Janney

JANNEY UPDATE

APRIL 2023

MOVING FORWARD TOGETHER

At Janney, our mission and purpose is straightforward—to be the highest standard of success in financial relationships and to work tirelessly to positively impact lives of our clients, our employees, and the communities in which we live and work.

Earlier this year, I assumed the role of Interim President as we announced the beginning of a leadership succession plan with President and CEO Tim Scheve transitioning to Chairman of the Firm. It is my privilege to begin a new chapter at Janney in this role after having most recently served as Executive Vice President, Chief Administrative Officer for the last ten years.

It's an honor to lead Janney and carry forward Tim's legacy—a legacy of leading with integrity and remaining focused on doing what's right for the client, always. Our leadership team takes great pride in our stability and strength as we work to deliver on our mission and purpose, and we look forward to continuing to help you achieve your personal financial goals.

We continue to invest in our digital platform to improve your online experience and engagement with your Financial Advisor and us. One example is the soon-to-be-launched redesign of Online Access, Janney's secure client portal. This upgrade makes the site easier to navigate—providing quick access to your accounts, your financial plan, the tools you use most, and financial education that's been curated especially for you and your family.

If you are not already enrolled in Online Access, I strongly encourage you to enroll so you don't miss out on all the exciting new improvements. See below for more on the new features and enrollment information.

If you are wondering how to best take advantage of the new provisions of the SECURE Act 2.0, I encourage you to read the Financial Planning Spotlight on page three, written by Janney's Senior Tax and Estate Planner, Ed Smith. Also on page three, you can learn about our next virtual event offering discussing the three pillars of health—which is provided complimentary to all Janney clients.

Thank you for your continued trust in Janney as we move forward together. Be sure to let us know how we can support you in helping you achieve your financial goals. ■

— Tony Miller, *Interim President*

Explore our redesigned **Online Access**

- Refreshed landing page with easier navigation
- Access to new Financial Wellness Tools
- A new Investing Overview at your fingertips
- Market commentary and educational articles, just for you

Not enrolled in Online Access? Visit www.myjanney.com and register for access to our secure client portal today!

ECONOMIC OUTLOOK

APRIL 2023

Mark Luschini, Chief Investment Strategist

Mark serves as Janney's Chief Investment Strategist, a recognized thought leader among industry and national media with more than 30 years of investment industry experience. He is a sought-after speaker for professional conferences and events.

Economic activity has accelerated to begin the year. Worries about a looming recession, while not evaporating, have lessened. To be sure, that is not to say inflation has been tamed so much that the risk of the Federal Reserve overtightening and causing an economic contraction has dissipated. Rather, it is the underlying strength of the labor market and consumer spending that we attribute to surprising forecasts of a more dire and imminent threat. Indeed, the pace of growth during the first quarter may not be repeated should either begin to soften but we suspect the positive momentum will be sustained for a while.

Inflation Still a Concern

Inflation remains a problem. While it has fallen from its peak reached last June, it is still far from the 2% level policymakers are targeting.

To make matters worse, recent data pointed to elements of the inflationary impulse reaccelerating, which only serves to further the Federal Reserve's resolve to lean against it by raising rates high enough to thwart its advance. Using short-term interest rates as its primary monetary tool has limitations because it notably works with a long and variable lag.

The first increase in interest rates occurred in March of last year so the impact from it—typically felt in approximately 12 months—may only now be getting traction. This, however, does not even consider the rapid and significant increases that have followed over the subsequent months, let alone those still likely to be implemented.

The imprecise timing as to when the fullness of these rate hikes will impart a drag on the economy means the risk of recession starting late this year or early next, while still pronounced, is difficult to date. In the meantime, not succumbing to the cognitive shortcoming known as recency bias and projecting today's positive economic news too far out on the calendar is a wise course of action in our view.

Jobs, Housing Show Reasons for Optimism

Meanwhile, job growth continues at a pace that is keeping the unemployment rate low which, in turn, is supportive of consumer confidence and spending. Recent surveys from the business community across both manufacturing and services have brightened and while a rising number of companies have announced intentions to trim staff, figures on weekly insurance claims have shown no material sign of an insidious pattern developing.

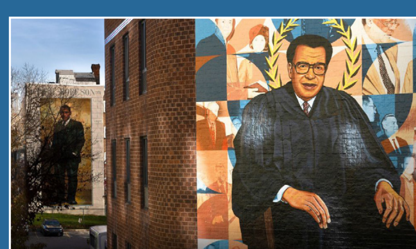
The most interest-rate-sensitive industry, and the one that first began to turn down meaningfully about a year ago, is housing. While acknowledging that many segments of the housing market have yet to stop weakening (applications to purchase a home and home prices, to name a couple), there has also been a turn for the better in another—homebuilder sentiment.

The monthly gauge from the National Association of Home Builders is an important leading indicator for the housing market and thus the overall economy because it reports on current and expected sales, as well as prospective buyer traffic. The fact that it has improved over the last couple of months is, in our view, reason for optimism about the near-term outlook for the economy and financial markets. Beyond that, further developments on inflation and monetary policy will dictate, geopolitical risks aside. ■

JANNEY IN THE COMMUNITY

Special Olympics Pennsylvania Polar Plunge

Janney sponsored the 2023 Philadelphia Business Polar Plunge, raising more than $14,000 to support local Special Olympics athletes.



Judge A. Leon Higginbotham Tribute Mural

Our firm was proud to contribute to a mural honoring the late judge's achievements and dedication to the City of Philadelphia, hosted by Mural Arts Philadelphia, The Philadelphia Citizen, and Penn Carey Law School.

Women in Natural Sciences at the Academy of Natural Sciences

Janney partnered with the Academy of Natural Sciences to support its Women in Natural Sciences program, gifting binoculars, backpacks, journals, and more to help the group explore nature.

SECURE ACT 2.0 — WHAT YOU NEED TO KNOW

A FINANCIAL PLANNING SPOTLIGHT

Ed Smith, Senior Tax and Estate Planner

Ed advises Janney clients and their families through their unique investment journeys by providing advanced estate planning, wealth transfer, and income tax planning strategies.

ARE YOU INCORPORATING SECURE ACT 2.0 PROVISIONS INTO YOUR FINANCIAL PLAN?

SECURE Act 2.0 is designed not only to make it easier for employers to adopt and administer retirement plans, but also to help individuals save for retirement. While there are nearly 100 provisions in this new legislation, we've highlighted a few below that pertain to those individuals who are retired or nearing retirement.

Required Minimum Distribution (RMD) starting age pushed back. The RMD age has been pushed back to age 73 effective January 1, 2023. In 2033, the RMD age will be increased once again, to age 75. If you turned 72 in 2022 or earlier, you need to continue taking your RMDs as currently scheduled, but if you turn 72 in 2023 and have already scheduled your withdrawal, you may want to reconsider and push it back a year. A later RMD age allows investors with IRAs or retirement plan accounts to delay taking distributions if they don't need the funds. Given the additional delay in RMD age, you may want to examine the potential benefits of a Roth conversion strategy, especially if a conversion does not push you into a much higher tax bracket.

Catch-up contribution limits increased. Starting January 1, 2025, individuals ages 60 through 63 years old will be able to make catch-up contributions up to $10,000 annually (amount will be indexed for inflation) to a workplace plan like a 401(k). Another provision starting in 2024 states that if you earned more than $145,000 in the prior calendar year, all the catch-up contributions at age 50 or older will now need to be made to a Roth account in after-tax dollars versus the current traditional deferral method.

Currently, IRAs have a $1,000 catch-up contribution limit for people aged 50 and over. Starting January 1, 2024, that limit will be indexed to inflation as well, which means the contribution limit could increase annually. This extra money can help compensate for any gaps in saving earlier or help build an even more substantial nest egg.

Qualified Charitable Distributions (QCD) limit. Beginning January 1, 2023, those who are age 70 ½ and older may elect, as part of their QCD limit, to make a one-time gift of up to $50,000 (will be adjusted annually for inflation) to a charitable remainder trust (CRT) or a charitable gift annuity. This provides a limited expansion of charitable distributions that can be made as QCDs. The amount will count toward your RMD, if required. Since $50,000 is a small amount to place in a CRT, consider comparing charitable organizations who offer charitable gift annuities programs. Both allow an annual payment which can be received for the donor's lifetime. The $100,000 annual limit for QCDs will also be indexed for inflation.

To take full advantage of this new law, and for further guidance, be sure to speak with your Janney Financial Advisor. ■

JOIN US FOR A VIRTUAL EVENT

The Power of Feeling Your Best: Rest. Eat. Move.

Wednesday, May 17, 2023 | 12:00 PM EST

Register Here: www.janney.com/healthandwellness

REST, EAT, MOVE! Chris Johnson, CEO and Founder of On Target Living®, highlights these three pillars of health, and provides step-by-step guidance toward better overall health through a combination of scientific research, real-life cases, and uniquely human stories. ■

DIVERSITY, EQUITY, & INCLUSION NEWS

Erika Whyte, Janney's Director of Diversity, Equity, and Inclusion (DEI), was the keynote speaker at Drexel University's LeBow College of Business BRIDGE Annual Sit-In. The event is hosted by BRIDGE, a program which supports underrepresented students and helps them make it to graduation at LeBow.

Every year BRIDGE hosts a 'sit-in' where students learn from industry leaders and alumni on a variety of topics. This year's theme is how to be the Greatest Of All Time (GOAT) as it relates to their education and future career journeys. ■

UPCOMING CHANGES TO ADVISORY ACCOUNT(S)

If you maintain an Advisory account(s) with Janney, beginning July 1, 2023, both a quarterly Processing Charge and Program Credit will be implemented. Both the Processing Charge and the Program Credit will appear on your Janney statement beginning in July 2023, and each quarter thereafter. Details about the Program Charge and Program Credit will be mailed to you in a few weeks, and also can be found in the Janney Investment Management Disclosure Brochure (Form ADV Part2A) found at www.janney.com.

DISCLOSURES

Statement of Financial Condition

Janney Montgomery Scott LLC ("Janney") must maintain a minimum amount of required "net capital" (which generally means net worth, subject to certain adjustments) in accordance with the U.S. Securities and Exchange Commission's (the "SEC") net capital rule. As of December 31, 2022, Janney's minimum net capital requirement was approximately $17,846,801, and Janney maintained approximately $179,601,732 in excess of its minimum requirement for total net capital of approximately $197,448,533. You may obtain a copy of Janney's audited Statement of Financial Condition as of December 31, 2022 (the "2022 Financial Statement"), at no cost, by accessing our website at www.janney.com or by calling our toll-free telephone number: 888.882.0012 and requesting a copy. The 2022 Financial Statement is also available for examination at Janney's main office in Philadelphia, PA and at the Philadelphia, PA regional office of the Securities and Exchange Commission (SEC). In connection therewith and related to Janney's Compliance Report of internal controls over compliance, Janney's independent public accountant, PricewaterhouseCoopers LLP, issued a report identifying a material weakness and a copy of such report is available at the principal office of the SEC in Washington, DC, the regional office of the SEC in Philadelphia, PA, or by contacting us at requestreport@janney.com.

Account Information Verification

The Financial Industry Regulatory Authority (FINRA) and other securities regulators require that broker-dealers maintain certain information about their clients and verify this information periodically. At the time your account was established and perhaps on additional occasions since that time, you provided Janney with account information such as your name, address, investment objective, and other data. On your June 2023 client statement, this information will be listed on the last page of your statement. When you receive your June 2023 statement, please review the last page carefully, and promptly notify your Financial Advisor if anything is incorrect. If your information is correct, no action will be required. If you have any questions, please contact your Financial Advisor.

Cash Sweep Disclosures

We would like to inform you of important updates that Janney is making to our Insured Cash Sweep option ("Insured Option") in Janney's Cash Sweep Program (the "Program"). This change will occur on or after May 1, 2023, and there is no action required on your part.

- Under the terms of the Insured Option, your available cash is swept into a deposit account at each bank ("Program Bank(s)") on a list maintained by Janney (the "Program Bank List") up to the applicable deposit limit, but not to exceed the maximum Federal Deposit Insurance Corporation ("FDIC") insurance coverage limit of $250,000 for all account types ($500,000 for Non-Corporate Joint Accounts of two or more individuals) per Program Bank. Once your funds reach the deposit limit at one Program Bank, they are deposited up to the deposit limit into another Program Bank in the order set forth on the Program Bank List.
- Currently, cash in your account above the stated program limit (referred to herein as "excess cash balances") of $2.5 million for individual accounts, certain retirement accounts and corporate accounts and up to $5.0 million for joint accounts ("Program Limit"), is invested in a Dreyfus money market mutual fund (the "Money Fund").
- Due to increased bank capacity in our Insured Option, starting on or after May 1, 2023, Janney will have the ability to sweep these excess cash balances into additional Program Banks before investing them into the Money Fund. This increased bank capacity means that it is possible, though not guaranteed, that a client could receive FDIC insurance coverage above the Program Limit when excess cash balances are invested in Program Banks. Client funds currently invested in the Money Fund through the Insured Option will also be moved to available Program Banks.
- The Money Fund will remain available in the event that Program Banks have insufficient capacity to accept additional deposits or otherwise reduce their current capacity levels in the future.
- Although depositing funds into additional Program Banks instead of the Money Fund, will result in a reduction in yield, this methodology aligns with the Insured Option selected and agreed upon by you. The current yield on the Money Fund is 3.67% for all account types (other than discretionary advisory IRA accounts) and 4.47% for discretionary advisory IRA accounts; the current rate for Program Banks can be found at www.janney.com/docs/default-source/client-resourcesdisclosures/account-agreements-terms-of-service/cash-management/rates.pdf.
- If you do not wish to have your excess cash balances swept into additional Program Banks, please contact your Financial Advisor immediately to discuss available alternatives.

Working With Janney

Depending on your financial needs and personal preferences, you may opt to engage in a brokerage relationship, an advisory relationship or a combination of both. Each time you open an account, we will make recommendations on which type of relationship is in your best interest based on the information you provide when you complete or update your client profile.

When you engage in an advisory relationship, you will pay an asset-based fee which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory accounts.

For more information about Janney, please see Janney's Relationship Summary (Form CRS) on www.janney.com/crs, which details all material facts about the scope and terms of our relationship with you and any potential conflicts of interest.

Janney Montgomery Scott LLC

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