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"Partners in Your Financial Future"

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Financial News

1ST QUARTER 2025

Dust Off that Budget!

While you're busy preparing for the warm summer months, why not clean your finances this spring as well? Spring is the perfect time to prepare your finances for the upcoming year! Here are some common areas to spend some time on:

Dust off your emergency fund. You knew this one was first, right? An emergency fund is our buffer against disadvantaged borrowing, like from credit cards or investment accounts. It's the first thing we check when we evaluate a new client's finances. That's because it's the first step in building a sustainable household cash management plan. We recommend at least three months of your expenses in one account you can easily access if the need arises.

Sweep up any remaining debt. Let's make sure you've got any credit cobwebs swept up. Request your annual credit report to see your credit score and check for any outstanding accounts with balances (or accounts you don't recognize). Use excess cash plus your emergency fund to pay off any remaining balances if the total is approximately equal to one month's expenses. If your balances are more than three times your monthly expenses, try this strategy. First, write down the lender, the total amount borrowed, and each loan's interest rate. Prioritize unsecured loans (like credit cards) over secured loans (like a mortgage or car payment) because the interest rates tend to be higher. Then, start paying off the accounts with the highest interest rates first. If you need a second opinion or need help putting together the plan, please contact our office. We'd love to help!

Remodel your budget. The holidays can throw even the best budgeters off their game! Spring is the perfect time to take a crack at your budget. The budget ultimately needs to give you three numbers: how much is coming in, how much is going out, and what's left over. There are lots of ways to arrive at those numbers. What's important is that you have them and that you keep them updated. That way, our team can help structure a household cash flow strategy, which is the first step in a sustainable retirement plan.

Give these three steps a shot this spring! It's the perfect time to get your household's finances in pristine condition. Maybe we can even find some extra cash for a summer vacation? As always, please contact the office for a second opinion or for help putting these ideas to work.

Avoid Becoming the Bank of Mom and Dad

It's common for adult children to ask their parents for financial aid, even if you've worked hard to raise your kids to be self-sufficient. While it may be your instinct to want to help your child, you need to consider how your child's request for help could impact your own retirement plan. Here are some guidelines that can help you avoid potential pitfalls should you find yourself in this situation.

Best intentions. Debt collection is hard enough. Collecting money lent to your own child risks potentially damaging the relationship, so proceed with caution. Be transparent about where the loan money came from and set clear expectations for how you expect it to be repaid (lump sum or installments) and a deadline for repayment. Consider if there are penalties for failing to meet the loan terms (i.e., will the loan begin to accrue interest, etc.).

Depending on your relationship and the amount you're lending, you may want to use a promissory note, which documents the amount lent and the repayment terms. Even if it seems like an uncomfortably formal step, a promissory note can help you recoup the money, particularly if, heaven forbid, things deteriorate to the point where you need to go to court. Just don't forget that all parties need to sign.

Focus on the essentials. Limit your help to paying critical bills, like health insurance or the mortgage. Consider focusing on those debts that impact their credit score to keep their score in a good place while they work towards getting back on their feet. Be clear about how much money you can provide or how long you can help them meet these payments – they need to understand you can't help forever.

It's your home. If you allow your child to move back home, make sure they know what you expect before moving in. Consider a written agreement that outlines rent and expectations for help with household upkeep. One idea is for parents to let their kids stay at home for a given number of months, then begin to charge rent after that. Set a target end date or conditions that would necessitate the child to move out, such as finding a job at a specific income level.

Break the habit. If your child's routine is to always turn to you for help, you both have to break the habit. Work with them to see if there are other options – like a traditional loan or debt reduction plan – that would provide them some relief without tapping into your savings. For you, work on setting some money boundaries. It can feel like you're "cutting them off," but look at it as helping them learn to stand on their own (just like when they were little!).

Before any money changes hands, the first step should always be an open, honest, and realistic conversation. Often, that step alone is enough to find a mutually beneficial solution and avoid any unpleasantness.

More than anything, remember that it's your money and your decision. We're here to help however we can. Please contact our office if you're considering using your retirement account to loan your child a significant amount of money.

Egg Prices Set To Surge In 2025

The impact of avian flu continues to shape our food market dynamics, with egg prices expected to surge another 20% in 2025. December's average price of $4.15 per dozen marks a striking 160% increase from 2019 levels.

What's particularly noteworthy is how businesses are adapting—from local diners absorbing costs to protect customers to grocery stores using strategic pricing to maintain customer relationships. This showcases the ripple effects of supply chain challenges, from farm operations to transportation logistics.

What this means for you: These price trends reflect broader economic patterns where even basic commodities can experience significant volatility. Understanding these market dynamics helps put everyday economic decisions into perspective and highlights the importance of staying informed about factors affecting household expenses.

Industry experts point to multiple factors beyond just avian flu, including ongoing transportation challenges and labor shortages, suggesting we're seeing fundamental shifts in how our food supply chain operates.

Americans Need Pre-Authorization For UK And EU Travel Starting 2025

Important Travel Update: New Entry Requirements for UK & Europe 2025.

Starting January 8, all U.S. travelers to the UK must obtain an Electronic Travel Authorization (ETA)—a quick £10 process that grants two years of entry access. The application process is simple and can be completed using the official app or website. Decisions are typically made within hours.

Pro tip: The UK and EU systems are separate, with Europe launching its own ETIAS system in mid-2025. Apply before booking to ensure smooth travels.

What you'll need: Your passport, a photo, and payment method. Even transit passengers and children require authorization.

BRUCE & KAREN'S NOTES

We hope this newsletter finds you all well, staying warm during these final days of winter, and looking forward to the warmer days of spring. We are sending this quarterly update to provide our continued perspective on the stock market situation. 2024 was a positive year but with some volatility particularly during the early days of August and then again in December. The 4th quarter saw good gains in October and November followed by a modest retreat in December but still producing solid gains for the last part of the year. The Federal Reserve Board (FRB) did not lower interest rates at their most-recent meeting in late January which most had expected. Threats of trade tariffs against Mexico, Canada, and China made by the newly-elected President have caused some recent volatility, but we are still in good shape following solid gains in January and as of this writing on 4 February. The FRB is widely expected to lower rates later this year to help maintain modest economic growth all the while keeping inflation under control. We expect the upward market trend to continue especially if the FRB does, in fact, lower rates. Lower rates make borrowing cheaper which helps everyone and tends to stimulate business. Also, a Republican controlled House and Senate, which we now have, tends to be pro-business which tends to be good for the markets.

As we informed you last year, our Broker Dealer which was Securities America, Inc. was officially merged into OSAIC Wealth, Inc. as of June 2024. The reporting issues we were having with our Albridge systems have been successfully resolved as best we can tell. We very much appreciate your patience as we worked through those problems and frustrations.

As always, we thank you for your continued trust and confidence and encourage you to call or email us with any concerns or questions.

Bruce Karen