Soundings

What's New – April 2025

Quote of the month:
"It is uncertainty, far more than disaster, that unnerves and weakens markets". John Steele Gordon

I started my practice in the year 2000, just as the markets were about to get hit…*HARD*. The "dot.com bust", 9/11 in 2001. It was a rough patch to say the least. But we recovered. Like many, the Global Financial Crisis of 2008-09 gave me PTSD. But we recovered. The Covid crash, "Aye caramba cried Don Gato!" We recovered…briskly in that case. See a pattern? It might be different one day, the old timers out there remember 1983's made-for-TV movie, *The Day After*. But then, it won't matter. The reason we exist is to help keep you on track. It's not about the daily numbers…we're Financial Planners. It's about your long-term ability to accomplish all that's important to you and to leave something to those you love when you've moved on. That is our purpose and we are ferociously committed.

As for the markets, March put a new spin on the old saying "*In like a lion…*", and went out like a *slightly smaller lion*. We all watch the news. Uncertainty over tariffs and general trade policy of the new administration trying to live up to its promises of BIG change. But it's a new month, and we're soon to get some much-desired clarity on policy and goals. Big moves in one direction often lead to big moves in the other and those who keep their cool are those who historically reap the rewards.

Recent research found that the average U.S. worker has at least eight jobs in their career. That same research pointed out some hidden dangers lurking in the transitions. In this month's ***Market & Economic Commentary***, I've placed a piece that addresses it all and more importantly, provides advice on how to navigate the hazards and stay on track for a successful and rewarding retirement. It's an easy read, well worth your time. First, the numbers…

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Market Update – Year to Date Returns

Major Indexes	As of April 1st
Dow Jones Industrials	-2.0%
S&P 500 Index	-5.0%
NASDAQ	-10.7%
MSCI EAFE (International)	6.2%
Russell 2000 (small cap index)	-9.8%
Bloomberg Capital Aggregate Index (Bonds)	2.8%
XAU (gold/silver)	28.9%

D.A.L.I. Signals - 4/01/2025

U.S. Equities	Commodities	Int'l Equities	Cash	Fixed Income	Currency
297 27.2%	**279** 25.6%	221 20.3%	**131** 12.0%	85 7.8%	78 7.1%

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. The MSCI EAFE (Europe, Australasia and Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Bloomberg Barclays Capital Aggregate Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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Market & Economic Commentary

Recent tax law changes and longer-standing trends in employer practices have positioned automatic enrollment as the norm in defined contribution retirement plans. While that's good for savers entering the workforce, it can actually derail savings for mid-career professionals. According to Fiona Greig, global head of investor research and policy at Vanguard, plans on average auto-enroll new employees at only a 3% salary deferral. They also tend to automatically escalate deferrals by only 1% each year up to a cap of 10% or less — if at all. These numbers might be appropriate for young people starting their career with competing financial priorities like paying down student debt or establishing an emergency fund. But a 3% salary deferral is likely too low for mid-career professionals and pre-retirees who are encouraged to save between 10% and 15%, even with a generous employer match.

Greig explored this dynamic during a presentation at the American College of Financial Services' Horizons retirement planning conference. She encouraged advisors to take action when their clients are switching jobs and remind them to "keep their savings on track." "Most people see a slowdown in their retirement savings rate when they switch jobs — often precisely when they're getting a raise," Greig said. "They stick with the default savings rate even if they've been saving more previously. An unconscious choice like this during those job changes could result in having nearly $300,000 less in retirement wealth." The slowdown, Greig explained, is just one of many frictions that job-changers can experience in their savings journey. It's a big challenge for retirement security, as the average U.S. worker has at least eight jobs in their career. "Job changes are among what I call the 'moments that matter,' when it's critical to get good advice and to take action," Greig said. "Simply by encouraging a client to get back to their prior savings rate or even consider ticking up the contribution rate after a job change and a raise, the advisor can make a real difference in the financial lives of their clients."

Greig pointed out that more people will turn 65 in the United States during 2025 than ever before, and it will take some three decades before a similar "silver tsunami" is reached when the peak of the millennial generation reaches traditional retirement age. "On top of that, baby boomers have amassed $82 trillion in wealth — more than double that of the generation that came before them," Greig said. Boomers, of course, are poised to spend a lot of that wealth in retirement, especially on health care and supportive living arrangements. "The truth is that many baby boomers have more than enough, but many are also likely to fall short of the necessary funding," Greig observed. "And so we are primed to see either the greatest wealth or liability transfer that this country has ever seen." It's an environment in which solid financial advice will be valuable to Americans across generations. The older generation will benefit from guidance on building sustainable retirement income plans, while younger generations will need advice about inheriting money and dealing with the "sandwich generation" challenge. "Those surplus assets or retirement savings deficits are likely to land, disproportionately, in the hands of women, first as widows and then as daughters and granddaughters," Greig said. "In a typical heterosexual married couple, the woman has a 7-in-10 chance of outliving her husband. Often, if she does so, she can expect to live another decade."

Ultimately, these dynamics create both opportunity and risk. When Vanguard asked clients whether they considered themselves an "investor," most women said "no," as did 3 in 10 men. Instead, most people identified as savers. "This is great news," Greig said. "Consistent saving is the most powerful driver of reaching any financial goal. But savings alone aren't sufficient for retirement. Investing savings helps them grow, and financial wellness best practices such as paying down debt and setting aside money for emergencies should also come into play." Fortunately, Greig noted, investing success doesn't have to depend on what clients label themselves. "It's about what we do," she concluded. "Everyone can make smart moves with their investments. Each aspect here offers an opportunity to create a moment that can matter for ourselves, our parents or the next in line. As baby boomers retire, it's a great time to think about who's next in line and to show up for them in those savings moments that matter most."

John Manganaro, "This New-Job Mistake Could Cost Clients $300,000 in Retirement", Think Advisor, March 28, 2025.

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On a Personal Note

I've read that we live in a secular world but I'm not buying it. There are signs of God everywhere if you open your eyes to it. I just finished the book, *Indianapolis*, and miracles abound throughout. The local tie-in was fun. Hunter Scott was an 11-year-old sixth grader in Pensacola when the movie *Jaws* changed his life. Like all of us, he was both horrified and captivated when he heard salty Captain Quint talk about the ship's secret mission, it's sinking and the plight of the survivors. When his dad confirmed the story true, Hunter decided to make it the subject of his *History Fair* project, so beginning a five-year journey that would ultimately lead to the exoneration of the ship's former captain, who'd been unjustly court-martialed… a cover-up for negligence up and down the Navy chain of command. It's a riveting story, coauthored by Lynn Vincent and Sara Vladic who themselves spent seven years of intensive and exhaustive research to bring their book to bear. All three spent countless hours interviewing survivors and others involved in the episode and throughout, it is clear that faith played an integral part of the story. Hunter Scott's sixth grade teacher shared how the bright young man could recite bible verses on command. In the black of night, as he prepared to leap into the unknown from the fatally listing, burning ship, Marine Corporal Ed Harrell was rightly terrified. But he called out to God and, "In the blink of an eye, his fear was replaced by a sudden enfolding peace that Harrell would remember as supernatural…in that moment Harrell knew he would make it." After spending 4 days and 5 nights in the middle of the ocean, their discovery itself is nothing less than a miracle and the heroics and love of fellow brothers-in-arms by those who effected the rescue are a testament to all that is good in humanity. Such a powerful book that I read from cover to cover, and in the acknowledgments, the authors start by thanking God for choosing them as the storytellers and for being there on the journey. Hallelujah. Coincidentally, on the day I finished the book, the National Naval Aviation Foundation hosted an event titled, "From Devastation to Exoneration. Remembering the USS Indianapolis". It was a spectacular event; the keynote speaker was none other than current Navy Commander Hunter Scott. You can check it out on YouTube by clicking: https://youtu.be/seyRzkMLImY?si=11pnFWAJhkkIFlnj

Back to Kentucky, autumn of 1996. After a couple months of intensive training on disease states, pharmacology, and sales presentation skills, me and my team were ready for the arena. We faced no gladiators or lions, just the gauntlet of gatekeepers, competitors, and healthcare practitioners who were the target of our finely honed sales pitches. I was one of a team of four, pushing a line of top-notch pharmaceuticals aimed at a broad variety of cardiovascular diseases. For the gate-keepers, I'd begin each day at the supermarket, picking up boxes of cookies on which I'd plaster stickers of the pills in my sample box. For my competitors, I was armed with an encyclopedic knowledge of the advantages of my products over theirs, ready to shine a spotlight on their adverse side-effect profile (diarrhea was always a favorite) For the healthcare professionals, a brief and concise "detail" (we were also known as "detail-reps") of a couple of the drugs I represented while handing out a fancy pen or some other "tchotchke" to keep their attention. My team consisted of Norm, a burly Philippine-American and son of two physicians; Marcia, a smart, highly likeable professional and the first open lesbian I'd met at that point in my life (I'd been pretty sheltered), and Darren, a handsome Charlie Sheen look-a-like who, as such, had an unfair advantage with the gate-keepers. My favorite Darren story, as he tells it, took place one afternoon, in a tiny, rural, western Kentucky town in our territory. While gassing up his trusty Ford Taurus (the ugliest car ever invented and staple of most drug reps), a local man approached him and began a conversation. "You ain't from around here, are you?" he stated plainly. "No, I'm not, but how can you tell", replied my handsome counterpart. "You've got a full rack", was his answer. "What do you mean?" asked Darren. "A full rack…you've got all your teeth!" To be continued…

Until next month, with warmest regards,

Jon, Collin & Sandy

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