SONORAN RETIREMENT ADVISOR

April 2025

Today is another chance to get better.

IN THIS ISSUE

1. Note to my clients.
2. Feature Story Pg. 2-4
3. Clients of the Month Pg. 4
4. Planning Compass Pg. 5-7
5. Upcoming Workshops Pg. 7-8

From Medicare to Retirement Planning. We provide the tools, and expertise to protect your retirement and lifestyle.

Hi,

My feature story will discuss the current market volatility.

My second article will focus on Social Security's new in-person identification requirement.

Also, I just wanted to mention that our daughter, Amanda De Luca, has joined our team. She will be assisting with answering the phone and other clerical work.

Stay safe and healthy.

Your Tucson Team

<u>FEATURE STORY</u>

Market Volatility as of April 4, 2025

Financial markets were on pins and needles as 'Liberation Day' approached on Wednesday, after a volatile few weeks of uncertainty surrounding tariff policy. Despite news of a 10% global tariff rate being broadly applied, and a smorgasbord of individual country- and product-specific rates, we only have some improved clarity on trade conditions compared to a few weeks ago.

The dramatic announcement soured U.S. stock marketfutures last week, which shows us that investors are starting off with pessimism before sorting through the post-tariff aftermath. This becomes much more complex due to the fact that the impact from tariffs is unique by country and product, as noted, and provides an unclear timeline on a return to more normalcy. From the administration's statements, other than for tax revenue, this period of pain appears to be intended to get the U.S. economy to an ultimately better place, perhaps one of greater self-reliance with a stronger manufacturing base akin to an era last seen decades ago. As the purpose of global trade is to manufacture in places with the lowest cost and greatest worker efficiency, a high tariff policy is assumed to no doubt raise costs, as those efficiencies are removed. From a geopolitical standpoint, some of the administration's hardball policies appear to be at least somewhat effective, withEurope (Germany) allowing fiscal spending to ramp up in response to higher national defense responsibilities.

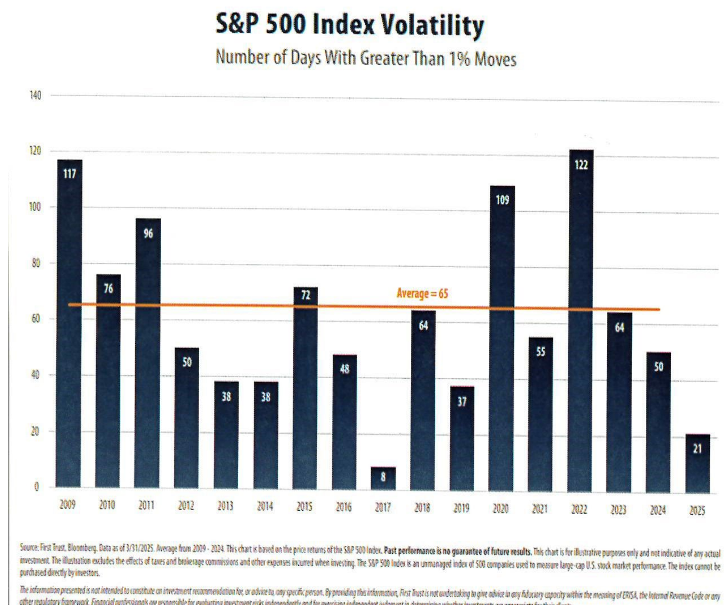
More directly, the negative impact on equity markets is, as usual, based on the assumed impact on company earnings, which is no doubt tied to economic growth in addition to individual profitability dynamics. Tariffs naturally raise costs, which either must be absorbed by a firm (reducing profits) and/or passed on to consumers (acting as a tax of sorts, inflating end prices). Neither option is a great one from an economic standpoint, but recent U.S. company earnings calls have implied passing costs on to consumers is the more likely outcome. That explains why most mainstream economists tend to not look favorably on tariffs, other than in circumstances of national security or specifically targeted to certain industries only.

If there is good news, it's that we may have reached 'peak uncertainty' (for financial markets, uncertainty has tended to be even worse than terrible news), and that the policy uncertainty is occurring during a period when the underlying economy is otherwise "in a good place" (as Fed Chair Powell has described it). Unlike far worse economic environments, many companies find themselves not over indebted. This has likely been the reason why bond markets haven't reacted as negatively to this year's 'risk-off' events, although corporate credit spreads have widened a bit. This provides some degree of buffer against negative shocks like this, although there is a limit, and recession odds have increased over the past few weeks. As of this morning, though, the odds of Federal Reserve policy rate cuts have only increased back from around one to around four for 2025, and just one more for 2026. If fears of a substantive recess ion had indeed risen further, it's fair to assume more cuts (on the order of up to a few percent) would have to be baked in.

Looking at where we were at the start of the year, with somewhat extended U.S. stock valuations, it doesn't take much to instigate a drawdown. Including Friday (4/4) morning's early movements, the S&P 500 remains down just beyond that -10% correction level. (Since World War II at least, -10% corrections have occurred at least once every 1-2 years, with full -20% bear markets every 6-7 years). While geopolitical events can be a source of distressing volatility in the short term, long term results have tended to be driven by fundamentals, as back and forth noise is neutralized. Asset allocation and its implied diversification benefits have certainly softened the blow this year, offsetting some of the dire domestic media headlines.

To help you put recent events into a perspective. Since 1926 (99 years) there has been 73 years with positive returns and 26 with negative returns. Of the 26 negative, 18 have been 14% or under which have fallen right into the effective range of our strategies risk offset for equities.

Stock market volatility, although inevitable, can be concerning to investors. Here we look at the number of days per year with greater than 1% moves in the S&P 500 Index. Since there are so many swings in both directions (an average of 65 trading days per year from 2009-2024), we continue to stress the importance to keep a long-term investment perspective. Volatility must be planned for and embraced as investors.



This shows the 15 largest single day percentage losses in the S&P 500 Index since 1960 and the subsequent price performance of the index for the 1-, 3-, 5-, and 10-year periods that followed. Looking back, the S&P 500 Index produced positive price appreciation, on average, in each of the periods. While stocks have sometimes experienced extreme volatility over short periods of time, we believe investors who remain committed to their long-term investment plan will continue to be rewarded over longer periods.

S&P 500 Index

Performance After Its Worst Days

Date	1 Day Return	1 Year Later	3 Years Later	5 Years Later	10 Years Later
10/16/1987	-20.47%	23.19%	11.60%	13.04%	15.43%
3/13/2020	-11.98%	66.07%	18.40%	18.77%	N/A
3/11/2020	-9.51%	58.96%	15.90%	17.68%	N/A
10/14/2008	-9.03%	20.79%	10.49%	13.34%	11.72%
11/28/2008	-8.93%	35.85%	15.10%	17.21%	12.96%
9/26/2008	-8.79%	-4.14%	1.60%	8.86%	10.17%
10/23/1987	-8.28%	23.59%	10.20%	12.93%	15.25%
10/8/2008	-7.62%	17.76%	16.57%	12.73%	12.21%
3/6/2020	-7.60%	41.10%	12.57%	16.01%	N/A
10/24/1997	-6.87%	21.48%	16.30%	0.47%	5.76%
8/28/1998	-6.80%	37.93%	5.80%	1.04%	2.97%
1/7/1988	-6.77%	15.31%	8.96%	12.01%	14.66%
11/19/2008	-6.71%	45.05%	17.34%	18.81%	13.38%
5/25/1962	-6.68%	26.14%	16.79%	10.39%	7.14%
8/5/2011	-6.66%	25.26%	19.94%	14.27%	14.74%
Average:	**-8.85%**	**30.29%**	**13.17%**	**12.50%**	**11.37%**

We like to draw special attention to 3 of the 15 events which occurred in March of 2020 (Covid). As far as the market events surrounding Covid it was really a Supply-chain event. Which basically mirrors what we are seeing now; a supply chain event. While we do not expect the severity or quickness of the Covid decline (basically 20%-30% from Feb 20- April 7) due to the addition of pandemic fears. We do see similarities in the increase of costs and scarcity of goods from supply chain restrictions from tariffs (not supply chain shut downs). We see this event as a less severe drop in the markets, increase in prices and supply of goods. So while this should be less severe, we do expect it to be longer than the roughly 6 week drop with Covid.

It will take some time for the all the world politicians to find exit strategies for each of their countries that make them look good and makes the Trump administration look good (everybody has to "Save Face"). But we are already seeing some signs of movement as the President of Mexico has released some positive comments about negotiations, The Israeli Prime Minister has stated they look to remove all tariffs, Sweden's Prime Minister has stated they are commented to getting tariffs as low as possible and even the new Canadian Prime Minster has stated that while they will protect their industries they will not create or join any "union" of countries to combat the US or any of its industries. Your financial advisor continues to monitor the equity markets. Overall, the US economy is still fundamentally strong this episode of volatility only seems to be effecting the equity markets, as there is no indication of strain on the US Treasury, Oil or Gold markets.

.

Clients of the Month

We appreciate your referrals so much ….
We are happy and grateful for each referral. The only things your friends have to lose are high premiums and that sinking feeling that they just lost money when the market dips again. I'm happy to offer a gift card for every referral that leads to an appointment.

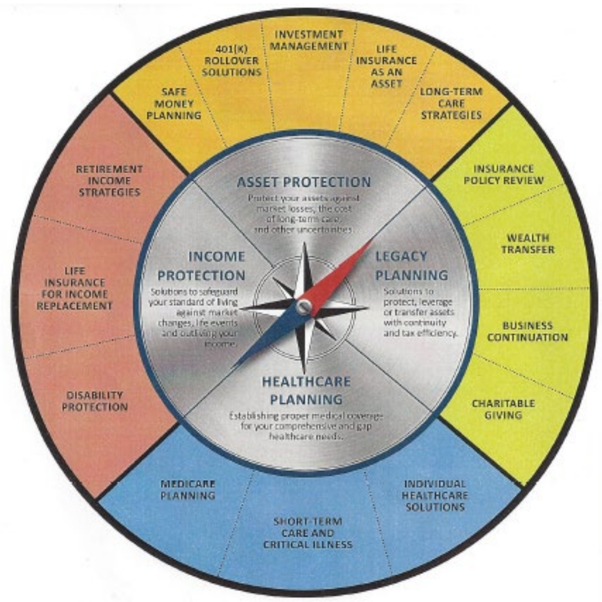
Maryellen R. referred her friends **David and Yolanda T.** Thank you so much!

Patricia C. referred her mother **Carmen T.** Thank you so much!

Patricia C. referred her brother **Miguel T.** Thank you so much!

Augustine C. referred **Fidel R.** Thank you so much!

The Retirement Planning Compass



Social Security's new in-person identification requirement angers retirees and advocates

The Social Security Administration's plan to require in-person identity checks for millions of new and existing recipients while simultaneously closing government offices has sparked a furor among lawmakers, advocacy groups and program recipients who are worried that the government is placing unnecessary barriers in front of an already vulnerable population.

The new requirements will impact anyone who needs to verify their bank information with the agency, as well as families with children who receive Social Security benefits and cannot verify a child's information on the SSA website. They are intended to combat fraud and waste within the system, which President Trump and officials in his administration have claimed are widespread.

The agency announced Tuesday that, beginning March 31, those who cannot properly verify their identity over the agency's "my Social Security" online service will be required to visit an agency field office in person to complete the verification process. They also announced recently that Social Security field offices across the country will be closing.

Of the 47 SSA field offices listed for closure on the website for the White House's Department of Government Efficiency, known as DOGE, 26 are slated for closure this year, with some taking effect as early as next month, according to an Associated Press analysis of the data.

That change, in addition to the impending closure of field offices across the country, and a plan to reduce the agency workforce with mass layoffs, could result in massive delays to services, advocates say. Nancy LeaMond of the AARP said eliminating phone verification "will result in more headaches and longer wait times to resolve routine customer service needs." She also mentioned that this announcement “not only comes as a total surprise but is on an impractical fast-track.”

“SSA needs to be transparent about its service changes and seek input from the older Americans who will be affected. Because any delay in Social Security caused by this change can mean real economic hardship," LeaMond said.

Agency leaders said Tuesday that the agency would begin training frontline employees and management about the new policy for the next two weeks.

Pushback from Democrats came quickly. A group of 62 House Democrats wrote Wednesday to the agency's acting commissioner, Leland Dudek, to express concern about how the changes could hurt older beneficiaries in remote areas and people with limited internet access.

"Requiring beneficiaries to seek assistance exclusively online, through artificial intelligence, or in person at SSA field offices would create additional barriers, particularly for those who live far from an office," they wrote. "We strongly urge you to consider the individuals who may be harmed."

One Social Security recipient, 80-year-old Sandi Bachom of New York, said she was terrified by the change.

"What would happen if I didn't get that check?" she said. "I don't have any family. Everybody's dead. There's no one to take care of me."

Bachom, a retired documentary filmmaker, credits Social Security with "saving my life" after losing a six-figure advertising job and falling on hard times.

White House: "We're looking out for seniors"

Harrison Fields, a White House spokesman, told The AP that the intention of the change is "stopping vulnerabilities to fraud."

"We're looking out for seniors by doing this," Fields said.

In announcing the changes, Dudek said that the agency sees $100 million in direct deposit fraud every year. However, congressional testimony from an official with the SSA inspector general in May 2023 said that "from January 2013 through May 2018 fraudsters redirected $33.5 million in benefits intended for 20,878 beneficiaries" and made unauthorized direct deposit changes through the agency's website.

The agency distributes roughly $1.6 trillion in old-age and disability benefits annually.

The end of phone service identification could be dramatic for some recipients, including families with children who will be required to visit an SSA office, since children can't open online accounts through the "my Social Security" online service.

Nancy Altman, president of Social Security Works, said "this will make it far harder for the American people to claim their earned benefits. It could even cause major delays, and ultimately collapse the system, by overwhelming the field offices."

Altman, of the advocacy group, believes the administration's ultimate goal is to privatize the Social Security system.

Travel concerns for low-income seniors

Kentucky Gov. Andy Beshear said he is concerned that "some of our oldest Kentuckians, who are living on a fixed income, who don't have the resources to travel, have to travel hours to get basic questions answered."

"Why? Because they don't want them to do it, and they want to be able to kick them off. It's not right," the Democrat said. "These are people who qualify and the federal government has an obligation to have enough offices, call-in or other resources to ultimately process the applications that are out there and answer the questions that people have.

"My concern is that what Elon Musk is trying to do is break government, not fix it."

Musk's Department of Government Efficiency has embedded staffers in various agencies to look for ways to shrink the federal government. Musk has pushed debunked theories about Social Security and described the federal benefit programs as a "Ponzi scheme" rife with fraud.

Bachom, the New Yorker who depends on her monthly Social Security check arriving at the middle of the month, said people she knows were alarmed by what they have heard about steps the administration has taken.

"We're all freaked out," she said. "And we shouldn't have to be freaked out at this age that somebody is going to rob us."

UPCOMING MEDICARE WORKSHOPS

For all workshops please email Marilyn at: marilyndeluca@ffig.com or call her at 520-668-9662 to Reserve your free seat.

Tuesday April 15th - 11:00 AM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday April 15th - 6:00 PM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday April 29th - 11:00 AM
HILTON EL CONQUISTADOR:
10000 N Oracle Rd, Tucson, AZ 85704

Tuesday April 29th - 6:00 PM
HILTON EL CONQUISTADOR:
10000 N Oracle Rd, Tucson, AZ 85704

Tuesday May 13th - 11:00 AM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Tuesday May 13th - 6:00 PM
FUTURITY FIRST - TUCSON OFFICE:
4400 E Broadway Blvd, Suite 712, Tucson, AZ 85711

Answers to your important questions

- What's really working on Wall Street and how can I avoid what's not?
- What does volatility mean to my portfolio?
- How do I maintain my income no matter what happens in the market?
- How can I avoid the pitfalls of variable annuities?
- What isn't my broker telling me about mutual funds?
- How to insulate your 401(k), 403(b) from devastating market corrections?
- How you can reduce management fees on your portfolio?
- How can I make sure I never run out of money without putting all of my money into an annuity?

Futurity First
4400 E Broadway Blvd, Suite 712
Tucson, AZ 85711
www.Futurityfirstofsouthernaz.com
520-668-9662

Retirement
Income Planning
Workshop

A 60-minute educational program preparing you with the financial basics of retirement planning.

Offered at our office for your convenience

4400 E Broadway Blvd, Suite 712
Tucson, AZ 85711

Tuesday, January 14^{th}
Tuesday, February 11^{th}
Tuesday, March 25^{th}
Tuesday, April 8^{th}
Tuesday, May 20^{th}
Tuesday, June 10^{th}

All workshops begin at either 12:00 pm or 6:00 pm

Seating is limited.
Register today for your free seats!

520-668-9662

Build your retirement plan based on certainty and guarantees, not theories and guesswork.

Finally there is a planning model that is easy to understand and provides low cost, high yield, consistent income. This process avoids losses, reduces fees and puts more money where it belongs… in your pocket. It is so simple that you may say, "Why didn't I think of it myself."

This classroom course is focused on empowering you to make fact-based financial decisions. If you are wondering why the markets do what they do, seemingly without any rhyme or reason, this course is for you. Learn how to recognize the dangers in your financial plan and how to side-step their negative effects on your portfolio. Gain the confidence needed to move past daily market performance concerns and interest rates and enjoy retirement.

Course Outline

Part 1
- Our process
- What concerns retirees the most

Part 2
- Today's retirement landscape
- Key retirement ages and decisions
- Income gap

Part 3
- Risks affecting your portfolio

Part 4
- Sources of guaranteed income

Part 5
- Elements of a retirement income plan
- Make your money last a lifetime *(or two)*
- Inflation fighting tools
- How a simple plan can protect you from losing money or income in any market condition