DUNNING
WEALTH MANAGEMENT

QUARTER 2, 2025

> “KNOWLEDGE BECOMES WISDOM ONLY AFTER IT HAS BEEN PUT TO GOOD USE.”
>
> MARK TWAIN

TEAM UPDATE

Kyle played bartender while watching his youngest grandson, Wilder. It’s never too early to model top-shelf client service!

Brayden and his wife, Heather, recently enjoyed a meal at Shore Lodge in McCall, ID to celebrate their anniversary. Cheers to many more!

Vicki’s daughter, Nora, turned 5 in May and proudly graduated from Pre-K. Both kids are soaking up some sunshine this summer.

Greg and Kelly had a whirlwind getaway - three days in Nashville followed by five days on Lake Wylie in South Carolina, with ten of their college friends.

Brandee and Erik hit a major milestone: the last high school graduation of their household. With the nest officially empty this fall, they’ll be enjoying even more wine on the patio.

Kyle

Brayden

Vicki

Greg

Brandee

INVESTING STRATEGY: SIX PRINCIPLES TO GUIDE YOU

If you're relatively new to investing, it can be confusing to consider all the investment options available – from different strategies to specific investments. You can alleviate some of that stress by using time-tested approaches to investing that can help you build confidence, and your nest egg, over time.

There are six basic tenets that can help set you on the path to success:

DIVERSIFY YOUR HOLDINGS

Ever hear the saying, "Don't put all your eggs in one basket?" That's asset allocation, in a nutshell. Asset allocation is how you spread your money over different categories of investments, usually referred to as asset classes. The three most common asset classes are stocks, bonds, and cash or cash alternatives such as money market funds.

Asset classes may also refer to subcategories, such as aggressive growth stocks, long-term growth stocks, international stocks, government bonds, high-quality corporate bonds, low-quality corporate bonds and tax-free municipal bonds.

Some professionals believe that having the proper mix of asset classes is the biggest factor in determining your portfolio performance, potentially even more important than your selection of specific investments within the asset classes.

One of the benefits of diversifying your investments is that asset classes may have different responses to the same market forces. This can allow you to minimize the effects of market volatility while maximizing your chances of a long-term return. The idea is that poor performance by one asset class will be offset by an asset class that performs better.

DETERMINE YOUR TIME HORIZON

The amount of time you have to save toward your goals will help guide how much risk you can tolerate and, in turn, help you select investments aligned with your goals.

If you expect you'll start drawing on your investments sooner, it's wise to look for investments whose prices remain relatively stable. This type of investment will aim to preserve your principal. If time is on your side and you're investing for a retirement that's decades away, you may be able to invest a greater percentage of your assets in investments that have greater price variability, but higher long-term appreciation potential, as long as you're not as concerned with market conditions day to day.

Before selecting an investment fund, consider its investment objectives, risks, charges and expenses, all of which are outlined in the prospectus available from the fund. Consider the information carefully before investing.

LET COMPOUNDING WORK FOR YOU

When you leave your money in an investment for longer, you have the opportunity to earn dividends and interest that can be reinvested. Earning interest on your interest, known as compounding, adds up over time, like a snowball rolling down a hill, gradually getting larger. What may start out as a modest investment can grow substantially over time.

Here's an example: An investment of $10,000 at an annual rate of return of 8% will grow to $46,610 in 20 years, assuming there are no withdrawals and the funds are being invested in a tax-deferred account. In 25 years, it would grow to $68,485; after 30 years, it would grow to $100,627. The power of compound interest is why financial professionals recommend fully funding all tax-advantaged retirement plans available to you.

While the objective is to leave the investment untouched so it continues to grow, you should still review your portfolio on a regular basis. It may be necessary to change investments based on performance or your financial goals. Still, investing for the long haul offers the potential for the most significant returns over time.

CONTRIBUTE WHEN YOU CAN

Adding funds to your portfolio has the potential to accelerate its growth. Here, too, you have options depending on your budget and risk tolerance.

Dollar cost averaging is a method of accumulating shares of an investment by purchasing a fixed-dollar amount at regularly scheduled intervals over an extended time. An employer-sponsored retirement plan, like a 401(k), is a common example of this. These plans periodically invest the same amount from each of your paychecks and invest it through the plan. When the price of a share is high, your fixed-dollar investment buys less; when the price is low, the same dollar investment buys more.

Lump sum investing is a method that makes your full investment at one time. This can be effective if the price of the purchased assets is expected to rise over time, though losses could be incurred in the short-term given the challenges of timing the market.

STAY INVESTED

There's no denying that the financial marketplace can sometimes be volatile. But it's important to remember a couple things.

First, the longer you stay the course with a diversified portfolio of investments, the more likely you are to reduce your risk and improve your opportunities for gain. Though past performance does not guarantee future results, the long-term direction of the stock market, historically, is up. Keeping your timeline in mind can help you navigate the markets ups and down.

Second, timing the market is extremely difficult, especially during times of heightened volatility. Bad days are often followed by good days, and missing out on even a handful of good days can have far-reaching effects on the long-term performance of your portfolio. Selling during a downturn and buying again after prices rebound could have the effect of locking in your losses.

Even during periods of volatility, some asset categories and individual investments tend to be less volatile than others. Bond price swings, for example, have generally been less dramatic than stock price changes. Though diversification alone can't guarantee against the possibility of loss, diversifying your holdings can help mitigate risk.

CHECK IN PERIODICALLY

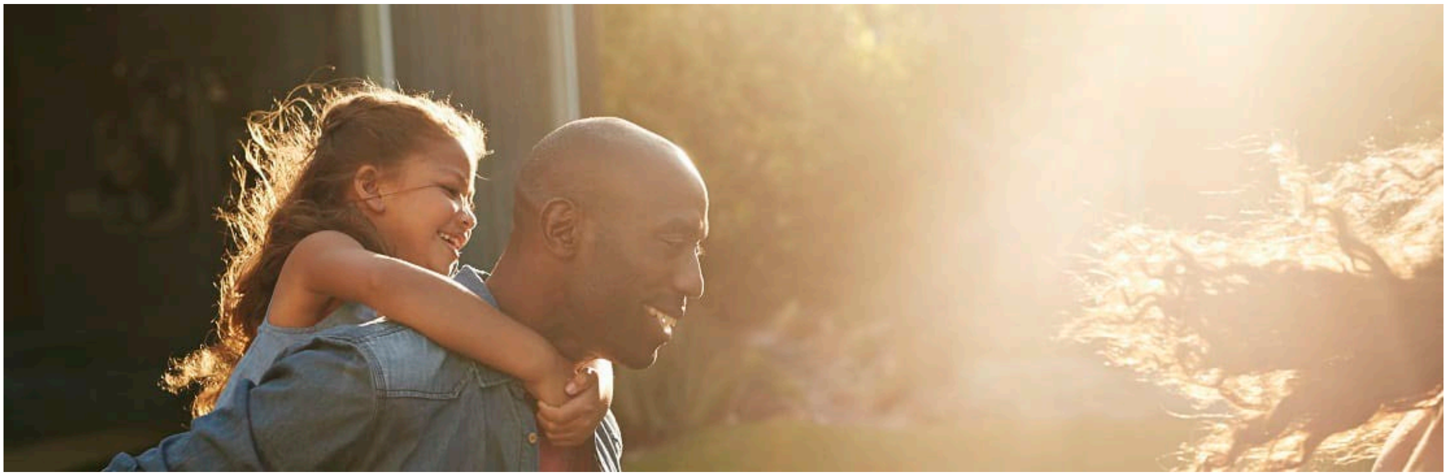
While a long-term strategy may give you more opportunity for success, you shouldn't just let it be. Periodically reviewing your portfolio holdings and recalibrating as necessary are integral to success. Economic conditions may have changed the prospects for an entire asset class, or maybe business performance changed the outlook for a particular stock. Aside from circumstances outside of your control, your personal or financial situation may have changed, and your portfolio should reflect that. As you near retirement, for example, you may decide to decrease your risk and seek out investments that are designed to provide a steady stream of income, with less price volatility.

Another reason to review your portfolio is that investments will likely appreciate at different rates, which alters your asset allocation without any action or intention. If you initially decided on an 80% to 20% mix of stocks to bonds, you may find the total value of your portfolio has shifted to an 88% to 12% mix. You may need to make some changes to return to your original allocation – to rebalance your portfolio.

There are a couple ways to rebalance your portfolio in a case like this: You could buy more of the asset class that's lower than desired with the proceeds from the asset class that's now larger than you intended. Or you could retain your existing allocation and shift future investments into the asset class you want to build back up. It's recommended to have a check-in annually.

Investing is a long-term endeavor, one in which you should try to exercise patience and keep perspective. If you can remember these six principles to help guide your investment strategy, you'll be able to make smarter decisions that lead to success.

FOUR PRICELESS MONEY LESSONS FOR KIDS



FINANCIAL LITERACY IS A GIFT THAT LASTS A LIFETIME.

While we will lose an hour of sleep this weekend as we move our clocks forward, we've already been losing sleep this year. Why? Despite high valuations and optimism for tax cuts, deregulation, and US exceptionalism, expectations for the economy and equity markets to 'spring forward' unabated in 2025 seemed unrealistic. We anticipated increased volatility, which has indeed picked up recently due to the new administration's tariff plans. These plans have dented consumer and business confidence, soured investor sentiment, and raised concerns about the US economy's growth outlook. Yet, amidst the uncertainty from Washington in recent weeks, some green shoots have appeared. While media headlines focus on the negative repercussions of Trump's policies, we highlight some underreported positive developments that could keep economic growth on track and support higher equity prices in the months ahead:

Financial tradeoffs, interest rates and the importance of having an emergency fund: Our current economic circumstances are full of teachable moments we can and should share with our children. After all, they're probably not learning these topics in school. Only 1 in 6 students will be required to take a personal finance course before earning a high school diploma, according to nonprofit Next Gen Personal Finance.

That's why we're equipping you with money tips and topics to discuss with the children in your life, plus independent study materials (ahem, videos and games) that will hold kids' attention while teaching them money management. Keep reading to get to the head of the class.

Being in charge of the budget

Are your children constantly asking you for money? One Florida father found a way to nip that in the bud: He had his teen and preteen sign a contract stating what expenses he would pay for, then gave them a set amount of money to spend each month for clothing, cellphone bill and extras. "My son's hard lesson came when his friend pushed him into a pool along with his cellphone. He learned why it's important to build a reserve for unexpected expenses," the father said. Giving your kids a paycheck allows them the chance to make financial decisions – and experience the consequences firsthand.

The economics of higher ed

We've all asked a kid, "What do you want to be when you grow up?" Instead ask what their interests are, and help them explore how they might be applied in a future career. This teaches them adaptability, something of value in a changing economic landscape.

As they get closer to making a decision about whether to attend college or trade school, help them think through the costs and benefits. Junior Achievement's Access Your Future app can help them crunch the numbers. And if you have a child already attending college, know that timing is everything. Yale researchers have found that graduating from college in a bad economy has a lasting negative impact on wages – and many students are considering gap years and grad school because of this.

The roots of retirement

Raise your hand if you want to raise a child who will hit the ground running when it comes to saving for retirement. Personal finance experts say we should let our children know that retirement is the biggest expense they'll ever save for, and it's important to start early. To help them understand the value of compounding, help them open a savings account (or guardian-type brokerage account) where they can experience the power of this phenomenon for themselves.

Extra credit knowledge

When you're young and don't have much money, it's easy to rely too much on credit and jeopardize your financial future. Help your child understand the importance of a good credit score, and explain how you keep yours up. Share stories about how you financed your first car or house, and explain in concrete terms how the interest rate affected the overall purchase price. Finally, consider adding your teen as an authorized user on your credit card and teaching them how to read a statement and pay the balance in full each month.

Homeschool resources

For teens:

- Search **ngpf.org/arcade** for web-based games like "Money Magic," "Payback," "Stax" and "Credit Clash"

For younger kids:

- Schoolhouse Rock! vintage videos like "Budget" and "Dollars and Sense"
- **Cha-chingusa.org** offers Money Smart Kids videos like "Do it Passionately" and "Saving for Success"

In giving your child the gift of financial literacy, you're helping set them up for a brighter future. Through a purposeful approach, we can all do our part to raise the next generation of resourceful citizens.

Next steps

- Have family or friends share stories of how they thrived during a recession or found creative ways to stretch a budget.
- Consider helping your child get started with investing, keeping in mind their investments will change calculations for college aid.
- Introduce your family members – even the younger ones – to your advisor, who can act as a teacher's aide for financial literacy.

A MID-RETIREMENT CHECK-IN

EVALUATE YOUR RETIREMENT BEYOND HEALTH AND WEALTH

As you move through retirement, it's important to set time aside to reflect on how you're doing. While most people often focus on their health and finances, it's equally as important to think about other areas of your life as you approach the midpoint of your retirement, which could be between the ages of 70 and 80, depending on your longevity. This is the time to ask yourself some broader questions to ensure you're making the most of the years you've worked so hard to enjoy.

A holistic retirement check at the halfway point can make sure you stay on track. To get a better understanding of what you should take into consideration, observe the lives of retirees around you and think about the choices they've made. Then, reflect on these questions.

Does my home still work for me?
According to a study by the Bureau of Labor Statistics, retirees spend an average of 1.77 hours per day on housework, like cleaning and laundry. This can vary greatly depending on the size of the house, the number of rooms and the amount of outside maintenance required, like shoveling snow or mowing the lawn. If you find yourself wanting to ease up on household chores, downsizing might be a good solution. Besides less upkeep, it provides an opportunity to declutter and simplify your life, which can be quite satisfying, even liberating.
On the other hand, you may not want to reduce your square footage. If you frequently have your children or grandchildren over for extended stays, you might need a place with an additional bedroom. If hosting holidays and other gatherings brings you joy, having enough space to create cherished memories may be important to you. Everyone's situation is different, but you should ask yourself how the space is working for you.

If you're someone who can't quite tackle stairs lately or requires other accommodations, then accessibility may be top of mind. A single-story home could make it easier to move around. Alternatively, a new condominium may be a good choice. Many modern condos come equipped with features that help ensure you can move about comfortably without any difficulties.

Let's not forget about location. And we don't mean the beach or the mountains. Do you have family members spread across the country? Moving closer to children or grandchildren who can help you with caregiving or errands as you age may be attractive. Even if you'd always dreamed of retirement in Arizona and have enjoyed it, companionship from family may top your priority list and lead you to evaluate where you have more connections.

Do I have any health concerns cropping up?
As you hit the midpoint of your retirement, it's natural to experience some changes in your health. If you're fit as a fiddle, then congratulations! However, it's still important to think about the availability and proximity of your doctors, as well as any insurance changes that may be necessary. If you know you'll need a knee replacement soon, examine your health plan and consider what this upcoming surgery might cost under different options. During Medicare's annual open enrollment from October 15 to December 7, you can make any changes necessary to your insurance coverage.
Some Medicare Advantage Plans even give access to gym memberships and fitness classes. The SilverSneakers program, which is widely known and accepted at facilities like the YMCA, is just one of them. Joining a gym will not only give you the opportunity to commit to regular physical activity, which can prevent health problems that come with age, but it can also give you a sense of community that benefits your mental health.

Am I spending time in a fulfilling way?
If you've always enjoyed your solo hobbies but are finding them a little lonely these days, consider joining a book club at the library or a walking group to help forge new connections.
The idea is to not be married to the hobbies you've always enjoyed. As life goes on and things change, so might your interests or needs. What once provided solace and relaxation might become stressful or feel like a chore. It may be time to add something new to the mix, to try something you've never done before or revive a pastime from decades ago.

How retirees spend the day
According to the Bureau of Labor Statistics, average daily activities include:

- Volunteering – 2.47 hours
- Educational classes – 2.43 hours
- Playing games – 2.08 hours
- Gardening and lawn care – 2.07 hours
- Reading – 1.98 hours
- Socializing – 1.96 hours
- Religious services – 1.85 hours

Do I need to make any adjustments to my finances or estate planning documents?
When it comes to managing your finances, start by examining your budget and determine if your income still aligns with your spending needs. The last thing you'd want to do is miss out on experiences like travel to avoid overspending. (In the same breath, you don't want to sacrifice financial stability.)
That's where advisors can help make adjustments, confirm whether your current asset allocation is still appropriate, and simulate portfolio response to life changes*. Remember to lean on them for advice when your financial needs or wishes change. Express your expectations for the second half of your retirement and include those aspirations in your budget to make sure they happen.

If you've experienced any major life changes (such as marriages, divorces, births or deaths) in the first half of retirement, ensure that any changes in your intentions are reflected in your estate planning documents and beneficiary designations.

The longer we live in retirement, the more challenging it is to course correct if need be. One way to ensure that you're on track for a fulfilling retirement is to conduct a mid-retirement review. With the right adjustments, you can ensure your financial, health and overall well-being goals are all being met.

**IMPORTANT: The projections or other information generated regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. Asset allocation does not guarantee a profit nor protect against loss.*
Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.
Sources: usatoday.com; nerdwallet.com; moneytalksnews.com; money.com; investopedia.com

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