$USD against CHF	↓ 6.3%	↑ 1.3%
\$USD against €Euro	↓ 6.6%	↑ 2.6%
Federal Funds rate 4.25%-4.50%		

The S&P 500 closed the year down 19.4%, the first down year since 2018, its worst performance since 2008 (-38.5%) and only the 4th down year in the last 20 years. Since 1975 the S&P 500

was only down in consecutive years one time, in 2000, 2001 and 2002 during the dotcom crash. The tech-heavy Nasdaq was down 32.9% in 2022, (40% of the Nasdaq is only Apple, Microsoft, Amazon, Alphabet, and Facebook). The Nasdaq was only down 3 times in 20 years: 1% in 2018, in 2008 it was down over 40%, and this is the first time since the dot com crash that it was down 4 quarters in a row. The Bond market was down about 15% in 2022, its worst performance ever and this is the first time since the 1960s that both the US Stock and Bond Market have been down. Non-US Stocks did not fare better, in aggregate, they were down, in dollar terms about 18.6% in 2022. Gold ended the year flat and well; cash was slightly up since it yielded some return after the middle of the year. 2022 was indeed rather remarkable for markets, and the primary cause really has been the very rapid increase in interest rates, the Central Banks' main tool to fight inflation.

Conclusion

We would like to take this opportunity to thank all of their clients. Our entire team, as well as the many of you that work with other professional firms who work closely with us, feels fortunate that we work with so many respectful, professional, and caring people. We are thankful for all the great questions you ask, for referring us to so many of your family and friends and for often checking in on us to see if we are doing well during the ups and downs of times like 2022!

We wish you all a Happy, Healthy and Prosperous 2023 and look forward to talking with many of you in person and online in the near future!

Jonathan and the White Lighthouse Team

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Permanent Reference Information

1. Sharefile: How to access your White-Lighthouse Quarterly Reports & Other Public Information
2. Annual Privacy Policy & Form ADV Brochure Updates
3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)
4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 72
5. Annual IRA Contributions for US Citizens with earned income
6. Tax Reporting

1. Accessing Quarterly Reporting & Other Documents - Sharefile

All Clients of White Lighthouse Investment Management are entitled to have an account on our private file server. Your account can be accessed at this link: <https://wlim.sharefile.com>. If you have forgotten your username or password or would like an additional account for your spouse or other family member, please let us know. As a best practice for the security of your information we strongly recommend that you enable 2-factor authentication with your Sharefile account. It is now required and Sharefile will force weak passwords to be changed.

Your quarterly reports are generally ready before the end of 2nd working day of each quarter and will be copied to your private folders. Historical reports are also retained. The completion of the quarterly reporting is announcement but a short e-mail where you will also find the quarterly newsletter attached. Additionally, every client has on-line access and receives paper or electronic account information directly from the custodian bank or brokerage firm where the accounts are established. If you notice any discrepancies or have any questions on our reports, please be in contact as soon as you can, and we will research the questions.

White Lighthouse Investment Management does not hold custody of your assets and receiving reports both from us and your custodian is for your protection.

In addition to quarterly reporting other information available on Sharefile is:

- a. Prior Newsletters
- b. The latest ADV forms filed with FINRA for both Individuals and the Firm
- c. Privacy Policy
- d. Trade Errors and Proxy Voting Policies
- e. Proxy Votes
- f. Reference Material (e.g., how to read our reports)
- g. Clients may also store information in their private folders, especially if this is information, they would like me to keep on record.

If there is any other information you would like to see in the public section of this system, please let us know.

2. Annual Privacy Policy & Form ADV Brochure Updates

The SEC (US Securities Regulations from the Securities and Exchange Commission) requires us to circulate, at least annually, our latest Privacy Policy and to inform you that our ADV Part 2 Brochures are available. You may request any of these documents in electronic or paper format. We will leave our Privacy Policy at the end of this reference section in each newsletter and allow this to serve as a regular reminder of our updated ADV forms. These filings change periodically throughout the year and for any material changes we will also announce them in our newsletter.

In the United States, if you would like to read additional disclosure and background information on any investment advisor, broker or firm, you can find more information at this link: http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx

3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)

October 15th is the annual deadline for filing of the FBAR reports for US citizens who have non-US financial accounts worth more than \$10,000 at any time during the year. For Overseas Americans, this form seems rather intrusive, but it is mandatory and the fines for failure to file and failure to report income from these accounts are severe. The FBAR form is being replaced by the new form FINCEN 114.

Starting back on July 1, 2013, these forms must be submitted electronically, paper versions of the forms will not be accepted in the future. Please check with your tax preparer to see if you or they will be filing the FBARs for you. Below are some links where you can read more. The first one is ironic. The place that you go to file your forms is headed by “Financial Crimes Enforcement Network”; as though having accounts overseas makes you guilty until proven innocent by filing your forms:

FINCEN link – Where forms can be filed:

http://bsaefiling.fincen.treas.gov/Enroll_Individual.html

IRS Announcement:

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-%28FBAR%29>

4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 72 (formerly 70.5 and for individuals who turned 70.5 in 2019 or earlier)

Most US taxpayers who have IRA, 401k, 403b or similar accounts will be required to make an annual distribution by December 31st from their accounts or face a 50% penalty of the required amount from the IRS. For many of these accounts the broker will calculate the RMD amount for you and remind you about making the distribution. We can help to manage this process for you and arrange for the distributions to be sent out by check, transferred to a bank account, or transferred to an investment account. We generally make these distributions, unless otherwise

requested or needed for income, in the 4th quarter. Monthly, quarterly, or on-demand distributions can also be arranged.

RMD amounts are re-calculated each year based on the account value on December 31st and IRS tables related to the ages of the account holders. Some accounts (e.g., inherited IRAs) often do not have RMD calculations from the broker since these can have somewhat more complicated distribution formulas. Other accounts such as Roth IRAs are not subject to RMDs.

If you have any questions about Required Minimum Distributions, please let us know.

5. Annual IRA Contributions for US Citizens with earned income

If you are a US taxpayer with earned income in 2022 or 2023 you might be able to contribute to an IRA account. If your employer pension plan is not tax qualified in the US (e.g., most plans outside the US) then regardless of your income, you will be able to make a “deductible” contribution to your IRA account. There are many different types of IRA accounts, Traditional, Roth, SEP etc. The general contribution limit for employees is increasing to \$6500 in 2023 [previously \$6000] per individual per year and \$7500 if you are over 50 years of age [previously \$7000].

You generally have until April 15th of the following tax year to contribute, though this deadline can be extended for SEP (generally for self-employed or employees of the self-employed) IRA contributions.

IRA Accounts are a great way to supplement your Retirement savings. For many clients, we help to make regular annual IRA contributions from their brokerage accounts to their IRA accounts. If you would like assistance with this or if you have any questions on whether your current year contributions have been made, please get in contact.

6. Tax Reporting US, Switzerland & All jurisdictions.

At White Lighthouse Investment Management, we encourage all clients to meet all their tax reporting and payment requirements in whichever local, state, or federal jurisdictions they must report and pay tax to. We are not tax advisors. We do not file tax returns for clients and cannot offer legal advice in respect to taxes though we know many competent advisors who can.

What we can do is help you and/or your tax advisor(s) to determine your taxable events for any given time-period using reporting directly from your bank or brokerage firm and/or from our own reporting systems. Don't ever hesitate to ask for our assistance here as our information systems contain a vast amount of information and flexibility in reporting with respect to your accounts.

At White Lighthouse Investment Management, we do have an in depth understanding of US taxes and use this knowledge to help our clients make good decisions. In addition, we understand the complications of cross-border rules with respect to US citizens and taxpayers that live overseas, non-Americans living in the US and mixed nationality couples. We also have a good working knowledge of the Swiss taxation system.

Additionally, we can engage in tax planning both inside your investment portfolio and outside. This may have to do with what types of investments to buy or sell which investments belong in which accounts, the timing of events or gift and estate taxation. This type of planning work can be done together with you or in conjunction with other professionals such as tax advisors or estate planning attorneys.

If you have accounts with us in the United States, your most common tax reports (1099s) are generally ready by the middle to end of February. These will include dividends, income, capital gains, and losses and now my management fees that have come out of taxable accounts. Other information that will be reported will be IRA distributions. For IRA contributions, the form 5498 is generally produced by your brokerage firm but this is often done well after your tax return has been filed. If you have contributed don't forget to report it to your tax advisor.

For Swiss resident account holders who have accounts at Swissquote, by default, we started last year to request the bank to produce their official tax report. The bank charges 100 CHF plus VAT for this report. A few clients have opted out of this which may make sense when there are very few taxable events in each year. If you would like to opt out or confirm if you have done so already, please let us know.

Jonathan Lachowitz, CFP®

PRIVACY STATEMENT- 2023

White Lighthouse Investment Management, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by White Lighthouse Investment Management. We have never disclosed information to nonaffiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringement of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to executed securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer).
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about transactions between you and third parties, and information from other sources as needed to provide our services on your behalf.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.

White Lighthouse Investment Management, Inc.
Business Continuity Plan 2023 – Client Copy

White Lighthouse Investment Management, Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

Contacting Us – If after a significant business disruption you cannot contact us as you usually do by phone, email or Skype, you should call our office manager Kathleen Quintero 201-394-9067 or go to our website at <https://www.white-lighthouse.com> and contact another member of the team. If you cannot access us through either of those means, please contact your custodian or use your on-line log in to access your accounts.

Our Business Continuity Plan – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; critical supplier and counter-party impact; regulatory reporting; and assuring our customers access to their funds and securities if we are unable to continue our business.

Varying Disruptions – Significant business disruptions can vary in their scope, such as only our firm, a single location of our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. Since our firm is a “virtual firm” and our employees are all in different locations, the likelihood of this type of disruption effecting our whole business is minimal. If the significant business disruption is so severe that it prevents us from remaining in business, our clients can contact the custodian directly by phone, access their account online or if available use their checking and debit card capabilities to access funds.

For more information – If you have questions about our business continuity planning, you can contact us at 508-471-4431 or email: lachowitz@white-lighthouse.com or kquintero@white-lighthouse.com

Customer Relationship Summary

White Lighthouse Investment Management is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to enable individuals to research firms and financial professionals at investor.gov/crs. This site also provides educational materials about broker-dealers, investment advisers, and investing and we recommend that you visit this site as part of your decision-making process on choosing a financial services provider. We are happy to answer any questions that you may have about our firm, pricing and services.

<p>What investment services can you provide me?</p>	<p>We offer investment management, financial planning, and comprehensive wealth management services to Individual investors. Our specialty is serving international clients and global families including overseas Americans, non-Americans living in the United States and clients who require a global perspective.</p> <p>In order to provide investment management services, we conduct a discovery process to understand the clients' income and net worth, their goals, risk tolerance and other factors that inform the investment policy that guides the design and management of clients' portfolios. We create diversified portfolios with a custom designed asset allocation mostly composed of low-to moderate cost, high quality, liquid investments, mostly in the form of exchange traded funds from companies like Vanguard, BlackRock (iShares) and others though we may use or retain individual securities, mutual funds and bonds. We recommend the opening of securities brokerage and retirement accounts through independent custodians and use their trading platforms to manage investments. We do not work with annuities, insurance products and do not facilitate alternative investments like hedge funds, private equity and direct real estate holdings. We monitor our client accounts and investments every three months at a minimum and provide more frequent monitoring as needed or in agreement and coordination with the client. Our clients have the option to give our firm discretion to buy and sell securities on their behalf according to a mutually agreed asset allocation in the client's best interest. This authority can be given by the client at the start of the relationship and it will be active until a time where the client decides to withdraw it and notifies us. If the client decides not to give our firm discretion to buy and sell securities on their behalf, they need to understand that it is them who make the ultimate decision regarding the purchase and sale of investments.</p> <p>We provide financial planning services such as tax, retirement and estate planning, with a focus on US cross-border issues, either on project basis for clients who we do not manage assets, or on an ongoing basis for investment management clients and wealth management clients. Examples of specialized financial planning services include outbound and inbound US planning due to international relocations, business planning for professionals and owners with operations in multiple countries; rental real estate planning in and outside the USA; expatriation(surrendering US citizenship or green cards) and naturalization planning; estate and tax planning for beneficiaries of foreign trusts or complex structures and tax compliance review, including IRS international compliance programs.</p> <p>We have a minimum annual fee of \$7,500 for new clients though the minimum may be higher or lower based on service level or special circumstances.</p> <p>For additional information, please see our website at www.white-lighthouse.com and Form ADV 2a.</p>	<p>Conversation Starters:</p> <p><i>Given my situation, should I choose an investment management service? Why or why not?</i></p> <p><i>How will you choose investments for me?</i></p> <p><i>What is your relevant experience, including your licenses, education and other qualifications?</i></p> <p><i>What do these qualifications mean?</i></p>
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<p>What fees will I pay?</p>	<p>For on-going investment management services, clients will pay (quarterly in arrears after the end of each calendar quarter) a percentage of assets under management and/or a fixed fee. In some cases, the client will only pay a fixed fee. For Project work, clients will only pay a fixed fee or an hourly fee. If you are charged a percentage of assets under management, the more assets that are in your account, the higher your fee will be and the firm and individual manager may therefore have an incentive to encourage you to increase the amount of assets in your accounts under our management. All White Lighthouse fees are stated in the contract for services. There are other costs to clients associated in working with us that could include custodian fees, trading fees, interest, wire or asset transfer fees, tax reporting fees and product level fees such as the fees charged inside of an exchange traded fund or mutual fund</p> <p>More details on our Fees can be found on our ADV 1 Section 5E, ADV 2a Pages 4-6.</p> <p>You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.</p>	<p>Conversation Starters: <i>Help me understand how fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?</i></p>
<p>What are your legal obligations to me when acting as my investment manager?</p> <p>How else does your firm make money and what conflicts of interest do you have?</p>	<p>When we act as your investment manager, we must act in your best interest and not put our interest ahead of yours.</p> <p>At the same time, the way we make money is charging fees based on a percentage of the amount of assets under our management. This creates some conflicts with your interests. You should understand and ask us about these conflicts because they may affect the recommendations or advice, we provide you. Here is an example to help you understand what this means: If we recommend you to move money or financial securities into an account that we manage the more the account will be worth and the higher your fee will be. More specifically, if we make a recommendation to rollover your employer retirement plan into an IRA account managed by our firm your fees paid to us increase since we will be managing more assets. We are fiduciaries under ERISA and follow these special rules. See form ADV 2A - Retirement Account Rollovers.</p> <p>Our firm does not receive compensation based on recommendations of products or any other advice or services. The firm does not have or offer any kind of proprietary products.</p>	<p>Conversation Starters: <i>How might your conflicts of interest affect me, and how will you address them?</i></p>
<p>How do your Financial Professionals make money?</p>	<p>Our financial professionals are compensated through a salary and/or direct revenue earned by the firm from the clients the advisors service and may receive standard benefits such as health insurance, retirement fund contributions and expense reimbursement for normal and customary business expenses. Investment managers therefore earn a higher salary directly based on the amount of investments they advise on or manage. When doing project work, our advisors may earn more money based on the time spent on a project.</p> <p>Our advisors do not earn any compensation based on products sold, sales commissions. Neither the firm nor the individual receive compensation based on recommendations of products or any other advice or services.</p>	
<p>Do you or your financial professionals have legal or disciplinary history?</p>	<p>No, none of our financial professionals have any legal or disciplinary history. Visit investor.gov/crs for a free and simple search tool to research us and our financial professionals.</p>	<p>Conversation Starters: <i>As a financial professional, do you or anyone on your team have disciplinary history?</i></p> <p><i>For what type of conduct could an advisor get a record for discipline?</i></p>
<p>Additional Information</p>	<p>For additional information about our services, visit our website: http://www.white-lighthouse.com/</p> <p>If you would like additional, up-to-date information or a copy of this relationship summary, please call +1 508 471 4431 or e-mail Kathleen Quintero at kquintero@white-lighthouse.com</p>	<p>Conversation Starters: <i>Who is my primary contact person?</i></p> <p><i>Is he or she a representative of a registered investment advisor?</i></p> <p><i>Who can I talk to if I have concerns about how this person is treating me?</i></p>