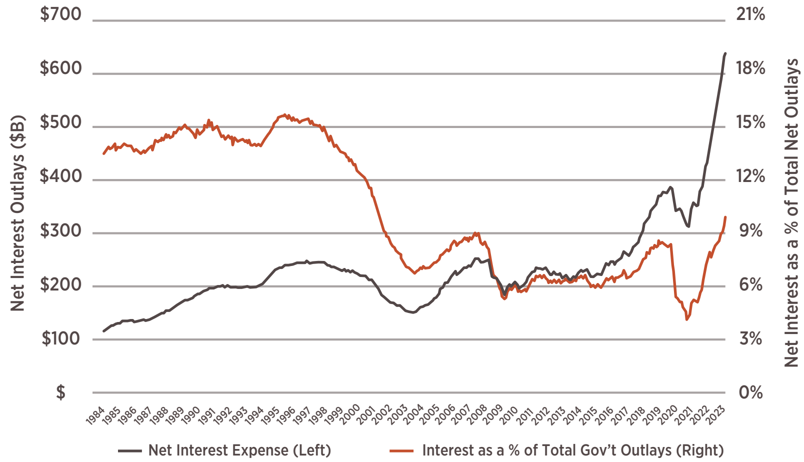
Chart of the Month

In *November 2022*, we wrote about the anticipation for interest expense in the US to rise as debt matured and needed to be refinanced at higher rates. In *February 2023*, we discussed the U.S. Government debt ceiling and the need to issue more debt in order to cover the projected shortfalls from revenue.

As you might have guessed, interest expense has exploded, reaching $850 Billion for the 12-months ending 8/31/2023 or 19% higher than the year prior. This graphic shows net interest outlays, which is approaching $650B, as well as how much of total U.S. Government Outlays are going towards that expense. It is approaching 10% of total net outlays, eating up a growing chunk of the budget. To put some additional perspective around what lies ahead:

- ***Nearly 1/3 of the US Marketable Debt outstanding matures in the next 12-months***
- ***The average interest rate on this debt is nearly 3%, and rising! It has not been this high since 2009, when the total debt outstanding was significantly lower.***

What we find interesting about this entire setup is that all of this is occurring while unemployment remains near record low! In any sense, the continuation of the Government to continue bleeding red ink, meaning they spend more than they bring in, is going to continue being a challenge that needs some sort of resolution. It is hard to get ahead, however, when you continue to take on more debt while the rate you pay also continues to climb.



Source: Bloomberg; U.S. Treasury **Data:** As of 8/31/2023

The consequence to investor portfolios as our Government's interest expense continues to grow is challenging to foresee in the near-term. The risk is more on the political front, whereas our leaders will need to find a way to combat this increasing expense or risk continuing to push the country further into a deficit. An increasing deficit means additional borrowing. More borrowing means more Treasury supply. More supply with stable (or even declining) demand means higher rates. While higher rates benefit the saver, for the U.S. budget, this could be the beginning of a vicious cycle.

Conquering Retirement Challenges for Women

Women and Investing

Get creative. If you plan to or have taken off time from the workforce, try and increase your contributions to your retirement accounts while you are working. If you're staying home while your spouse works, you may be able to contribute to an individual retirement account. A spousal IRA may be an option for you. If you file a joint return, you may be able to contribute to an IRA even if you didn't have taxable compensation as long as your spouse did. Each spouse can make a contribution up to the current limit; however, the total of your combined contributions can't be more than the taxable compensation reported on your joint return. Beginning in 2023, the SECURE 2.0 Act raised the age you begin taking RMDs to age 73. If you reach age 72 in 2023, the required beginning date for your first RMD is April 1, 2025, for 2024.[1]

If you're caregiving for an elderly relative, there are ways to be paid for your time. Many adult children wonder if they can be compensated for the countless hours that they spend caregiving for their aging parents. This is especially true with those family members who are caring for a loved one with Alzheimer's or another form of dementia. Many variables impact whether a loved one who requires care is eligible for such assistance, and what many people fail to ask, is if they, themselves as caregivers, are eligible.[2] Do your research and speak to a trusted advisor about your options.

Get involved. One of the best things you can do is to get involved in conversations about finances. Many women undervalue their knowledge in this area and having regular conversations with your spouse, family, and financial professional can help ensure that you always know where things stand. To learn more helpful steps you can take as you move into retirement, visit **6meridian.com/2023/09/conquering-retirement-challenges-for-women.**

Sources: 1. https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits 2. https://www.payingforseniorcare.com/paid-caregiver/elderly-parents

	Source: Bloomberg 2023	September	YTD	2022	Benchmark
Stocks	United States	-4.8%	13.1%	-18.1%	S&P 500
	Intl Developed	-3.4%	7.1%	-14.5%	MSCI EAFE
	Emerging Markets	-2.6%	1.8%	-20.1%	MSCI Emerging Markets
Bonds	US Investment Grade	-2.5%	-1.2%	-13.0%	Barclays US Aggregate
	US Municipals	-3.6%	-1.8%	-9.5%	Barclays Municipal Bond 15y
	Intl Investment Grade	-3.3%	-3.2%	-18.7%	Barclays Global Aggregate xUSD
	Global High Yield	-1.6%	5.0%	-12.7%	Barclays Global High Yield
	Emerging Markets $	-2.3%	0.9%	-15.3%	Barclays Emerging Markets USD Aggregate
Other	Commodities	-0.7%	-3.4%	16.1%	Bloomberg Commodity
	Gold	-4.7%	1.3%	-0.3%	Gold New York Spot ($/oz)
	Oil	8.6%	13.1%	6.7%	Crude Oil WTI/Global Spot NYMEX

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