

Big, Hairy, and Easy to Spot

By Nathan Smith

My son and father-in-law are avid watchers of shows like *Mountain Monsters* and *Finding Bigfoot*, so when I heard about the inaugural Bigfoot Festival, it seemed only fitting to chauffeur my family up for a day of Bigfoot-themed sun and fun. Booths were selling "authentic" fur and other related merchandise, and the festival started with a special Bigfoot-themed 5k race. I spoke to the organizers of the race, and they were expecting only a couple of hundred people to join the race but were shocked when over 700 people arrived. At that point, they had to stop accepting applicants because they had run out of parking for the event! It was nice to see after a year where events like this were canceled or held virtually, that it seemed as though things were starting to get back to normal.

For those who don't know, finding Bigfoot has become somewhat of a national obsession. According to a study conducted in 2020, nearly 11% of US adults believe Bigfoot to be real. Just in the last few days, an Oklahoma state representative offered a \$3M bounty for anyone who can capture and deliver a live bigfoot.¹ So, at least for the foreseeable future, I will be spending my weekends in the Smoky Mountains backcountry setting traps and working towards my goal of early retirement.

While finding an elusive animal like Bigfoot may seem impossible, another creature that the market has found equally elusive appears to have been found. That is the mythical creature known as inflation. According to the inflation report in May, inflation has made its way back into the system through elevated prices for raw goods such as lumber to finished products like used cars and home prices within the last few months. The fallout from the pandemic slowed economic growth and nearly ground to a halt the shipping of goods from our overseas trade partners. Supply chain issues, coupled with an increase in demand, have affected higher prices for end-users.

With all the news about inflation, is this a temporary issue or something that could become more permanent?

Listening to stories from my parents and clients about the late 1970s, I can't imagine anyone wants to have a repeat of those times. At this point, it's still too early to know whether or not this rise in prices is transitory, or if it could become a longer-term fixture over the next few years. One of many examples can be found in the used car market. Prices have exploded higher because new vehicle production has slowed considerably due to the microchip shortage. Some industry experts believe the issue could be solved in a few months or it may take a few years.

This could manifest itself as a larger problem if everyone started to believe that higher prices were permanent. Then we could find ourselves in a situation of higher prices leading to higher prices, and people hoarding items because they are convinced the prices will only go higher. While companies will adapt to the current situation over time and continue to maximize profits for their



Nathan's son, Elliott, and his new friend.



The American Rescue Plan Act

Shelbi Ruffino earns AIF® designation



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\$1,900,000,000,000. That is the check that Congress presented to President Joe Biden with The American Rescue Plan Act, and it was signed on March 11th. It is difficult enough to grasp the meaning of a billion dollars, let alone almost 2,000 times that number. For reference, if Congress decided to buy a \$1.5 million home with this \$1.9 trillion pot of money, it would cost them 0.00015% of their fortune or the equivalent of a one-time \$0.38 cost for someone earning \$250,000 per year.

A bill of this magnitude covers a plethora of issues and concerns. However, there are six pivotal sections of the legislation that will positively impact many Americans:

- **\$1,400 Checks:** This will be the third “round” of stimulus checks that Americans receive. For single individuals earning up to \$80,000, they will receive some payment amount (those earning under \$75,000 will receive the full amount). Those taxpayers, who choose married filing jointly on their tax returns, will receive the full \$2,800 if their income is below \$150,000; payments phase out when joint income reaches \$160,000.
- **Child tax credit:** This credit has been increased to \$3,000/child or \$3,600 for each child under the age of 6 and now includes children up to age 17. This credit is only on the books through next year, at which time Congress will have to renew it. For single individuals, the phase-out begins at \$75,000, for heads of household at \$112,500, and married couples filing jointly at \$150,000.
- **Unemployment benefits:** Congress is extending the increased unemployment weekly benefit of \$300 through September 6th. The bill also allows for up to \$10,200 of benefits to be taken tax-free with household income under \$150,000.
- **Paycheck Protection Program (PPP):** The eligibility has been expanded to include additional non-profits and limits the eligibility of “for-profit business” to those employing fewer than 300 persons. The timeline for applying has not been extended past the original due date of March 31st.
- **Fight against COVID funding:** The bill allotted \$350 billion for states, local governments, territories, and tribal governments to fight COVID. Unfortunately, there are not many details on what “funding to fight COVID” means to Washington. It is probably a safe bet that many financial issues will be addressed with these funds.
- **Cash for vaccines:** Congress allotted \$75 billion for vaccine purchase and distribution.



Beyond these six items, the legislation includes funding for Affordable Care Act subsidies, child care, a bailout for union pensions, public transportation, airports, furloughed Amtrak employees, wages for aerospace companies, emergency rental assistance, Americans facing foreclosure, vouchers for public housing, the battle against homelessness, Americans struggling to pay utility bills, the Seaway International Bridge, and the National Endowment for the Arts and Humanities.

The American Rescue Plan Act is a historic piece of legislation. Not only is it more than double the size of FDR’s New Deal, but it was also passed to assist in the first pandemic in over a century. This bill is an all-encompassing bill with an incomprehensible price tag. While it is unknown if this will be the last of the “COVID” legislation, our team at Rather & Kittrell will continue to be aware of any new legislation and ensure it is accurately reflected in your financial plan. Please contact your advisor with any questions on how The American Rescue Plan Act directly affects you and your family.

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5 Questions with Robbie Wood



Robbie joined Rather & Kittrell in November 2020. She has worked in the financial services industry for 7 years with experience in account opening, account maintenance, and research. She is excited to be working with such a wonderful group of people.

What led you to the financial services industry?

The Financial/Accounting industry seemed appealing, specifically forensic accounting. There is always a puzzle to solve. Helping our clients navigate the complicated world of investment companies and the requirements to accomplish tasks, some are more complex than others, and many of the requirements would be overwhelming and frustrating to our clients without our help. We can make them feel more comfortable about the process.

Your bio says you are originally from West Tennessee. What made you pick up and come to Knoxville?

My husband Derek, and two sons Josh and Matthew, visited Knoxville for a UT campus visit for Josh. Knoxville is a larger area than we were familiar with but still had a hometown feel. After more research into high schools for Matthew, and other area activities, we decided Knoxville would be a great fit for our family for the next phase in our lives.

Best piece of financial advice you've ever been given?

The best piece of financial advice has been to start saving as soon as possible, no matter how little the amount. You don't miss it as much as you thought.

You are a running/exercise enthusiast. What's your favorite work-out?

My favorite workout is a 3-4 mile run/walk on the greenways. The greenways are a wonderful place to run/jog/walk and just enjoy nature not far from conveniences. I don't really have a favorite greenway, it just depends on how much time I have to spend and the weather. Since there are many greenways to choose from, my husband and I have a goal of visiting all of the ones in Knoxville.

I hear you're a regular handy person! What is your worst remodel story?

My husband, Derek, is the handy person. I have assisted with drywall, painting and had to climb scaffolding. He has had to do some 'out of the box' thinking while renovating our current home which was built in 1930. He is really talented and inventive. To date, I would call our most challenging project, this current renovation. The floor joists have to be replaced/repared, new support wall for the upstairs was built, relocating the staircase, and correcting the landscaping around the home which affects the crawl space. It's been challenging, but fun.



The Wood family: Derek, Matthew, Crystal (Josh girlfriend), Josh and Robbie.

Robbie Wood is a Client Service Specialist with Rather & Kittrell. Robbie is available at rwood@rkcapital.com.

Ruffino Serves with Pride!

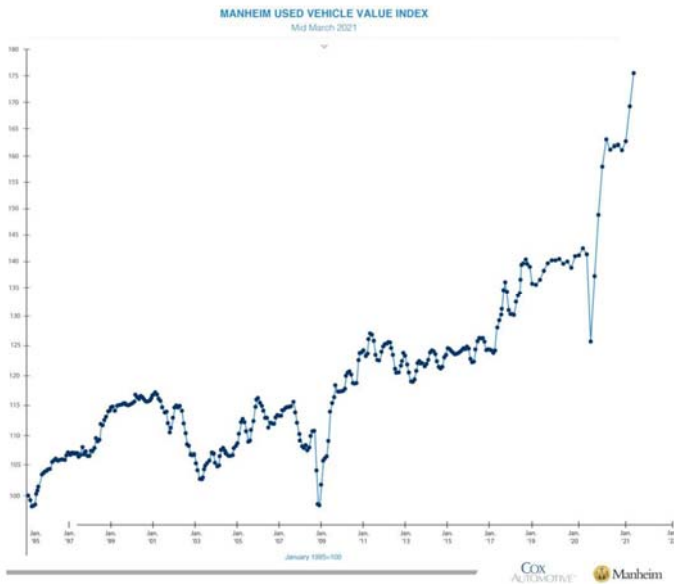


Shelbi Ruffino, CFP® (far left) has pride in the Pride! Pride of the Southland Marching Band, to be specific.

Shelbi was involved with the Pride of the Southland Alumni Council in April which honored the graduating seniors of 2020 and 2021.

The University of Tennessee Pride of the Southland Marching Band Alumni Council serves in an advisory and support capacity to the director of Bands and the Band program to support, lead, and influence the band, its leaders, and supporters of the program.

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shareholders, bond prices will likely adjust lower if interest rates go higher. The Federal Reserve pinky swears that rates will stay low, but if inflation gets too hot in the coming months, they might not have a choice and be forced to raise rates. Ultimately higher rates are a sign of economic strength, and shouldn't be feared, provided investors have positioned their portfolio to withstand it. RK has structured our bond portfolios to ensure that we have roughly half of our bond allocation in short-term bonds to provide a hedge against times of rising interest rates. The other parts of the bond portfolio consist of inflation protected bonds, and intermediate-term bonds while having no exposure to long-term bonds.

Unlike the elusive Bigfoot, inflation is easy to spot right now, but there is no guarantee that prices for items like used cars and lumber will stay at these elevated levels for an extended period. We will continue to monitor the ongoing developments to ensure that our clients are positioned for long-term financial success.

¹ <https://www.newsweek.com/bigfoot-bounty-jim-humphrey-oklahoma-1595313>

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