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WEALTH & WELLNESS
GROUP

Did You Know?
100 Years Ago

A lot can change in 100 years. Looking back, did you know:

There was basically only one type of car, the Model T, & only the rich drove it.

Letters and parcels were mailed by trains, trucks, and motorcycles. The first airmail ever was sent in May 1918.

If you had an infection, your doctors might prescribe bloodletting, aka leeches. Penicillin was still almost a decade away. Heroin & other opiates were over-the-counter medicines.

People all over the US were pushing for Prohibition or the ban of alcohol.

The movies were not just black and white, but entirely silent.

There was no national anthem yet. The US had no official national anthem as *The Star-Spangled Banner* didn't become the official national anthem until 1931.

There were no federal child labor laws. In fact, the 1900 Census notes that almost 2 million kids aged 10 to 15 were working full-time.

Couples got set up by their parents and courted each other. Back then, romance was new, as people tended to marry for practical or financial reasons.

Source: BusinessInsider.com

The Shock & Awe Season

January was a bumpy month, but investors came out on top. The three major indices posted monthly gains with the Dow jumping 4.7%, while the S&P 500 rose 2.7%, and the Nasdaq trailed but still advanced 1.6%. Despite the monthly gains, there was a lot of back-and-forth news.

Several of the bumps in the month included roughly $1 trillion in value erased as Nvidia's stock plunged based on the sudden arrival of China's new AI app, DeepSeek. Later in the month, the Federal Reserve decided to pause its campaign of interest-rate cuts, without offering any real clues about when its next move might arrive. Then at the tail end of the month, investors were dealt a major cliffhanger in terms of the potential impact new tariffs could have on the economy and financial markets.

It's interesting because Wall Street history tells us that "As goes January, so goes the year." Commonly referred to as the January Barometer, data going back to 1928 shows that when the S&P 500 finishes January in the green, it proceeds to keep on climbing 79% of the time. On the surface, historical references like this can provide some optimism, but such a simple conclusion doesn't easily translate into specific portfolio strategies for what appears to be a volatile time ahead.

As we saw with the tariff warning at the beginning of the month, a quick dip on the latest news can be reversed into a rip higher in a matter of hours. Reality is, we don't know if Tariff's are temporary, permanent, or for negotiation. We also don't know how China built DeepSeek. They say it was done for a fraction of the cost and in much less time than similar US models. However, the jury is still out, and many tech insiders are suggesting it's capabilities are "exaggerated." Then there are still the many "What if's" or "What's next" when it comes to, the Russian / Ukraine war, and the crisis in the Middle East.

As the new administration continues to shake up Wall Street, and the world, an air of uncertainty and nervousness will continue. That makes it more important than ever to be rational instead of emotional. A process that we anchor to asset allocation and investing in consistent, dividend paying stocks. Asset allocation is often synonymous with topics like diversification and sayings like, "Don't put all your eggs in one basket." While the price of eggs may make your basket lighter, when it comes to investing it means acknowledging market trends and data, while preparing for long term opportunities.

For us that means a focus on domestic equities, small and midcap ETFs, and a bias towards value over growth. The advent of tariffs and a strong dollar make international markets less appealing than US based companies. Additionally, less regulation and eventually lower interest rates benefit smaller companies. Also by adding more dividend paying stocks and ETFs allows us to use income to offset some of the volatility that we expect near term.

By overweighting portfolios with companies that have strong balance sheets and a long history of both paying and increasing dividends, we can use that income to foster a sense of consistency as they tend to remain stable despite fluctuating stock prices. Lastly, we see the opportunity to move some funds back into international stocks later in the year and feel higher current interest rates favor locking in higher yields with bonds and preferred stocks.

Trivia:

1) Name the iconic dance that became popular in the 1920s & is associated with flappers?
2) Name the famous gangster & mobster who rose to prominence during Prohibition?
3) True or False? Abraham Lincoln is in the Wrestling Hall of Fame?
4) True or False? Ketchup was originally sold as medicine for an upset stomach?

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Retire With, Not To Your Side Hustle

Over the last 25 years, I have had a front row seat for almost every kind of retirement. The list includes planned retirements, phased retirements, sudden or unexpected retirements, and even forced retirements. No matter how retirement comes about, one of the more challenging things to figure out and answer is, "What's next?"

There's a lot of pressure to have some kind of decent answer but many people don't have a snappy or meaningful response because it's not just a single question. The "What's next" question contains a number of elements including what's your new direction, purpose, and passion. What will your mission be and what about legacy? All of which are not easily answered with a comment about your plans to relax for a bit, hit the open road in your new RV, or climb the ranks of competitive pickleball.

The other reality is that many people want to retire from their primary career or 9-5 life, but have a desire to keep working in some way. More and more people want to start their own business, begin consulting in some way, or using part-time work to supplement aspects of their desired retirement lifestyle like travel or spoiling the grandkids.

This is commonly referred to as an encore career or side hustle and is on trend more than ever. The reality is, people are turning traditional retirement ages like 62, 65, or 70 and realizing that the gas tank isn't empty and they aren't quite ready to give up some of the psychological benefits of the workplace.

Generally, when I talk to people about this, I get a lot of head nods. People can easily follow this logic, until I reveal one of the biggest flaws with this approach. The issue is that many people wait until they are retired to figure out what might be next. Technically, this too makes sense because once you are retired, you have more time and fewer distractions to answering the question. However, starting anything new takes time, energy, and effort to materialize. Often progress is slow and in the case of a small business, it can take years for you to align with your niche and make it profitable.

This is one reason why I suggest that people consider developing their side hustle or encore career several years before they plan to retire. This way, you are "retiring with" something in place rather than "retiring to" something you hope will work. We all know from basic psychology and human behavior that it's easier to continue what you are already doing over starting and following through on something new.

Having a year or two of experience with your side hustle allows you to test your idea, begin to build a following or customer base, and price your business, product, or service correctly with the market. Furthermore, it gives you an immediate fall back in case you have to, or are forced to retire earlier than expected. This then begs the question, how do you find or develop your side hustle now?

I suggest starting by thinking about aspects of your life that are timeless, tireless, and cause contagious energy. More concisely:

What feels timeless when I do it?

What can I relentlessly pursue without ever growing tired of it?

What is a constant source of energy in both my words and actions?

Trivia Answers

1) The Charleston
2) Al Capone
3) True. The 6'4" president had only one loss among his around 300 contests
4) True. Ketchup was sold in the 1830s as medicine by Ohio physician John Cook

Source: trivianerd.com