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Complexity and Tariffs

Foster Financial Literacy and Family Values

The Emotional Side of Money: How Childhood Beliefs Shape Women's Wealth Decisions

The Financial Advisor Newsletter

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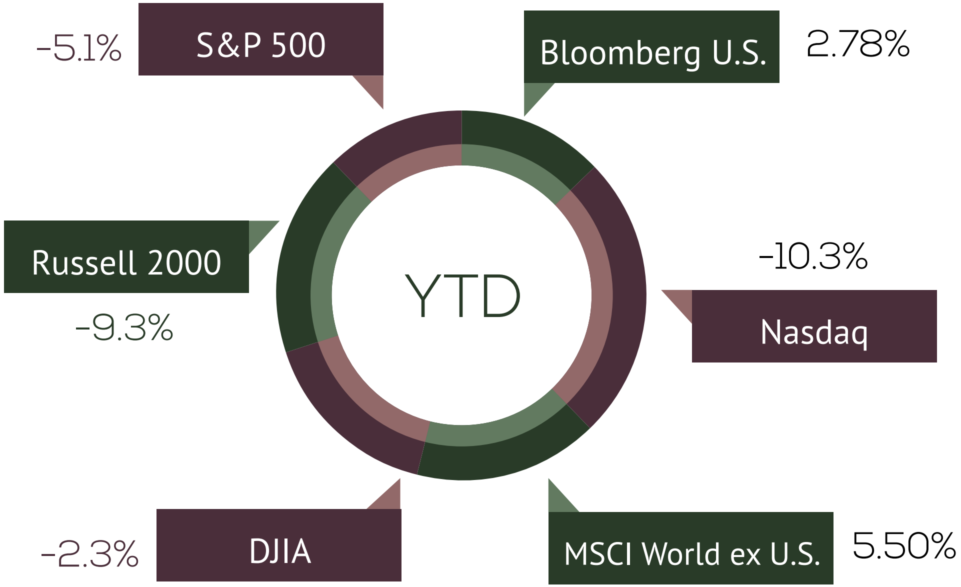
Front cover photo taken by Patrick L. Sullivan

ECONOMIC SNAPSHOT



Source: WSJ, 03/31/2025 & FactSet, 03/31/2025. Inclusion of these unmanaged 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 effect actual investment performance. Individual investor results will vary. Past performance does not guarantee future results. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing the stocks of 30 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 is generally considered representative of the U.S. stock market. The Nasdaq composite is an unmanaged index of securities traded on the Nasdaq system. (The Dow Jones Global ex US is a stock market index measuring equity securities traded globally in 64 countries, excluding the U.S.). The Bloomberg US Aggregate Bond Index is a benchmark index composed of US securities in Treasury, Government-related, Corporate, and Securitized sectors. The Russell 2000 index measures the performance of the 2000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. MSCI ACWI Excluding US Index: The index is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI All Country World Index Ex-U.S. includes both developed and emerging markets.

KEVIN'S **VIEW**

COMPLEXITY AND TARIFFS

Complexity makes humans uncomfortable. To deal with this, we as a species, have developed a long list of coping mechanisms. We simplify some things. We accept at face value other things without understanding the underlying mechanisms that make them work. We develop systems and processes to guide us through complex issues. Sometimes we try to apply simple notions that work in other less complex systems to complex systems. Perhaps the most complex system in the world is the global economy.

The global economy has billions of participants, all making decisions influenced by self-interest, cultural norms, vast amounts of laws and regulations, and possibly whether or not they had their morning coffee. It has millions of goods at various stages being shipped from one nation to the next and onward. No single nation has everything it needs to create everything it needs within its own borders. More complex products, like microchips, require vast supply chains requiring goods from across the globe to be manufactured. Global trade is a reality of modern life and will not go away. Like any part of the human experience, global trade has brought with it many advantages along with some striking disadvantages. Global trade allowed for substantially cheaper goods and the ability for various new goods; however, it also brought with it an increasing wealth disparity with an ever-shrinking middle class, among other things.

To combat the issues from global trade, the current administration has brought back an old idea: tariffs. Tariffs are taxes that importers pay to bring goods into a nation. Tariffs have always been part of the United States. In fact, one of the first bills passed and signed by President George Washington was placing a 5% tariff on many imports to raise funds for our fledgling nation. Most economists would acknowledge that targeted tariffs, meaning on specific goods, are an important part of a nation's trade policy. However, most economists would also say that broad tariffs, on all goods, are not a good policy. It is here that I am reminded of President Harry Truman's request for a "one-handed economist" because he was tired of all his economists saying, "on the other hand".

Whether or not tariffs are a good idea is fairly moot at this point, as we now have tariffs and will likely continue to have tariffs for the foreseeable future. Time will tell whether the current tariff strategy is beneficial in the long term or not. In the meantime, investors need to decide how to react. Ini-

tially, there is likely to be a strong reaction to the tariffs from the markets. In the longer term, a number of questions remain. These include: How will other countries react, what will the inflationary impact be, and how quickly will the United States' economy adjust?

In light of these questions, we will continue to ratchet down risk where appropriate and look for opportunities as they present themselves. Interestingly, this may result in more opportunities outside of our borders as economies decouple. If uncertainty continues to increase, we may see precious metals continue their rally along with fixed income. The best course of action, in our opinion, continues to be adjusting portfolios slowly but consistently in cases like these rather than making sudden large changes.

As we go through this change, and as you have questions or concerns, please don't hesitate to reach out to me or my team to discuss your specific situation. ☐

The highest compliment we can receive is when you let your families and friends know about us.
Referrals Welcome!

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DID YOU KNOW?

April is Financial Literacy Month, a time to learn about money management and improve financial well-being.

Dates to Remember:

April 15th: Tax Day- File an extension by this date to have until October 15th to file, but any taxes owed must be paid by April 15th. The extension only applies to filing.

April 8–12th: America Saves Week- A time to review finances, set savings goals, and make a plan.

April 14th: Take Your Child to Work Day- If your kids have ever asked what you do all day, this is a nationally recognized holiday to give them a glimpse into the working world.

April 28–May 4th: National Small Business Week- A time to recognize small business owners and entrepreneurs.

May 29th: National 529 Day- Learn how to save for college with **tax-advantaged** plans!

Did you know the State of Colorado offers a First Steps Program? This program provides a free $100 gift to help you start saving for your newborn. Any child born or adopted on or after January 1, 2020 in Colorado is eligible to receive a free $100 contribution to a CollegeInvest 529 savings account.

That's only the beginning! They also match your future contributions dollar-for-dollar, up to $500 per year for the next 5 years. You could receive up to $2,500 in matching funds!

Also, contributions you make to your account are eligible for a Colorado income tax deduction for Colorado taxpayers.

Call our office to open a CollegeInvest college savings account and for assistance in applying for the First Steps Program.

SPRING 2025 MARKET CLOSURES

May 26: Memorial Day

June 19: Juneteenth

July 4: Independence Day

Source: Raymond James

529 plans come with fees and expenses, and there is a risk they may lose money or underperform. Most states offer their own 529 programs, which may provide benefits exclusively for their residents. Please consider whether the state plan offers any tax or other benefits. Tax implications can vary significantly from state to state.

SHRED ME, SHRED ME NOT

With tax season looming, many people can picture a memory from the not-too-distant past: box after heavy box of documents and receipts collecting dust for eternity. Today we can scan and shred records to our hearts' desire, but questions remain.

Should all records now be digitized? Should some be shredded? Are some better intact? And when should the shredding commence? If confusion is setting in, fear not. Here are some simple tips that could make this year's post-tax routine a little lighter.

Shred Immediately

- Sales receipts (unless related to warranties, taxes or insurance)
- Canceled checks (unless tax-related)
- ATM receipts
- Paid credit card & utility bills
- Credit offers
- Expired warranties

Shred after 1 year

- Pay Stubs
- Bank Statements
- Paid, Undisputed medical bills

Shred after 7 years

- Tax-related receipts
- Tax-related canceled checks
- W-2s
- Tax deduction records

Keep while useful

- Vehicle titles (for as long as you keep the car)
- Home deeds (for as long as you live there)
- Pay Stubs (until checked against your W-2)
- Disputed medical bills (until resolved)
- Home improvement receipts (until you've sold and paid any capital gains taxes)

Keep for life

- Birth certificates or adoption papers
- Citizenship papers
- Passports
- Marriage or divorce decrees
- Family death certificates
- Tax returns (even if these are no longer on paper, it's still advised to hold on to the digital files)

Sources: accesscorp.com, adobe.com, consumer.ftc.gov, nextprocess.com, techradar.com, pngtree.com, freepik.com

FOSTER FINANCIAL LITERACY AND FAMILY VALUES

Timing discussions around money while clearly communicating your financial values with heirs can be tricky.

You may already be asking yourself: How will I help them understand this is more about passing on a legacy than money? What financial knowledge and decision-making skills do my heirs currently have? Will my family understand the importance of charitable giving as much as I do? We've compiled some insights below to help you build a solid foundation for your values and principles long before any money changes hands.

Open Lines of Communication

Talking about inheritance may be uncomfortable for some families for a variety of reasons. Facing the prospect of losing a loved one can be very overwhelming. Disparities in bequests to your children can also be a sensitive issue to discuss.

But while these might be difficult conversations to have, the sensitivity of these topics emphasizes the importance of addressing them. Once you've built a foundation for honest, open financial conversations, your heirs will gradually become more comfortable addressing these topics in time. If possible, bring all your heirs together, or at least those inheriting the majority of your estate, to help ensure everyone is aligned and understands your intentions.

You may not go into all the specifics during these group conversations, but it's valuable to set expectations and open lines of communication among your heirs too. Transparent dialogue may mitigate the risk of any strife between them later.

Group sessions are important, but it's recommended you also take the time to sit down with each heir individually to discuss their gift and role in the estate process. After all, each of your heirs has their own needs, aspirations and special relationship with you.

At some point – and it doesn't have to be the first or second meeting – consider introducing your family members to your advisor so they can start to build a relationship and feel comfortable asking questions as they arise. Your advisor can provide their office as a neutral location to host the meetings and serve as an impartial mediator among you if needed.

Involvement and Guidance

It's only natural to want to prioritize the well-being and financial preparedness of your loved ones, especially to make sure they're well-equipped to manage their inheritance as well as make the most of it.

When the time is right to initiate these discussions, it's crucial to ensure the topics you plan to bring up are right for the maturity level and financial literacy of your heirs. The overarching goal is to gradually instill and enhance their financial literacy, and that process should happen well in advance of the inheritance itself.

For example, young ones in elementary or middle school can often grasp important lessons about tradeoffs. You can point out that skipping out on buying a treat every day after school might mean getting that Lego set or video game at the end of the month. Incorporating everyday money management skills, like spending, saving and sharing, helps build a strong foundation that makes your heirs good stewards of your wealth later in life. Once your loved ones become adults, don't be shy about sharing more details about the story of your wealth. As young adults, they're perhaps pursuing their own investment opportunities and planning for their future. They may be putting money into their first job's 401(k) or learning how a health savings account works, so will already have some knowledge to draw from.

Discussing the hard work and smart decisions you've made to earn your wealth with your heirs is an engaging approach that can foster credibility and respect in the long run. Inspiring them to understand how you've nurtured and grown your nest egg through the years may be the catalyst for your heirs to carry your values forward.

Passing Down Values

Wealth often represents the accumulation of a lifetime of hard work. By passing down both financial wealth and values, you can ensure your legacy is preserved and future generations understand the principles that guided your success.

By instilling values like financial literacy, philanthropy and a robust work ethic, you'll set your heirs up for success as well-prepared and responsible stewards of the wealth they inherit. Lead by example, set clear expectations, communicate openly, and provide your heirs with the opportunities to learn and make decisions. A unified – and communicated – vision for your family's wealth will leave you feeling confident that your heirs understand the responsibility and great privilege of carrying on a meaningful legacy. □

Next steps:

- Open communication channels early to talk about responsible stewardship.
- Encourage involvement with your heirs to promote philanthropy.
- Talk to your advisor to set your intergenerational wealth plan in motion.

Source: Raymond James

KATEE'S KORNER

THE EMOTIONAL SIDE OF MONEY: HOW CHILDHOOD BELIEFS SHAPE WOMEN'S WEALTH DECISIONS

I recently spoke to a women's group about resilience and how our early money experiences shape our financial decisions. Growing up, my family moved around a lot, and money was always tight. My dad was constantly starting new businesses, and we often relied on free food programs. My mom worked night shifts as a CNA, leaving me to care for my siblings.

At a young age, I realized I wanted more financial independence. I started nannying in my neighborhood, earning my own money, and saving for things I valued. That experience helped me break free from limiting money beliefs—and you can too.

How Childhood Money Messages Affect Women
From an early age, we absorb financial lessons—some helpful, some limiting. Here are a few common ones:

Scarcity vs. Abundance Mindset – Growing up with financial struggles can lead to fear of spending or investing, while an abundance mindset builds confidence in money decisions.

"Money is for Men" Narrative – Many women grew up seeing men handle investments while women managed household budgets, making wealth-building feel "out of reach."

Fear-Based Money Habits – Witnessing financial struggles can create anxiety around making money moves, leading to overly cautious financial choices.

Putting Others First – Women are often raised to prioritize others' needs, which can make negotiating salaries or investing for personal growth feel uncomfortable.

Breaking Free from Limiting Money Beliefs
Take Sarah, a marketing executive in her 40s. She grew up in a home where every dollar was scrutinized, and she learned to "save every penny because you never know what could happen." This fear held her back from investing for years.

After working with a financial advisor, Sarah realized her hesitations came from childhood—not actual financial risk. By shifting her mindset, she started investing, built an emergency fund, and grew her net worth with confidence.

How to Rewrite Your Money Story
If your childhood money beliefs are holding you back, here's how to shift your mindset:

Identify Your Money Story – What were you taught about money growing up? Are those beliefs helping or hurting you now?

Challenge the Narrative – If you were told investing is too risky, educate yourself, attend workshops, and surround yourself with financially confident women.

Start Small – If money decisions feel overwhelming, start with small, consistent actions—like automating savings or making your first investment.

Shift from Scarcity to Abundance – Instead of fearing financial loss, focus on the opportunities wealth-building can create.

Define Your Own Money Values – Your financial goals should align with *your* priorities, not outdated beliefs.

Take Control of Your Financial Future
Your past doesn't have to dictate your financial future. By recognizing and reshaping your money mindset, you can build wealth, gain confidence, and make empowered financial choices.

If you're ready to take the next step, let's chat! Whether it's building a financial plan, exploring investments, or simply shifting your money mindset, I'm here to help. □

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