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FINANCIAL OUTLOOK

FALL 2024

WATCH OUT FOR RETIREMENT DERAILERS

To help make sure your retirement isn't derailed, consider these tips:

1. START SAVING NOW. Because of the power of compounding, starting to save for retirement just a few years earlier can make a huge difference at the end.

2. SAVE NOW TO SPEND LATER. This is where it's critical to make a budget for current expenditures, a retirement budget, and a plan for how to make retirement work. That plan may involve trimming current expenditures, scaling back retirement expectations, or both.

3. PREPARE A RETIREMENT PLAN. Unless you plan to work until the day you die, a retirement plan should be an integral part of your overall financial plan. Think seriously about things you might want to spend money on before or during retirement and then build that into your retirement plan.

4. REVIEW THE IMPLICATIONS OF TAKING SOCIAL SECURITY BENEFITS BEFORE REACHING FULL RETIREMENT AGE. For people who are near retirement age and lose their jobs, taking Social Security at age 62 can probably seem like a far better idea than trying to

get a new job at that age. But it's important to understand that while the government will let you start taking benefits at age 62, you'll be penalized for it: for an individual born in 1960 or later who retires at age 62 instead of age 67 (full retirement age), his monthly benefits will be reduced by 30%.

5. HAVE A CANDID CONVERSATION WITH YOUR PARENTS OR OTHER FAMILY MEMBERS WHOM YOU MIGHT CARE FOR IN OLD AGE. Talk about how they'll want to be cared for and the means they have to pay for such care. Urge them to consider long-term-care insurance.

If you have already been impacted by a retirement derailer, here are five ways to get back on track:

1. TAKE ADVANTAGE OF CATCH-UP PROVISIONS. If you are 50 or older, you can contribute more tax-deferred income to a 401(k) or IRA (these are so-called catch-up contributions). In 2024, you can contribute \$7,500 more to a 401(k) or 403(b) plan and \$1,000 more to an IRA.

2. SEE WHERE YOU CAN TRIM EXPENSES TO SAVE MORE. Boosting your savings to get back on track for retirement might be easier than you

ORGANIZING YOUR ESTATE

Estate planning is an ongoing process that rightly entails careful recordkeeping, review, and updates for the rest of your life to keep up with changes in the markets, laws, and your family. When you've finished creating the plan, the next step is to make it possible for your survivors to activate it easily and confidently when the time comes. That means organizing your estate so all those documents are readily available.

While it isn't necessary or even

desirable to keep every piece of paper documenting your financial life, keeping the most important documents well-organized can save significant time for settling your estate.

Recognize that it's not just the estate documents you've created that you have to organize. It's also a wide array of documents that serve as proof of purchase and ownership of your assets which document yours and your spouse's key life events. One of the best ways to organize

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WATCH OUT

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think: most of us spend more than we realize on discretionary items like meals out, clothing, travel, and other personal expenditures. Take a hard look at your budget and see where you can cut back — even \$100 per month can make a difference in your retirement savings.

3. EVALUATE YOUR INVESTMENT CHOICES. Review your current asset allocation. Many individuals close to retirement pull money out of the stock market, missing out on significant investment opportunities. That said, you want to ensure your asset allocation is appropriate (not too heavy in equities) given your age and target retirement date.

4. REEVALUATE YOUR RETIREMENT LIFESTYLE. Most financial advisors recommend you be able to replace at least 70% of your pre-retirement income during retirement. So if you planned to spend 85% of your current income in retirement, you might be able to scale back and still retire comfortably.

5. WORK LONGER. When Social Security was created in 1935, the average American 65-year-old man could expect to live to age 78 and the average American woman to 80. Today, the average American 65-year-old man can expect to live to 84.3 and the average American 65-year-old woman to 86.6 (Source: Social Security Administration, 2022). In that context, working five more years might not be such a sacrifice — and it can make a big difference in the retirement lifestyle you can afford. For a 60-year-old who has a retirement account balance of \$250,000 today and contributes \$2,000 a year, pushing retirement back from age 65 to age 70 would yield an additional \$158,410 in total savings (not counting Social Security) — adding \$300 per month to the individual's retirement income.

No matter where you're at on the path to retirement, please call to discuss this in more detail. ○○○

DEALING WITH BOND PRICE FLUCTUATIONS

There are two primary factors that affect bond prices — interest rate changes and credit rating changes. Interest rate changes will typically cause a bond's value to fluctuate more than credit rating changes.

As interest rates rise, a bond's price falls, while the bond's price will increase when rates decrease. Simply put, bond prices and interest rates move in the opposite direction. Also, bonds with longer maturity dates are more vulnerable to interest rate changes, since the difference will impact the bond for a longer time period. One of the reasons longer-term bonds typically pay higher interest rates is because there is more risk that interest rates will change during the bond's life.

Credit ratings also influence a bond's price. When a bond is issued, rating agencies assign a rating to give investors an indication of the bond's investment quality and relative risk of default. Typically, higher-rated bonds pay a lower interest rate than lower-rated bonds. After the bond is issued, the rating agencies continue to monitor it, making changes if warranted. A bond's price tends to decline when a rating is downgraded and increase when a rating is upgraded. The price change brings the bond's yield in line with other bonds with a similar rating. However, these price changes are typically minor if the rating changes by only one notch. Certain downgrades are more significant, such as a downgrade that moves a bond from an investment-grade to a speculative rating, a downgrade of more than one notch, and a series of downgrades over a short period of time. In those situations, you should review whether you want to continue to hold the bond.

If you want to minimize the risk of price fluctuations, consider

these tips:

- If you hold a bond to maturity, you receive the full principal value, so you won't be affected by any price fluctuations. Thus, consider purchasing bonds with maturity dates that match when you will need your principal.
- Consider investing in bonds with shorter-term maturities, which are less susceptible to interest rate changes.
- Design your bond portfolio using a ladder, so you'll have bonds coming due every year or so. This strategy typically lessens the effects of interest rate changes. Since the bonds are held to maturity, changing interest rates won't result in a gain or loss from a sale. Bonds are maturing every year or two, so your principal is reinvested over a period of time instead of in one lump sum. If interest rates rise, you have principal coming due every year or so to reinvest at higher rates. In a declining interest rate environment, you have some funds in longer-term bonds with higher interest rates. A bond ladder keeps your bond portfolio invested in a range of maturity dates, evening out your interest income over time.
- Choose bonds that match your risk tolerance. Safer bonds, such as U.S. Treasury bonds or investment-grade corporate bonds, are less susceptible to credit rating risks. ○○○



ORGANIZING

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them all is to collect them by category and create another master document that explains what they are, where they are, the first steps your spouse needs to take to get the settlement of your estate started, and contact information for all the advisers with whom he/she needs to connect.

Below is a description of documents your spouse needs, with examples of specific documents in each category. After collecting them, store them in a place that protects them from fire and water — either a home safe or a safety deposit box at a bank.

- **ESTATE PLANNING DOCUMENTS:** Your last will and testament, living will, all trust documents, power of attorney declarations, and any funeral instructions.
- **PERSONAL DOCUMENTS:** Certificates of birth, marriage, and death of other key relatives, divorce and separation agreements, adoption papers, and military records. In addition, make copies of your driver's license, Social Security card, health insurance and/or Medicare card, and any organ donor cards.
- **OTHER LEGAL DOCUMENTS:** Examples include pre- and post-nuptial agreements, corporation or partnership agreements, and leases.
- **FINANCIAL ACCOUNT STATEMENTS AND SECURITIES CERTIFICATES:** Keep and periodically refresh all your bank, brokerage, mutual fund, and other investment account statements. Also include any stock, bond, or saving certificates.
- **COPIES OF YOUR LIFE INSURANCE POLICIES:** Make sure you include copies of the beneficiary designations and recent statements of any cash values.
- **REAL ESTATE DOCUMENTS:** These should include all deeds, mortgage, and title insurance documents, and copies of your homeowners' insurance policies for all properties you own.
- **RETIREMENT PLAN DOCUMENTS:** Be

SIGNALS TO BUY AND SELL STOCKS

Knowing when to buy and sell stocks can be confusing. Fortunately, there are a few signs that point to stocks worth buying right away or selling while you have the chance.

WHEN TO BUY:

INCREASING MARKET SHARE. Making smart investments is all about the ability to spot leaders in different sectors. You don't want to be too late and end up buying too high, but it is also difficult to know the real longevity of the current market leaders. At the very least, market leaders can make a profit in the short term.

TRAILBLAZING COMPANIES. When a company like Facebook comes along, it changes the world for its customers and for its investors. Investors who can spot groundbreaking technology and manage to get in on the ground floor can experience a huge payoff.

PAST EARNINGS AND TRACK RECORD. As an investor, it can be very exciting to try to look for the winning companies of the future. But even though it may not come with the same thrill, investing in companies with a proven record of stability can help stabilize your portfolio's returns. It's crucial to do your research on any company before you invest, but some signals are clearer than others. For example, if the company keeps churning through CEOs, you might want to

stay away, but long term, stable leadership could indicate a safe and good investment.

WHEN TO SELL:

DELAYED EARNINGS REPORT. When a company is publicly traded, it is required to submit earnings reports on time. If a company delays their filings or earnings reports, it is considered a red flag and investors may respond with panic. Even if you are willing to stick with the stock, be aware that others may not and there could be a pull-back.

FIERCE COMPETITION. Competition on its own drives innovation. But if you own stock in a company that has yet to deal with real competition and now faces it, you will need to watch its progress carefully. A competing company could cause a shift in the market that devalues your stock.

WEAK ECONOMIC FORECASTS. All industries and sectors are subject to economic forecasts in some way. Even sectors that typically perform well, even for multiple years, can be negatively affected by economic pressure. When an investor has had positive experiences in a specific sector, it can be hard for them to move on, even when the economic forecast spells bad news for stockholders. Therefore, it's a good idea to keep from getting too attached to your comfort zone and diversify by buying and selling in multiple sectors. ○○○

sure to include all plan and account documents, beneficiary designations, and statements of all workplace retirement plans, IRAs, annuities, and pension plans you own and statements of your Social Security benefits.

- **VEHICLE DOCUMENTS:** All documents related to the automobiles, motorcycles, scooters, boats and airplanes you own. Include all titles, loan statements, and insur-

ance policies for each vehicle.

- **CREDIT CARD AND OUTSTANDING DEBT DOCUMENTS:** Keep and periodically refresh copies of your credit card, education, and any other outstanding personal loan balances.
- **TAX RETURNS.** This file should always contain full copies of at least three years of federal, state, and local income tax returns. ○○○

FINANCIAL DATA

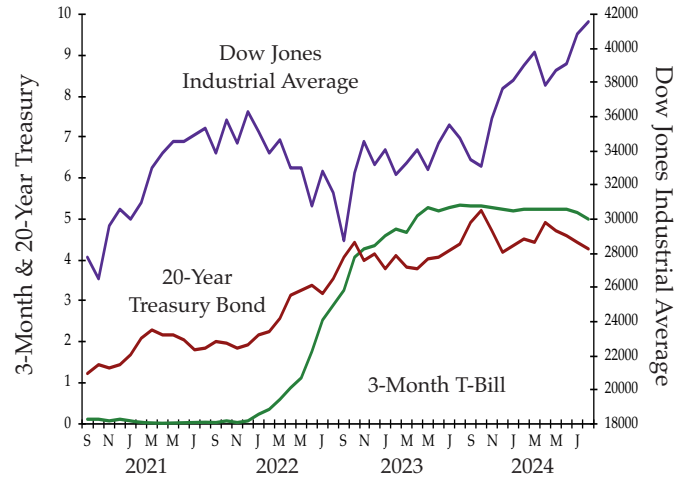
Indicator	Month-end				
	Jun-24	Jul-24	Aug-24	Dec-23	Aug-23
Prime rate	8.50	8.50	8.50	8.50	8.50
Money market rate	0.50	0.48	0.47	0.48	0.57
3-month T-bill yield	5.24	5.15	4.98	5.26	5.34
10-year T-bond yield	4.36	4.09	3.91	3.88	4.09
20-year T-bond yield	4.61	4.44	4.28	4.20	4.39
Dow Jones Corp.	5.51	5.43	5.06	5.17	5.78
30-year fixed mortgage	7.47	7.24	6.98	7.09	7.66
GDP (adj. annual rate)#	+3.40	+1.40	+3.00	+3.40	+2.10

Indicator	Month-end			% Change	
	Jun-24	Jul-24	Aug-24	YTD	12-Mon.
Dow Jones Industrials	39118.86	40842.79	41563.08	10.3%	19.7%
Standard & Poor's 500	5460.48	5522.30	5648.40	18.4%	25.3%
Nasdaq Composite	17732.60	17599.40	17713.62	18.0%	26.2%
Gold	2330.90	2426.30	2513.35	21.5%	29.4%
Consumer price index@	314.07	314.18	314.54	2.4%	2.9%
Unemployment rate@	4.00	4.10	4.30	16.2%	22.9%

— 4th, 1st, 2nd quarter @ — May, Jun, Jul Sources: Barron's, Wall Street Journal

4-YEAR SUMMARY OF DOW JONES INDUSTRIAL AVERAGE, 3-MONTH T-BILL & 20-YEAR TREASURY BOND YIELD

SEPTEMBER 2020 TO AUGUST 2024



Past performance is not a guarantee of future results.

NEWS AND ANNOUNCEMENTS

YOUR BOND ALLOCATION

Your asset allocation mix represents your personal decisions about how much of your portfolio to allocate to various investment categories, such as stocks, bonds, and cash. How much you allocate to each category depends on your financial objectives and personal circumstances. However, it is a percentage that is likely to change over time. Some factors to consider include:

- **YOUR RISK TOLERANCE.** The advantage of including both stocks and bonds in your portfolio is that when one category is declining, the other category will hopefully help offset this decline. One way to assess the percentage of bonds to include in your portfolio is to look at how holding varying percentages of stocks and bonds would have impacted your average return.
- **YOUR TIME HORIZON.** The longer your time horizon for investing, the more risk you can typically tolerate in your portfolio, since you have more time to overcome any significant downturns in your portfolio.

- **YOUR RETURN NEEDS.** Your need to emphasize income or growth is likely to change over your life. When you are trying to accumulate significant assets for a goal far in the future, you may want to allocate more of your mix to stocks.

Once you decide how much to allocate to bonds, you need to ensure that you also diversify within the bond category. With bonds, there are many ways to diversify, including:

- **BY MATURITY DATES.** You can purchase bonds with short (three years or less), intermediate (three to 10 years), or long (10 years or longer) terms.
- **BY ISSUER.** You can purchase bonds issued by the federal government and its agencies, municipalities, corporations, or international issuers.
- **BY TYPE.** There are numerous types of bonds, including callable, zero coupon, inflation protected, and high yield. ○○○

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