



Soundings

What's New - August 2025

Quote of the month:

“The man who is a pessimist before 48 knows too much; if he is an optimist after it, he knows too little.” Mark Twain

The man also known as Samuel Clemmons had a way with words, but I'm not a fan of those above. After 61 ¼ laps of the sun, I'm an optimist and in my humble opinion, life gets better every year. Sure I hurt more in the morning, often don't recognize my face in the mirror, and suffer from an occasional bout of CRS (can't remember "stuff"), but that's the price of admission to the *not dead yet* club. On the positive side, I have a better understanding of the world and my place in it, I've a roof over my head, food in the fridge, clothes on my back and confidence in the long-term continuation of all three. I know you didn't ask, but as us old folk are wont to do, here's some advice from my moto-mentor, "Ride with a smile, Attitude matters."

The US equity markets marched higher in July, fueled by a trifecta of earnings resilience, optimism around trade negotiations and the passage of President Trump's "One Big Beautiful Bill." The S&P 500 has notched 15 record highs in 2025 - setting 10 new records in July alone - but tariff headwinds loom. A pause is likely and from a seasonal standpoint, August and September tend to be some of the weaker months for the US markets. Nothing to be concerned about, nor actionable as the underlying indicators are very healthy. We have a quarterly rebalance coming and will lean into the strength, which at present, continues to be towards stocks.

Is 60 the new 35? When it comes to retirement savings, maybe so. In this month's *Market & Economic Commentary*, I've placed a piece from planner and author Ric Edelman, who makes a strong argument that, given the reality of an extended lifespan, many of the assumptions of the past might need a reboot. It's an interesting read, well worth your time, and a topic we discuss often with clients. First, the numbers...

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Market Update - Year to Date Returns

Major Indexes

As of August 1st

Dow Jones Industrials	3.7%
S&P 500 Index	7.8%
NASDAQ	9.4%
MSCI EAFE (International)	16.8%
Russell 2000 (small cap index)	-0.8%
Bloomberg Capital Aggregate Index (Bonds)	3.7%
XAU (gold/silver)	50.3%

D.A.L.I. Signals - 8/01/2025

Domestic Equities	International Equities	Commodities	Cash	Currency	Fixed Income
263 24.1%	248 22.7%	238 21.8%	129 11.8%	117 10.7%	96 8.8%

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

How do you build a portfolio that generates income for a client who lives beyond age 100? That's the new challenge for financial advisors. The old rules are breaking down because a large proportion of today's clients are going to live far longer than you or they have been expecting.

I've been studying aging for more than two decades, and served on the boards of the Stanford Center on Longevity and the Milken Institute's Future of Aging. It's not just that today's newborns will live to 100 (Stanford says half will); MIT's Age Lab says that today's 65-year-old couple has a 50% chance that one of them will live to at least age 95. Can your clients' portfolios generate income for them for that long? No, if you're still relying on the traditional 60/40 glidepath. The idea of placing 60% into stocks and 40% into bonds — and then reducing the equity allocation as the client ages — works well for retirements that last only 10 to 15 years. But this approach fails when that investor lives to 100 or beyond.

It's Not Just Aging That's Changed. We've enjoyed a bull market in bonds pretty much nonstop since 1981, when the 10-year Treasury yield peaked at about 15%. From that point until the past decade, interest rates steadily fell. You know that bond prices rise when interest rates fall. Combine the yield with the appreciation, and it's easy to see why financial advisors were happy to recommend such high allocations to bonds. But those days are gone. The 10-year Treasury is now under 4.5%, and no one is expecting substantial declines in interest rates. That means bonds can't perform over the next 40 years the way they did in the past 40.

Add the ever-present challenges of inflation, volatility and longevity, and you can see why determining the correct allocation for client portfolios — and making the right adjustments for them as they age — is the new big challenge for financial advisors. You've seen others start to offer commentaries on this, with some arguing that the answer is to reconsider the 4% withdrawal rule (Morningstar recommends lowering it to 3.3%). But reducing the distribution rate isn't the answer. Instead, the correct response to longevity is simple: We need to completely revise the 60/40 glidepath.

The Portfolio of the Future. There are two components to portfolio allocation, and advisors need to update both. First, clients need to allocate more to equities than merely 60% of their assets. The correct allocation is at least 80% and as much as 100%, depending as always on the client's circumstances and risk tolerance. Equally important: Advisors must update — meaning extend — the glide path. That means not merely allocating more to equities than we've generally done in the past, but maintaining that higher allocation for far longer as the client ages.

Think about it: Most advisors would tell a 30-year-old client who's saving for retirement to place 100% of their portfolio into stocks, on the premise that the client has 40 years to go and can thus tolerate occasional market downturns (and even benefit from them, thanks to rebalancing, dollar cost averaging and tax-loss harvesting). That premise now equally applies to today's 60-year-olds! After all, they too have 40 years to go! This is why 60 is the new 30, and 80/20 is the new 60/40 — and that 80/20 ought to be held well into the client's eighth and ninth decade of life. It also means we must reconsider the components for this new, larger equity allocation — to help make sure that your client gets the returns needed to support the income they'll need for decades.

In my recent white paper, I showed how changes in allocation dramatically alter long-term outcomes. This includes adding uncorrelated assets to complement stocks and bonds. Your clients are going to live to age 100, and they're counting on you to deliver them the financial security they need. This is why we must all rethink and revise the 60/40 glidepath — so that your clients' money can last as long as they do.

Ric Edelman, "For Retirement Savers, 60 Is the New 30", Think Advisor, July 21, 2025

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On a Personal Note

Synchronicity:/Noun. A phenomenon where an event occurs with such eerie coincidence as to suggest a supernatural intervention. My brother Jay shared that his *step-nephew-in-law* (families can be complicated!), a retired Army Ranger, had recently written and published a book. I love to read and he had a fascinating story, so I picked it up. “Lockjaw, the Relentless Pursuit of Personal and Professional Advancement” chronicles the life of Dr. Sean McPeck. Sean was raised in the wilds of Alaska, by his single dad, living off-the-grid in conditions that would either kill you or make you a pretty hearty soul. It was the latter for Sean, who would go on to become an elite Army Ranger, more specifically, a sniper engaged around the globe in the most hazardous assignments. He left the Army for Veterinary school, but returned upon graduation, as an officer and combat Veterinarian. As I read about his work with the dogs, it reminded me of an old friend, Gene, a former Special Operations Dog Handler and Vietnam veteran. I literally knocked on Gene and his wife Vicki’s door more than 25 years ago, and introduced myself as part of my business building strategy. An added twist, they were both avid motorcyclists and a pair of big Harleys sat in the garage. I’d lost touch with them about 8 years back but decided that morning to send Gene a copy of the book that I knew he’d enjoy. Here’s where it gets all *Twilight Zone*. Three hours later, at the office during lunch, Collin came in and asked if I knew anyone named Gene. Collin and Jackie have been looking to buy a home and set up alerts when candidates fitting their needs became available. It turns out Gene and Vicki were selling a house that might fit the bill. I still had Gene’s cell number, so we gave him a call and surprisingly, he picked up. We had a wonderful reunion, talked about his house, and left the ball in Collin & Jackie’s court. I don’t know how the story will end but it’s beginning sure was curious.

From Collin: Since forever, my dad told me I’d get my name on the front door of the office when I become a Certified Financial Planner (CFP). As many of you know, I have been working towards that goal for the past few years. It is a long, grueling process, consisting of 7 master’s level courses, a comprehensive review of all the material covered, and finally, a friendly 6 hour, 170 question exam, full of case studies and scenarios designed to pull from every aspect of the material. I’ve joked that it was more challenging than the four years of a finance degree at UCF, and way less fun! For most of 2025, I have spent my early mornings, nights, and weekends studying, with my *D-Day* set for mid-July. Driving to take the exam that morning, I pictured my future-self, walking out of the testing center knowing the last three years of hard work had paid off. And when I walked out for real, mission accomplished, with the weight of the world temporarily lifted from my shoulders, the first call I made was to my dad, to tell him “You’d better call a sign company!” While it is a huge relief to have passed the exam and become a Certified Financial Planner, to me the knowledge I gained in the process is where real value lies. I have never been more confident in my ability to serve our client family. At the same time, I know learning is a lifetime journey, and I am committed to continue to be the best at what I do. Next up, Jackie and I have a wedding to plan!

Back to Jon: Collin’s rapid ascent in this noble vocation got me looking back at my own beginning. August marks the start of my 26th year of service, which began almost accidentally. Our young family was living in western Kentucky, and I was pushing a portfolio of cardiovascular meds to primary care and various “ologist” MDs as a pharmaceutical rep with a leading company. I was coming up on three years in, where said company had a policy that performing reps looking to relocate could put in for a transfer provided there was an opening in their desired destination. From the moment we left Florida, I shared this policy with my wife and begged her for patience. It turned out, the former Marine who got me both the job, and whose wife introduced me to Kathleen, let me know that a position was about to open up in Pensacola. Naturally, I pounced, and we anxiously waited for word. Unfortunately, I don’t “wait” well, so I got with a realtor and listed our home within a few days. In the meantime, lack of feedback from my company got me looking into other career options should the transfer fall through. My career was uncertain, but the move was happening. We were close with our neighbors, Tracy, a financial advisor, and his wife Deborah, who ran the office. I decided to sit down with them to learn about a day in their life. To be continued...

Until next month, with warmest regards, *Jon, Collin, & Kelly*

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