

Wisdom For Wealth. For Life.®

SUMMER ISSUE | AUGUST 2023



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RonaldBlueTrust®



What Is Your Family's Culture?

We hear the word "culture" frequently. Whether it's a discussion of the influence of pop culture, the "culture wars" of varying political and social stances, or multiculturalism and cultural awareness, this word conjures up a variety of ideas and meanings.

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While we often think of cultural differences, culture is actually a unifying concept. In a broad sense, culture is defined as a collection of knowledge, experiences, beliefs, values, and other factors that are shared by generations of people.¹ Cultural anthropologists observe and study how individuals who share the same cultural framework impact their surroundings while also being influenced by the ideas, actions, and physical landscapes within their cultural context.

While it's true that we are shaped by the world we live in, we are also formed by our home environments and the people to whom we're closest.

Some questions worth pondering:

- What am I doing to shape my family's culture?
- Do my children and grandchildren know what my beliefs are?
- How would they describe our family's values?

The Influence of Family

Studies of family dynamics have demonstrated the strong influence that parents' personal beliefs and values have on their children, whether they realize it or not. One survey indicated that 80% of teens describe themselves as having the same political and/or religious affiliation as their parents.² Even in today's hectic society, with countless demands for our attention, Americans overwhelmingly report that spending time with family is one of the most important things in their lives, far outranking other competing priorities.³ Engaging in activities together, sharing common interests, and creating family traditions help build a family's culture.

Research also has shown that children benefit when family members spend intentional time with each other. As an example, positive interactions at family mealtimes are associated with reduced anxiety, stronger emotional connections, and healthier eating habits. In addition, mental health professionals treating emotional and behavioral problems in children and teenagers make it a priority to engage the family because it often leads to positive outcomes for the children and their families.

Articulating Your Values and Shaping Your Legacy

Often, we assume that the next generation will pick up on our beliefs and values without us explicitly telling them what they are. Unfortunately, that is not usually the case. It's important to intentionally show and tell your children what is important to you, what you believe, and why.

For young children, sharing your family's values may look like addressing questions or issues that arise with the statement "Our family believes ...". This positioning allows you to share your family's perspective without placing judgment on the beliefs of others. Mature issues are surfacing for younger children earlier than ever before, so it's important to have a framework that allows you to begin having discussions about your family's worldview.

For older children and teenagers, you may need to have more direct conversations about your family's values and beliefs related to religion, politics, work ethic, etc. The earlier you begin this dialogue, the easier it is to keep the lines of communication open. You have limited time when you are present with them every day, so it's important to take advantage of those fleeting moments. Difficult discussions are often intimidating, but they are also incredibly important.

Once your children are adults, it is important to share the "why" behind your values and beliefs—how your personal views were shaped and the reasons you believe what you believe. Sometimes young adults lack clarity on their identity and purpose. Without an inner compass or clear convictions, it's at times difficult for them to see where they fit in the family framework.

These conversations are especially critical if there is a family business or large inheritance at play. Often the next generation knows very little about their inheritance or the family's wealth situation. They're usually eager to understand their position so they can prepare and carry on the traditions of the family. These families, in particular, have a responsibility to establish healthy communication and trust within their family's unique culture.

¹ <https://people.tamu.edu/~i-choudhury/culture.html>

² www.pewresearch.org/short-reads/2023/05/10/most-us-parents-pass-along-their-religion-and-politics-to-their-children/

³ www.pewresearch.org/short-reads/2023/05/26/family-time-is-far-more-important-than-other-aspects-of-life-for-most-americans/



How To

If you're wondering how to pass on your values and solidify your family's culture, here are some ideas:

INVEST IN FAMILY EXPERIENCES, NOT POSSESSIONS.

Putting money toward shared experiences like family vacations, recreational activities, or faith-building events like mission trips and retreats can be a valuable use of a family's time and resources. Shared experiences give you the opportunity to have meaningful conversations about life and legacy.

HAVE REGULAR FAMILY MEETINGS AND CONFERENCES.

These gatherings are particularly critical if you're planning to transfer wealth from one generation to another. A family conference creates an opportunity for the older generation to explain how they arrived where they are, the decisions they made to get there, and how God guided their journey.

USE YOUR ESTATE PLAN TO REINFORCE YOUR VALUES.

Comprehensive estate planning can ensure that the assets in your estate are stewarded well and transferred to beneficiaries in a thoughtful way. This reflective process allows you to pass along your values while encouraging generosity and missional endeavors that are important to your family.

LEARN WHAT FUTURE GENERATIONS DESIRE.

You may be surprised to learn that younger generations desire time together and pursuing shared goals with their families. Although these generations have grown up with the internet and connection through devices, they often report feeling lonely and isolated. A recent article shared "*5 Things Next Gens Wish They Heard from Their Parents.*"⁴ These desired phrases included:

- *I'm proud of you.*
- *How do you think we could build a healthier family culture?*
- *How can we better support you in thriving in life/your career/your growth?*
- *We're here for you. We know (or affirm) that being a part of a family wealth story is complex.*
- *What would you like to know about the family wealth/business/history/our story?*

While it's important for our children and grandchildren to forge their own paths and become their own people, we believe it is equally important for them to know where they came from and the pillars that support their family's culture. Strong family values build a foundation for a healthy and nurturing household that helps children learn to be kind, responsible citizens that prioritize empathy, integrity, loyalty, generosity, respect, and perseverance.

Ronald Blue Trust advisors are passionate about guiding and assisting clients in creating a strategy for their estate and legacy plan so that family values and principles are transferred to subsequent generations. Our advisors consider it an honor to walk through these conversations with you and your family. Reach out to your financial advisor about how he or she can help you codify your family culture and leave a lasting legacy.



Example of Applying the Principles

Ronald Blue Trust clients and FamilyLife cofounders Dennis and Barbara Rainey are a powerful example of how one couple's shared values can have a tremendous impact on future generations.

The couple first met in 1971 and were married six months later. Through their shared convictions, they embarked on a vision to pursue God's plan and purpose for their family and other families. In 1976, the Raineys joined several other Christian couples to found FamilyLife, an organization that educates Christians on how to bridge the gap between the intentions they have for their families and what they experience in real life.

Last year, the Raineys decided to document their story and values for their children and grandchildren. They created a book titled *Our Story* that includes two parts. The first half tells their story of accepting Jesus, meeting each other, and doing life together. The second part offers 50 lessons they have learned in their 50 years of marriage.

We encourage you to think of practical and creative ways you can capture and share your story and values with the next generation. You can learn more about the Raineys' book and story by watching our recent *Wisdom for Wealth. For Life. Podcast: Passing On Your Legacy.*⁵

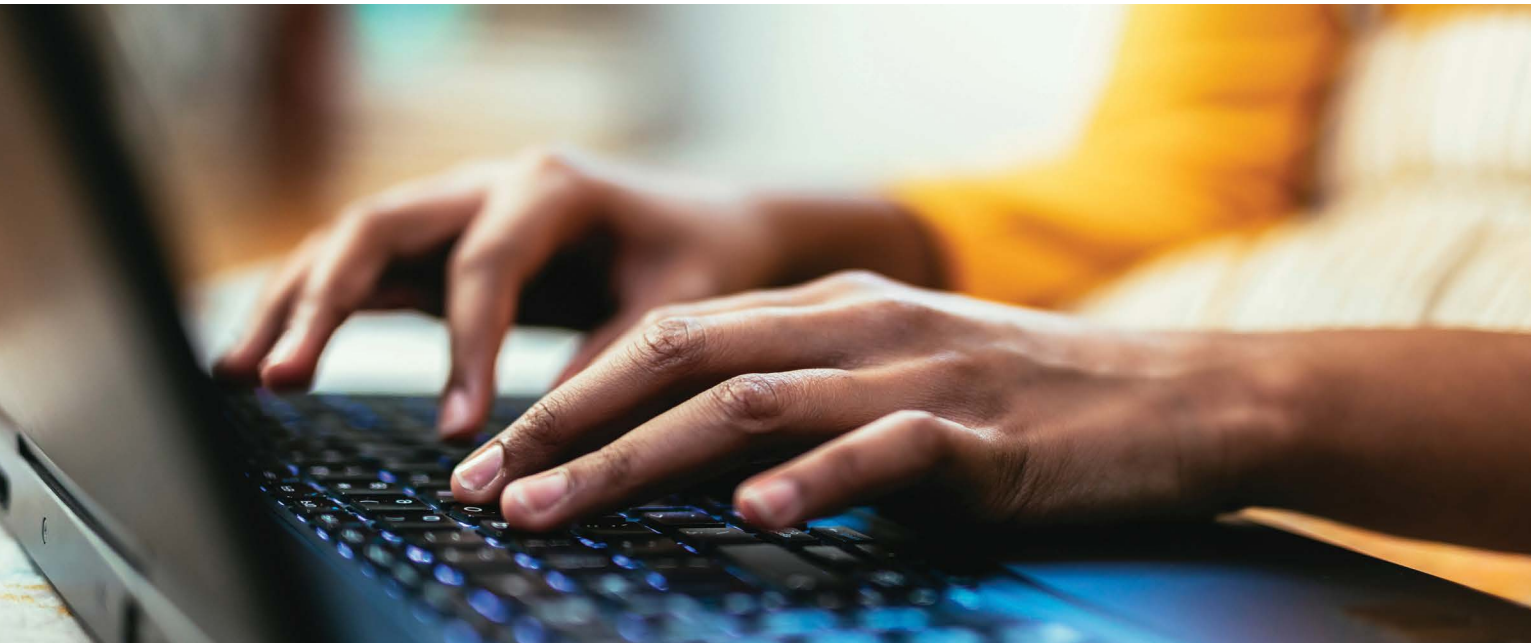
ENJOYING THIS NEWSLETTER?

We always appreciate your feedback and would love to hear what you like about our newsletter and ways we can improve it. Please take a few minutes to complete this short, seven-question survey.



⁴ <https://mailchi.mp/1a6844c95972/abby-stories-of-transformation-13687905?e=0a961acb83>

⁵ www.ronblue.com/blogs/wisdom-for-wealth-for-life-episode-25-passing-on-your-legacy/



Who Is at Risk for Financial Fraud?

HOW TO PROTECT YOURSELF.

Unfortunately, intelligent individuals are using their talents for mischievous acts, as financial fraud is on the rise and impacting Americans of all ages. We know that older people are often targets for financial scams because they usually have more money accumulated and are less technologically savvy.

However, another group that is being targeted recently is new retirees. As they enter a season of change and are potentially moving money around, scammers are looking for opportunities. In fact, it is reported that people over 60 years old lost \$3.1 billion last year, an 84% surge from 2021.¹

Examples of Common Technology Scams

It is no surprise that the most common scams occur online. Some frequent types of fraud reported include:

- Prizes, sweepstakes, or free gifts when payment is requested from the victim in order to claim fictitious prizes, lottery winnings, or gifts.
- Online merchandise sales when the goods are either never delivered or misrepresented.
- Phishing or spoofing scams when a sender pretends to be a familiar contact and asks the recipient to enter or confirm personal information.
- Fake check scams when someone overpays by check and then requests money back from the payee.

Practical Tips to Avoid Becoming a Victim of Fraud

KNOW WHO YOU'RE DEALING WITH.

With every transaction you make, be sure to verify the seller, charity, company, or organization is credible. Do a quick internet search or call the phone number on the entity's website to verify who you are conducting business with.

PAY THE SAFEST WAY.

Credit cards are the safest way to pay for online purchases because you can dispute the charges if the goods do not arrive or the services are misrepresented. However, it's important to monitor your credit card statements to ensure there are no illegitimate transactions.

GUARD YOUR PERSONAL INFORMATION.

You may receive messages that look like legitimate business email accounts. Using this veil of authenticity, hackers attempt to convince the email recipient to provide sensitive information. For example, cybercriminals try to intercept wire instructions for moving money or divert direct deposits to a fraudulent account. Be especially suspicious if someone claims they are from a business where you already have an account but are requesting personal information the company should already have on file.

STAY SAFE ONLINE.

Don't send sensitive data, such as credit card information or Social Security numbers, by email or other unsecure methods. Avoid storing passwords in email folders or unencrypted files on your computer and reset your passwords regularly. Consider using a password manager program, such as 1Password, that generates and securely stores your passwords.

BE WARY OF UNSOLICITED EMAILS OR TEXTS.

If you receive an email or text that seems odd, even if it comes from a contact you know, take caution and analyze it further. If your friends or family legitimately need financial help, they will most likely call you rather than send you an email or text. If you are unsure, then you can always follow up with them directly through another means of communication.

TAKE YOUR TIME.

Scammers may demand you make a decision or complete a transaction immediately. This time pressure is often the sign of a scam and can lead to poor decisions. Instead, take time to investigate who is requesting the money. Legitimate companies and charities will give you time to research and determine your next steps.

DON'T BELIEVE PROMISES OF EASY MONEY.

Offers of earning money with little or no work, obtaining a loan or credit card even with bad credit, or making money on a risk-free investment are probably scams. The adage, "If it seems too good to be true, it probably is," rings true. Listen to your gut and pause if something does not seem right.



CHECK YOUR CREDIT REPORTS REGULARLY.

Everyone can request free copies of their credit reports once a year. It is important to review them and make sure all of the information is correct. To obtain these reports, call 877-322-8228 or go to www.annualcreditreport.com. You don't have to request reports from the credit bureaus at the same time; you can stagger your requests, which allows you to check at varying intervals.

It's important for you to know that Ronald Blue Trust takes the security of your personal and financial information very seriously. We have rigorous cybersecurity procedures to protect your data and transactions. If you have any questions about the steps we take to keep your information secure, please contact your financial advisor.

¹ www.marketwatch.com/story/scams-against-seniors-soar-costing-some-their-homes-and-retirement-accounts-7c67be12

INTRODUCING...

BlueTrust

Our firm is entering a new season as we officially change our name to **Blue Trust**. Change is exciting but can also be uncertain. We want to assure you that your personalized experience, dedicated team, exceptional service, and unparalleled financial advice rooted in biblical wisdom will all remain the same!

The name Blue Trust continues to honor our founder, Ron Blue, and the legacy he built while also reflecting our commitment to innovation, growth, and progress. Although our name is changing, our values and mission will remain the same. We believe preserving the exceptional standards and biblical principles that have made our company preeminent over the past four decades is important.

Blue Trust resulted from many discussions over the past few years with our stakeholders—including employees, clients, and partners. As part of our process, we surveyed several clients, and an overwhelming majority (98%) said

that a new name would not impact their opinion, trust, or working relationship with the company. We hope you feel the same way.

By early 2024, you will begin seeing changes, including a new logo, website, and email addresses (the current ones will also remain active). Other updates will flow through the rest of our materials over the next 12-18 months.

WHAT IS CHANGING?

We will update our name, logo, color palette, website, and marketing brochures.

WHAT IS NOT CHANGING?

Our staff members, commitment to excellent customer service, biblical foundation, and mission will not change. Ronald Blue Trust, Inc. will remain our legal business name, so you will not have to complete or sign any new paperwork.

Thank you for your continued trust and commitment to our firm. We are proud of our past and excited for the future. We look forward to the opportunities that lie ahead as Blue Trust and we are eager for you to be a part of them! If you have any questions or concerns, please reach out to your financial advisor.

RonaldBlueTrust®

Ronald Blue Trust advisors apply biblical wisdom and technical expertise to help clients make wise financial decisions to experience clarity and confidence and leave a lasting legacy. With over \$14.5 billion of assets under advisement and a nationwide network of 17 offices, we offer comprehensive financial services and objective advice to more than 10,000 clients across the wealth spectrum in all 50 states (as of 6/30/2023 and subject to change).

The information found in this issue of the *Wisdom For Wealth. For Life.* quarterly newsletter is intended to be educational in nature and may not be applicable to your current portfolio or financial strategy. You should not rely on any of the information as authoritative or a substitute for the exercise of your own skill and judgment in making any investment or other decision. These clients' experiences may not be representative of the experience of other clients. Their experiences are also not indicative of future performance or success. All investment involves risk and should be carefully considered. While diversification can help reduce market risk, it does not eliminate it. Diversification does not assure a profit or protect against loss in a declining market. Please feel free to contact your Ronald Blue Trust financial advisor with any questions or to discuss specific changes in your current financial situation. Ronald Blue Trust and its employees do not provide legal or accounting advice or service. Work with your attorney or accounting professional for such services. Participants in retirement plans receiving a copy of this newsletter and desiring additional information should contact their plan administrator.

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Investment Perspective

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Navigating the Evolving Economic Landscape

Recession concerns, global monetary policy tightening, U.S. debt ceiling negotiations, and regional bank turmoil didn't stop markets from advancing during the second quarter of 2023 and further recovering from the pullback of 2022. Mainstream media embraced artificial intelligence (AI), touting advancements once only imagined in science fiction. As an investing theme, AI drove key equity indexes higher, fueling both excitement and worry about its impact on jobs and society.

Events and issues that shape investor sentiment have created high levels of uncertainty as we look to the second half of 2023 and beyond. Will the U.S. Federal Reserve (Fed) continue to tighten? Could banking sector issues affect the broader economy? When will global economic growth resume? Right now, there are no answers, only predictions, leaving investors torn between apprehension and eagerness.

Economic Overview

DEBT-CEILING DEAL

In January, the U.S. government reached its \$31.4 trillion borrowing limit, known as the debt ceiling. The limit is a legislative mechanism that caps the amount of money the U.S. can borrow to fund the government. Lifting the limit does not authorize new spending; it allows the government to pay for programs previously approved. In essence, the government reached its credit limit in January.

Congress has permanently raised, temporarily extended, or revised the debt ceiling nearly 80 times since 1960, often with a routine vote. After months of intense negotiations, Congress passed a bipartisan bill that was signed into law. The law suspends the debt ceiling, allowing the government to borrow until January 1, 2025.

Investors' concerns about a default roiled the U.S. Treasury market. From mid-April, yields on one-month U.S. Treasury

bills, considered among the world's safest investments, surged from less than 3.5% to more than 5.5%, briefly surpassing yields on longer-term Treasury bills.

BANKING TURMOIL CONTINUES

In May, San Francisco-based First Republic Bank became the second-largest bank to fail in U.S. history. Earlier banking turmoil caused First Republic depositors to withdraw \$100 billion in the first quarter, according to the bank, as they sought to protect funds and improve returns. In addition, First Republic experienced significant losses (mostly unrealized) as rates rose, ratcheting up pressure on its balance sheet.

Many regional banks are feeling similar pressure and have experienced stock sell-offs. These banks are significant lenders to local businesses and commercial real estate interests, and tightening lending standards or a slowdown in loans could further pressure the broader economy.

ALL EYES ON AI

Since the term "artificial intelligence" was coined in 1955, AI has become a presence in our everyday lives—just ask Siri or Alexa. New AI applications create content, such as text and images. These generative AI tools, such as ChatGPT, captured the attention of companies and investors, fueling the rally of 2023. As of June 30, the S&P 500 was up 16.9% year to date. However, the contribution to return from AI-powered stocks in the index skewed positive returns, casting doubt on the strength of the rally.

While many companies and individuals are enthusiastic about the potential of AI, they also are worried it will cause job losses, social biases, and other negative outcomes. Consequently, there are calls to slow down, adopt common standards, or regulate AI.

Our Perspective

ISSUES AROUND THE DEBT-CEILING DEAL REMAIN

Suspending the debt ceiling until 2025 doesn't address the fundamental issue—the national debt. Currently, the Congressional Budget Office projects the national debt will be \$45.2 trillion (115% of U.S. GDP) in 2033, below the pre-deal forecast of \$46.7 trillion (119% of GDP). One of Ronald Blue Trust's financial planning principles is to spend less than you earn. It is more complex for the federal government than for an individual investor. Still, we would like the government to become more fiscally responsible, even if it requires painful cuts to spending.

The debt-ceiling deal helped allay fears of a Treasury default. With superior credit quality and yields nearing 20-year highs, Treasuries remain an attractive part of a diversified portfolio.

In the days prior to the deal, some investors were concerned about the potential devaluation of the U.S. dollar and its future as the world's reserve currency. The debt-ceiling deal lowered the risk of devaluation. Still, we think the dollar is overvalued, making international equities more attractive than U.S. equities. (For more on the dollar, read "[Is the U.S. Dollar's Status in Jeopardy?](#)")

LESSONS LEARNED FROM THE BANKING TURMOIL

The failure of regional banks is concerning. However, the last banking crisis resulted from bad loans and a credit crisis. This time, it is liquidity driven. We do not believe current turmoil will lead to widespread contagion, although we continue to monitor the impact of interest rate moves and bond losses.

The banking crisis reinforces the importance of matching investments to expected cash flow needs. This is a cornerstone of our time-based approach. Banks that struggled had funded long-term investments with short-term deposits. It was a poor business decision and a stark reminder to match portfolios to time horizons and risk tolerance.

At Ronald Blue Trust, we work to maximize our clients' returns and meet their future financial goals by helping to minimize risk across the associated time horizon. We assign time horizons to goals, allocate assets to meet those goals,

monitor economic events, and adjust portfolios as needed. Currently, we have an eye on commercial real estate, which we discuss in "[The State of U.S. Commercial Real Estate: Risks and Opportunities.](#)"

OPPORTUNITIES AND CHALLENGES IN AI

It isn't yet clear how AI will affect the future, but new technologies have driven social and economic growth throughout history. AI may eliminate some jobs; however, it also will augment tasks and boost efficiency. For example, AI can make lending decisions easier, improve risk management, streamline processes, personalize customer support, and much more.

Human productivity is one of our core investment principles. We believe that growth will likely occur in markets that are more conducive to greater human productivity. AI's potential to boost productivity puts it on our radar, and we believe it is important to gain exposure. However, we believe investors currently are chasing returns in AI, and while we want exposure to technology's growth, we want our investments to have strong fundamentals.

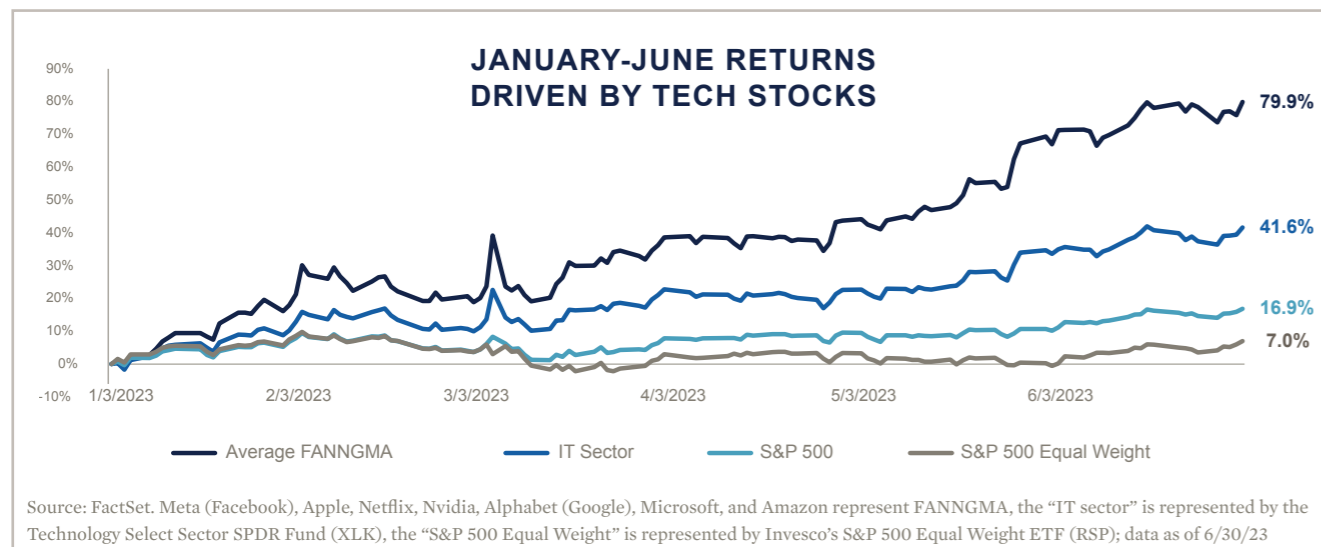
Conclusion

Markets are rife with uncertainty. Ronald Blue Trust's principle of uncertainty means we acknowledge that we don't know what the future holds. That's why we plan, save, and invest for the future. Our principle of applied wisdom tells us that the world is uncertain but not chaotic. It reminds us that applying time-tested principles can improve the probability of successful investing outcomes. So, how do we do that? The straightforward answer is to follow a diversified, thoughtful investment strategy that balances risk with reward across specific time horizons and through the market's ups and downs. We believe that staying the course, even in uncomfortable and uncertain times, can help limit losses in down markets and improve returns when markets rally.



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Principles-Based Investing

PRINCIPLE OF APPLIED WISDOM

We believe that applying principles can improve the chance of successful investment outcomes.

PRINCIPLE OF LEADERSHIP & GOVERNANCE

Leadership significantly influences the productivity of the people they lead. Environments with greater civil and economic freedom tend to provide increased fertile ground for investment.

PRINCIPLE OF INSTABILITY

Markets and economies are not stable, and provisions against uncertainty may fail. Risk needs to be managed through diversification.

PRINCIPLE OF UNCERTAINTY

Provision against an uncertain future is a reason to save and invest.

PRINCIPLE OF INHERENT VALUE

Investors and markets are not always rational. Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.

PRINCIPLE OF HUMAN PRODUCTIVITY

Wealth is created as a result of human productivity. Productivity is the combination of human creativity and natural resources.

THREE PILLARS OF OUR INVESTMENT APPROACH

Based on the principles above, the strategies we build exhibit these characteristics:

GROWTH: MARKETS WITH FASTER ECONOMIC GROWTH

VALUATION: ASSETS PRICED APPROPRIATELY

DIVERSIFICATION: ACCORDING TO YOUR TIME HORIZON & CASH FLOW NEEDS

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