



# FINANCIAL STUFF

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INSIDE

TO ROTH OR NOT TO ROTH	THE PRESSURE CAN BE GREAT!	SPEAKING OF CHARITABLE	ANNUITIES
BITCOIN, CRYPTOCURRENCY...	COASTING TO THE FINISH LINE	BERKSHIRE ANNUAL REPORT	MARKET CORRECTION = -10%
GOOD INTENTIONS	TIME TO PANIC?	WHAT ABOUT THE CHILDREN?	MAKE MONEY BY NOT LOSING IT!
YEAH, YEAH...	SPEND<EARN (RETIREMENT INCOME)	WEALTH INEQUALITY?	HISTORY DOESN'T REPEAT...



CJ — Social Chairman

## CHOOSING A TRUSTEE AND/OR EXECUTOR

This can be the most important decision in estate planning. Depending on the circumstances, trustees and executors need to handle much more than money. Being able to trust them is critical, but make sure they are familiar with the situations they may face. Family members may understand you very well, but they also may have issues with other family members or divided loyalties that complicate the situation. Can they be impartial and professional? Even small estates can be complicated dependent on the individuals involved. No one likes the cost of a professional trustee or co-trustee, but it may be the best option. Estate documents should be very specific with who gets what and who does what. The documents should have direction on how to solve conflicts and situations that may develop. Explaining your plans to children while you're alive is very helpful; especially when family heirlooms, vacation home, family business, etc. are involved. If the children have different priorities and wishes, then definitely have plenty of detail and go over it with the children personally. The principles apply to estates of all sizes. If you do nothing, then strangers may end up settling your estate. (Source: Financial Advisor)

## WHERE ARE WE?

There's always mysteries and, like politics, two sides of the fence to stand on. There are many reasons not to invest today. **BUT!** History teaches, and 2024 was no exception, that despite all the bad news, the human condition continues to improve. There is plenty of good news. Manufacturing is returning to the USA. We remain the strongest economy in the world. Artificial Intelligence is the current megatrend. Before it was the PC, Internet, Smart Phones, the Cloud... The impact for all was underestimated. Drug discovery and robotics are improving health care and life expectancy. We are watching each day and adjusting as needed. Speaking of advances, technology continues to automate the financial planning process. There is so much one can do for free today; investments, taxes, financial plans, legal documents... Wisdom is still sold separately, but we are adjusting our service model to accommodate those who can do things themselves for free. (Source: Capitol Group, JFR)

## POST COVID STILL SLOW

It's not being talked about much, but many aspects of our economy are worse than where we were before the pandemic.

■ US manufacturing is down 6%

■ Inflation remains above 3% versus 2%

■ Consumer Confidence is at 137 versus 170

■ Average hourly earnings adjusted for inflation are \$11.24 versus \$11.72

With real purchasing power down, the average American household is not saving money. Credit card balances and loan delinquencies are climbing. Labor force participation is ~60% versus ~62%. Food prices are up 35%. The cost of housing is up 25-50% dependent on the location. (Source: AIER)



## TO ROTH OR NOT TO ROTH

The benefits are real. Tax free earnings, tax free withdrawals, no required minimum distributions (RMD)... **BUT!** Contributing money after taxes to a Roth versus before taxes to a traditional plan may not be the best road travelled. The same applies to converting to a Roth from Traditional. The primary mystery is what will the taxes be tomorrow versus today? No one knows. Traditional contributions lower your taxes today. Roths do not. The easy example is a teenager working for the summer who will owe no income taxes. A Roth contribution makes perfect sense for him/her. Who is going to inherit the money? If they are in a lower tax bracket, then it may be best to let them pay the taxes. Your taxes could increase down the road for a variety of reasons, so, once again, we have to make an assumption about tomorrow that may not come true.

There is the possibility of withdrawing money to pay for long term care where there will be no taxes after deducting the cost on your Schedule A. If you're planning to give money away, after 70 ½ you can make tax free contributions (QCD) from your traditional plan to satisfy your RMD. 401k plans do not allow QCDs, so the money would need to be in an IRA.

Another recent change in tax law is the elimination of the stretch provision for non-spouse beneficiaries. What about state tax law? There are some tax unfriendly ones. Another variable for married couples is the survivor may end up in a higher tax bracket. What to do? *"Divide your portions?"* Put money in both traditional and Roth? Each situation is unique. There are many variables/assumptions. Keep in mind the IRS gets their money today in a Roth. That is their primary goal. (Source: JFR, Financial Advisor)

## BITCOIN, CRYPTOCURRENCY, TOKENS, MEME COINS...

*A good investment? A new asset class? Protection from the government?* There is ~\$4 trillion in the many options available. The meme coins are best described by Bloomberg, "The highly volatile tokens have no underlying assets to back up their value and no obvious practical purpose." The crypto investors would respond with bitcoin is much different than the meme coins. Okay. Please explain the difference. The Corporate Finance Institute provides descriptions, *"Bitcoin, perhaps the most famous cryptocurrency, was the first successful example of a digital payment cryptocurrency... not only as a medium of exchange but also as a purely peer-to-peer electronic cash to facilitate transactions."* *"Tokens are any cryptographic asset that runs on top of another blockchain."* *"Stablecoins are designed to provide a store of value. They maintain their value because while they are built on a blockchain, this type of cryptocurrency can be exchanged for one or more fiat currencies. So stablecoins are actually pegged to a physical currency, most commonly the US dollar or the Euro."* *"Central Bank Digital Currency (CBDC) are issued by central banks in token form or with an electronic record pegged to the domestic currency of the*

*issuing country or region."* Meme coins and all other forms of cryptocurrency do not create dollars. Dollars are transferred into the crypto markets to buy crypto assets and transferred out upon selling. The capital or "wealth" tied up is money not being used for other purposes. Similar to our National Debt, cryptocurrency has a negative impact on the economy by removing money from same. Economic productivity is based on two factors; labor and capital. Productivity requires time and effort with the help of knowledge, education, experience, creativity, innovation, free markets, laws, morality, sacrifice, generosity... It's a long list! The better we employ our resources, the more our economy grows. Can we compare crypto to gambling? Time will tell. (Source: Advisor Perspective, JFR)

## GOOD INTENTIONS

New Year's Resolutions are often vague and disconnected. Save more money. Lose weight. Go to church. Financial goals should be specific, measurable, achievable and consistent with your lifestyle. For an 18 year old it is critical to spend less than he/she earns and save. Even if it's just a little. They should understand how money is coming in and how it is going out. If they need to borrow for school or a house, then they should have a plan for how they're going to pay the money back. In their 20s it is time to start saving for retirement. Even if it's a little. Hopefully, by age 30 they will be contributing 10-15% of their income. At age 40, reassess retirement goals and adjust accordingly. At age 50, consider making catch-up contributions if needed. Review your insurance coverages and estate planning documents. If you have children in college, then plan how to minimize their student loans without compromising your own retirement plan. At all ages, look past the numbers and consider what success means to you. The basics are *Spend < Earn, Be/Become Debt Free* and *"Divide your portions."* We're all vulnerable to keeping up with the Jones. It is the American way. **BUT!** It is overrated. There's much to be said for being content, aka *"living within your means."* (Source: CFP Board, JFR)

## YEAH, YEAH...

Why do just ~40% of Americans save for the future? Are you an optimist (40%), pessimist (12%) or neutralist (48%)? Does it matter? **Yes!** 70% of our health is based on behavior, not genetics. People live today based on what they think the future looks like. What we believe in, or not, impacts how we live and what we think about life. Physical wellness is heavily tied to our financial behavior and circumstances. Those with financial worries live 7-10 years less. A growing problem for Americans is loneliness. One of the curses of the growing American economy and our standard of living. As a result, we don't need much, or any, help from others. **BUT!** It doesn't change our human nature. For those of us who work at our relationships, we have a ~40% chance of being happier, healthier and financially independent. *Surprise?* How many exercise? ~40%! (Source: Jackson National, JFR)



## THE PRESSURE CAN BE GREAT!

The markets are cyclical and we have short memories. We've been through them before. It's why you have us in the boat with you. The economy is going to tank! I'm going to lose my job! Uncertainty is why we recommend having 3-9 months living expenses in an emergency fund. Interest rates are rising! It's about time! They have been falling for 45 years and helped fuel several bubbles. Your only debt should be a mortgage and a plan to pay it off early. Inflation is back. The cost of 20+ years of easy money. Unlikely it will go away soon, so adjust accordingly. What if I get sick? That's why we have health insurance. More importantly, get your sleep, exercise, eat right, spend time with family and friends, go to church, get outside, drink water, get some sun, go for a walk... I need more money! Perhaps. Perhaps not. **Remember principle #1,**

*"Spend less than you Earn."*

**Taxes are going up!** Yes and no. Planning helps. Let us help.

**My kids will squander their inheritance!** Most do, but there are ways to prevent it. We help clients with estate planning every day. *We can help you.*

**What if I end up in a nursing home?** We are helping clients avoid them constantly.

**The real estate market is going to crash!** A successful financial plan is not dependent on the equity in your home.

**I can't afford to go on vacation!** Flexibility, combined with creativity, can go a long way. Whether you fly first class, standby and/or drive, there are plenty of opportunities.

*(Source: Advisor Perspective, JFR)*

## COASTING TO THE FINISH LINE

We watch it all here. Often reminded of recess in elementary school. Everyone had their place. The school property was huge, but each class had to stay in a certain spot and keep their eye on the teacher. When he/she goes in, so did we! As 10,000+ Americans turn 65 each day, retirees are filling the playground. More and more are *"aging in place."* Many think about dying as they spend their last dollar. A recent study by the University of Michigan and AARP found that 88% of people between 50 and 80 want to stay in their current home as long as they can, but less than 50% have thought about how that will work. **AND!** It involves emotional, medical, social and financial decisions. 50% do not know anyone who can help when the day comes. Aging in place may be the least expensive option initially, but maybe not as time passes. It may not work for those who develop medical, emotional and/or psychological problems. 24 hour in-home care can be as expensive as a nursing home. Medicare and Medicaid are covering more home services, but usually not ongoing needs. Most Americans rely on family and friends to help. Finding someone who is both capable and trustworthy can be a problem. The IRS is looking for tax dollars, which makes paying for help complicated when you do it yourself. When one child is doing all the work, this can open the door to arguments with the other children. Cognitive decline can be worse than physical. We see it in our seat and are adding a

*"trusted contact"* to client files. Having same provides peace of mind for clients as well as ourselves. When there is the possibility of trouble, a hold can be placed on accounts while we get in touch with the trusted contact. Elderly Americans are a prime target for crooks. When it comes to dying broke, most of us don't want to cut it that close, but many do want to accomplish financial goals while they're living. Like Warren Buffett and Bill Gates, it is becoming common to make charitable contributions before the Lord calls us home. Interested? Let us know and we'll discuss the options. *(Source: UM, AARP, Nationwide, Financial Advisor, Fidelity Charitable Foundation)*

## TIME TO PANIC?

**Not yet!** Dealing with bear markets (-20%+) is a part of investing. They come along every 4 years or so. Corrections (-10%+) happen every year. On any given day, markets go up or down. Remember March 2020? Those who did nothing were just fine. Those of us who got more aggressive did a little better. *"It's different this time"* is something we'll all worry about until it isn't. The markets always recover. Those near, or in, retirement think *"I don't have enough time to recover."* This fear is also rarely the case. What can we control? Our spending. We can also review our risk tolerance. Perhaps put more money in CDs or a guaranteed annuity. Perhaps rebalance the portfolio. At some point down the road today will be considered a good time to buy. Stay flexible and focus on what you can control. Roth conversions are less expensive at the moment, but there are many factors to consider before making the decision. Peaks and troughs in the market cycle are good time to make sure long term strategies are on target. Today's news is not a financial plan. Any changes should be based on the overall plan. The markets are very resilient and have always recovered to higher levels. *(Source: Wall Street Journal, Barron's, Fidelity, JFR)*

## SPEND<EARN (RETIREMENT INCOME)

JFR remains in rare air when it comes to what the industry considers a *"specialty."* The latest *"expert"* recommends following the IRS RMD Table. This easily complies with spending less than you earn. The RMD tables involve spending a lot less than you earn! Real life doesn't always follow the script. Most want to die as they spend their last dollar, but... The key is flexibility. The strategy most often causing trouble is a fixed dollar amount. For example, consider someone with \$500,000 and a \$2,000 monthly withdrawal. No problem as a rule. **BUT!** What if during their first 5 years of retirement the markets end up flat and the account balance drops to \$400,000? Their monthly withdrawal is now 6% instead of 5%. Not a major problem, but what if in another 5 years they are down to a \$300,000 balance? They now have an 8% withdrawal rate and facing the risk of outliving their money. The key to survival is flexibility. You adjust. *(Source: Fidelity, Kiplinger, Jackson National)*

## SPEAKING OF CHARITABLE

We don't talk about life insurance often. It's best to have when needed to protect family and other dependents. Once they are no longer dependents, no more insurance. **But Wait!** Sometimes it offers a way to affordably provide for charitable goals, grandchildren... One possibility is Survivorship Variable Life, where a couple pays premiums to provide money at the second death. For the few exposed to estate taxes, it can be a great way to pay for same. A survivorship policy can be a way of getting protection for someone who is uninsurable. It can serve as a way to efficiently pass on a family business when those running same do not have the ability to buy each other out. It's also a way to keep the accumulation of assets off the tax return as well as have access to same tax free. As always, insurance has a cost, but there are situations where the benefits outweigh the costs. (Source: Nationwide, JFR)

## CLIPS FROM WARREN BUFFETT'S BERKSHIRE ANNUAL REPORT

Berkshire shareholders can rest assured that we will forever deploy a substantial majority of their money in equities: mostly American equities... Berkshire will never prefer ownership of cash-equivalent assets over the ownership of good businesses, whether controlled or only partially owned... Paper money can see its value evaporate if fiscal folly prevails. In some countries, this reckless practice has become habitual, and, in our country's short history, the U.S. has come close to the edge. Fixed-coupon bonds provide no protection against runaway currency. Businesses, as well as individuals... will usually find a way to cope with monetary instability as long as their goods or services are desired... So too with personal skills, talents and gifts. Lacking such assets, I have had to rely on equities throughout my life... I have depended on the success of American businesses and will continue to do so. (Source: Berkshire Hathaway)

## WHAT ABOUT THE CHILDREN?

When it comes to passing out some of the inheritance today, there are good reasons to do so. **BUT!** There are right and wrong ways to go about it. The annual maximum with no reporting has increased to \$19,000 per person for 2025. The simple question is can you afford to give them money today instead of tomorrow? If you need less than 5% of your investments to make ends meet each year, then you likely can afford to help the kids or give more money away. Facing estate taxes when the Lord calls you home? That is added incentive to give now rather than later. What will Congress do? No one knows, but likely they will increase estate taxes at some point. What if they eliminate the step up in basis at death? Unlikely, but it is being discussed. My favorite reason for giving money now is to see what the children or charity or alma mater does with it. If they use it wisely, then it helps justify leaving them some at

death. If you want to give a child more than \$19,000 in one year, then there is some reporting to be done at tax time, but no tax cost. If the money is going to charity, then there can be tax benefits. We've been helping clients give away money for 30+ years. When it can be done in a way where the IRS gets nothing, that is good. Trusts? Retitling assets? We probably know the answer. Ask us! (Source: IRS, Kiplinger, Investors Business Daily)

## WEALTH INEQUALITY?

According to Moody's the top 10% of working Americans earn \$250,000+ annually and account for 50% of consumer spending. In 1990 the top 10% accounted for 36% of the spending. The top 20% of American families spend \$8,000+ on vacations, compared to \$650 for the bottom 20%. The average net worth for the top 10% is \$1,000,000. The average for the top 50% is \$585,000. The top 10% own 76% of the wealth in the United States. The bottom 50% own 1% of the wealth. Common attributes of the wealthy are white, married, homeowners and 50+ years old. (Source: Wall Street Journal, US News & World Report, Moody, Kiplinger)

## ANNUITIES

Annuities are considered safe, dependable and often are described as *"guaranteed."* Immediate annuities are the cleanest option, where the return will be based on how long the payments last. Deferred annuities are also relatively simple, but the risk is the interest earned may not keep up with inflation over time. One popular option today is indexed annuities (RILA, EIA). They are promoted as a way to earn stock market returns for no risk. The return is determined by the "participation rate" and the measurement period. We often see situations often where the market went up nicely, but the indexed annuity not so much. Annuities are an insurance contract. The insurance company collects premiums and then makes payments for a certain period of time. The primary difference between an annuity and a life insurance policy is annuity benefits are paid during your lifetime, rather than at death. The primary problems with annuities are inflation, liquidity and over reliance. \$1,000 per month today will be worth \$400 in 30 years assuming 3% inflation. Retirement income needs to grow over time to keep up with inflation. It's important to evaluate how an annuity fits within your overall financial plan. Annuities can work well, but they are not free. There is a price to pay for *"guaranteed."* (Source: Financial Advisor, Prudential)

*We fight not to enslave, but to set a country free,  
and to make room upon the earth for honest men  
to live in.*

THOMAS PAINE



## MARKET CORRECTION = -10%

The stock market averages reached this point quickly the past few weeks as money began to shift from growth to value. Corrections happen on average 1.2 times a year, including one in 2023 and 2024. Bear markets, a drop of 20%+, happen once every 5.5 years. **What will tomorrow bring?** The good news is the markets go up over time. Doing nothing when they are down is usually the best strategy. Getting out and back in is a very difficult game to play. International stocks are showing signs of life after years of underperforming. We made a few adjustments recently. Will likely be more in the next few weeks. Since the beginning of 2024 accounts are up nicely. Down a little since the beginning of 2025, but the bonds are helping offset the stocks. Downturns are always scary. *“It’s different this time”* will be on our minds until the markets rally. (Source: WSJ, Barrons, Investors Business Daily, Stansberry)

## MAKE MONEY BY NOT LOSING IT!

Market drops/panics come and go. War, storms, economic collapse, pandemics, political upheaval... The crisis stirs our emotions and we can’t just sit there. **Do something!** History teaches doing nothing likely is the best response. Like sports, avoid unforced errors. Many mistakes are due to believing things that aren’t true, trying to do something you’re not qualified to do, responding to our emotions and/or not allowing time to heal the wound. Any mistake can be expensive. Having good investments is important, but not having bad ones is more important. Avoid paying too much. We see this all the time. The good news is costs are coming down and working their way to zero. The down side of free investments is we can no longer help everyone profitably, but the upside is money accumulates more quickly when the fees are low. Don’t be late! The current examples are Nvidia and Palantir. Their stocks have skyrocketed over the past few years. Most of the gains usually happen before the stories make the news, so investors getting in today could be disappointed. Studies reveal many investors buy high and sell low, when they should be buying low and selling high. Slow and Steady. Paul Samuelson said, *“Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.”* Picking the right stock is exciting, but most of us will be better off with passive investment strategies. *“Divide Your Portions.”* When you hit a home run, should you do nothing or diversify? No one knows what tomorrow will bring, so best to not be all in on any investment. **Earning Interest is Back!** With rates so low over the past 25 years, it is tempting to chase higher rates. And Wall Street is happy to put your money into all kinds of things. The hot one today is *“Private Credit.”* Why not earn 10% when CDs are paying 4%? Smart people lose a lot of money chasing yield. You can lose both interest and principal in risky bonds/loans. (Source: Financial Advisor, AAIL, Kiplinger)

## HISTORY DOESN'T REPEAT, BUT IT RHYMES

Investing in the right companies, over time, leads to success. Having money is not a destination, it’s a process. Over time, the process accelerates. Work hard for your money, invest, and then enjoy as the money works for you. Naysayers will say, *“Yes, but...”* or *“No way...”* or wag their fingers at us. We know better. Nature teaches that it is darkest before the dawn. **BUT!** The dawn is coming! Remember the Global Financial Crisis (2008-2009)? Markets crashed, fear was rampant and capitalism was over. Looking back, it was a time to buy stocks. Some provided life changing gains. How about the Dot-Com bust in 2000? The Nasdaq lost 80% and didn’t fully recover for 15 years. It also was a time to buy. More recently the COVID crash in 2020. The markets dropped by 30% in a few weeks. A few months later, the markets recovered quickly. During each drop there were many saying, *“This time it’s different. Life as we know it is over.”* The reality? It never is. Markets are resilient. Good businesses survive, adapt and prosper. Fear fades. Innovation continues. My grandma used to say, *“Remember your roots Johnny. Always remember your roots.”* The same can be said for history. It may not repeat, but it rhymes. (Source: JFR, Stansberry)

## OLD SCHOOL

Solomon said, *“The thing that has been, is that which shall be; and that which is done is that which shall be done. There is no new thing under the sun... There is no remembrance of former things; neither shall there be any remembrance of things that are to come with those that shall come after...”* We don’t remember things that happened before we were born. Even if we learned about them, it’s not the same as living through it. Wall Street doesn’t talk much about the past. They are busy promoting the latest and greatest. History changes too. How often do we hear a revision or adjustment? Is history what happened or what we say happened as we understand it? Maybe the past is the past and history is the story we tell. Even when our facts are straight it’s not the whole story. As investors we like to know the whole story. Better to proceed with the understanding that we don’t know everything. Old-money has been around for centuries. It is usually in one third each in land, gold and art. A modern portfolio may hold bitcoin, Treasury bills, gold, land, art and alternatives. Too many have most or everything in US stocks today. Maybe a little International. No strategy is perfect. **BUT!** We’re likely not as diversified as we think. (Source: Stansberry, JFR)

*Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn’t, pays it.*

ALBERT EINSTEIN

## LONGEVITY

More Americans are living well into their 90s. It is possible to maintain a high quality life despite being old! It involves many things we don't like to hear. Eat right. 8-9 hours of sleep. Stay involved and connected with others. Reduce stress. We age slower when we have less stress. Get a good physical each year. Have them check everything. Exercise. Walking is hard to beat, but lift weights and stretch too. Exercise your mind too! No alcohol and/or much less. Part of the annual checkup should include checking your skin. As we age, our skin can't handle as much sun, so use sunscreen or limit your exposure. Can you hear me? Being able to hear reduces the odds for dementia and other problems. Hearing aid technology and options are improving constantly. One of our clients owns Beltone Hearing in Southgate. One we don't hear much about is hormone replacement therapy. It reduces the risk of many common problems in old age; bone density, menopause, heart disease... *"Aging is not for the faint of heart."* (Source: AIER, Kiplinger, Cleveland Clinic)

## IS IT ALL ABOUT THE MONEY?

The median (half above, half below) age of baby boomers is 70. We serve as an ongoing case study in the changing face of retirement. Most, like their predecessors, focused on hitting a certain age and amount in their 401k. Not much thought was put into what comes next. About 1 year into retirement, they are realizing retirement may be the beginning of a 30-40 year voyage. A recent survey revealed close to 80% of baby boomers struggle with the transition. What comes next needs to be considered 5-10 years before retiring. What's next is a multi-faceted question. 6 Saturdays and a Sunday is a lot of time to fill each week. One more recent trend is being called *"aging in place."* It used to be putting in the ugly ramp and guardrails due to an accident. Now it can mean all kinds of things. Gen X is doing a better job with this phase as they combine it with being empty nesters and/or kids returning home. Another important part of the transition is technology. While we're working we are used to having IT departments just a phone call and/or email away. Most retirees are on their own and have no idea what they need. Same problem with buying a new car. Retirement has become way more than just the money! We are helping clients with all of this stuff every day. The money is critical as individual American debt surpasses \$18 trillion and those delinquent on their loans, including baby boomers, is the highest in 5 years. 40% of workers with 401ks have dipped into them in the past 12 months and 55% of Americans say they have not recovered from the pandemic. (Source: Federal Reserve, Bank of America, Financial Planning)

## ASK WHO?

As we complete another tax season, it remains entertaining and frustrating to see us all scrambling to comply. One item standing out was how we gather information. One client

insisted something a funeral director told her was deductible. Attorneys, accountants, CFPs, the government, neighbors, strangers in the park... Who do we listen to? At JFR, we take great pride in the ability to answer questions. When we can't, we usually have a direct connection with someone who can. The good news is the cost to invest continues the race to zero. The megatrons (Vanguard, Fidelity, Schwab) have the scale to press on. Smaller firms like us have more of a challenge, while the demand for what we do continues to grow. We remain on the very very low cost end of the spectrum, but we are having to make some changes. I'm reminded of the days in church where the back pews are roped off. With ever increasing government regulations, we cannot profitably service small accounts. And most small accounts don't need comprehensive service. What we all need is to manage the time and money we have. For retirees, we help manage risks, fees, longevity and taxes. (Source: Financial Advisor, Vanguard)

## A PICTURE IS WORTH 1,000 WORDS

A man in Arizona determined that it would take a stack of 3.5 trillion one dollar bills to reach the moon. With the National Debt now \$35+ trillion, that's 5 trips to the moon and back. Hard to picture that since none of us have ever been to the moon. How about 75 million Americans each taking out a \$500,000 loan at 3% for 30 years. If they each pay ~\$2,125 per month for a total of ~\$765,000, then that would eliminate the National Debt. Hard to picture also. Who knows 75 million people? Are there that many Americans who can afford it? How about 100 volunteers to payoff the National Debt at \$1 million each per day? It would take 30 years, with each person paying a total of \$11 billion. Are there 100 Americans who could make the payments? Even if they could, why would they? If you had \$1 million to spend each day, what would you spend it on? Thankfully, we still have the ability to pay off the National Debt, *but the clock is ticking.* (Source: WSJ, JFR)

## FEAR? PANIC? WHAT TO DO?

Stocks go up and down. We've gone from a correction to a bear market in 2 days! That is nasty! **BUT!** It's happened before. The key is to ride out the storm. TIME heals all wounds. The only mystery is how long. All we can control is how we react. For those withdrawing too much, cut back. History teaches we will win if we don't panic and stick to the fundamentals. The most money is often made when the markets are down. Time is on our side. Storms don't last forever. We don't know when or how the storm will end, but it will. The markets will recover. **Think long term.** (Source: Stansberry, Nationwide, JFR)

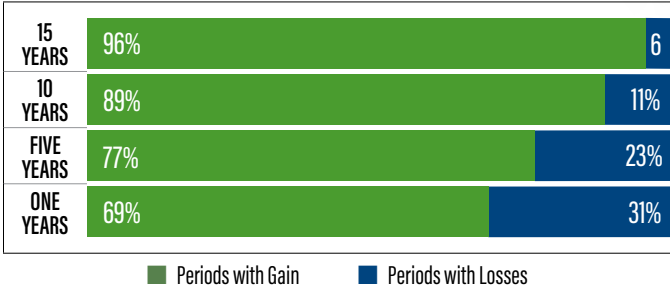
*Tariffs are taxes on imports which serve to raise the prices of those imports.*

THOMAS SOWELL

TIME IS ON YOUR SIDE

Your chances of generating a positive return improve as your holding period expands. of course, this does not ensure a profit or protect against losses when the market declines.

The longer you hold, the greater your chance for positive returns.



AS OF 09/30/2024. The percentage of negative versus positive annulaized returns for large-company stocks, as represented by the S&P 500 Index, over 15, 10, 5, and one calendar year holding periods (1928-2027). Past performance is no guarantee of future results.

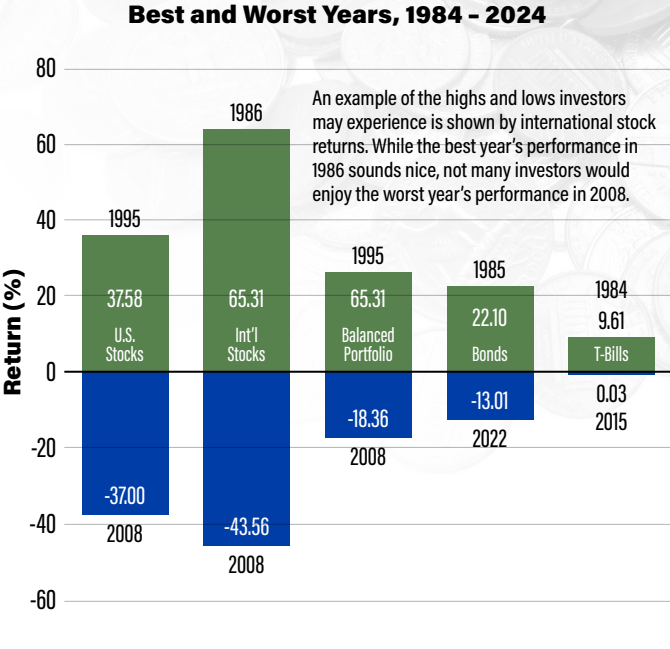
This hypothetical situation contains assumptions that are intended for illustrative purposes only and are not representative of the performance of any security. There is no assurance similar results can be achieved, and this information should not be relied upon as a specific recommendation to buy or sell securities.

*Excessive taxation....will carry reason and reflection to every man's door, and particularly in the hour of election.*

THOMAS JEFFERSON, letter to John Taylor, 1798

TAKE A LONG-TERM VIEW OF SHORT TERM BUMPS

Histroically, the market has not provided investors with a smooth ride. While anyone would enjoy returns from the best years, the worst years can pose a challenge for even the most resilient investor.



This chart is for illustrative purposes only. It does not constitute investment advice and must not be relied on as such. Assumes reinvestment if all income and no transaction costs or taxes. The Balanced Portfolio consists of 10% Treasury Bills, 35% Bonds, and 55% U.S. Stocks. The Balance Portfolio is neigher real, nor recommended portfolio. It was rebalanced each January. All investment returns are compound annual returns.

BUYING WHILE THE MARKET IS DOWN MAY LET YOU TAKE ADVANTAGE OF THE NEXT UPSWING

DOWNTURN			RECOVERY POST-DOWNTURN CUMULATIVE RETURN		
TIMEFRAME OF DOWNTURN	HOW MANY MONTHS	% DECLINE	ONE YEAR LATER	5 YEARS LATER	10 YEARS LATER
JAN 3, 2022 — SEPT 30, 2022	9	-25.25%	19.59%	N/A	N/A
FEB 20, 2020 — MAR 23, 2020	1	-33.9%	74.8%	N/A	N/A
OCT 9, 2007 — MARCH 9, 2009	17	-56.8%	38.6%	178.0%	305.5%
MAR 24, 2000 — OCT 9, 2002	31	-49.1%	33.7%	101.5%	85.6%
JULY 16, 1990 — OCT 11, 1990	3	-19.9%	29.1%	96.1%	361.9%
AUG 25, 1987 — DEC 4, 1987	3	-33.5%	21.4%	93.0%	334.6%
NOV 28, 1980 — AUG 12, 1982	20	-27.1%	58.3%	224.5%	307.9%
JAN 11, 1973 — OCT 3, 1974	21	-48.2%	38.0%	76.0%	160.8%
NOV 29, 1968 — MAY 6, 1970	18	-36.1%	43.7%	30.7%	59.6%
FEB 9, 1966 — OCT 7, 1966	8	-22.2%	32.9%	36.6%	41.4%
DEC 21, 1961 — JUNE 26, 1962	6	-28.0%	32.7%	75.2%	105.4%
AUG 2, 1956 — OCT 22, 1957	15	-21.6%	31.0%	41.0%	144.7%
MAY 29, 1946 — JUNE 3, 1949	37	-29.6%	42.1%	110.9%	322.6%
MAR 6, 1937 — APRIL 28, 1942	62	-60.0%	53.7%	92.4%	215.3%
SEPT 7, 1929 — JUNE 1, 1932	33	-86.2%	121.4%	262.7%	86.1%
AVERAGE	19	-38.5%	46.7%	109.1%	194.6%

The table above shows all the Bear Markets since 1928, as defined by Stanard. The returns are price returns only, not total returns, and thus do not include dividends. Past performance is no guarantee of future results. Thus, the table should not be taken as an implication of future returns. Rather, it should serve as a reminder of the past resiliency of the U.S. Financial Markets.

SOURCES: Standard & Poor's, American Century Investments. 09/30/2024.



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