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6 Myths about Stock Investing

When it comes to investing in stocks, there's a lot of misinformation. Those myths can lead to confusion about whether investing in stocks is good for your portfolio.

The truth is that investing in stocks can be one way to put yourself on the path to a secure financial future. But before you get started, it's important to review six of the biggest myths about investing in equities.

Myth #1: Investing in Stocks Is Like Gambling — People often liken stock investing to gambling, but that's not really a fair comparison. Yes, there's risk involved with buying stocks — and you should be highly skeptical of anyone who tries to sell you on risk-free investment opportunities of any kind. But the risk that comes with buying stocks isn't the same as that which comes with gambling.

When you buy stock, you are buying something: a share of a publicly traded company. You make money if you make a wise, informed purchase (i.e. you do your research and purchase stock in a company that does well). In gambling, the odds are always stacked against you; eventually, the house will win. And you usually have just one chance to make money when gambling. If you buy a stock whose value later dips, you can sit tight and wait for it to rise in price again.

Myth #2: You Have to Trade a

Lot to Make Money in Stocks — Not necessarily. In fact, some top investors, like Warren Buffett, advo-

cate trading very little if you hope to make money in the stock market.

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News and Announcements

Welcome to the Winter edition of our client newsletter. Wow – What a year 2025 has been so far! The US stock market remains resilient considering some broad issues and uncertainty not only in the US but around the world. The economic backdrop remains constructive in our opinion. According to Jeff Schulze with Clearbridge, while valuations are a little elevated relative to history, they are backed by healthy earnings and strong cash flow. Stronger economic and corporate profit growth, along with a federal reserve that is lowering rates, should be good for the market. Going back to 1980, equities have fared well in the year after the Fed began a soft-landing rate cut cycle, rising 18.3% over the following year and 48.6% over the next two.

Our family is growing! Brooke and Efrain had a little girl, Olivia Anastasia, November 1. She is so tiny, weighing around 7 pounds and 19 inches long. It is hard to believe we are now grandparents! Brooke and Olivia are both doing well. Aunt Sophia is in a good position, already being in Tucson! We look forward to getting to spend time with them soon.

Heather's restaurant has had another nice year and has been well received in Peoria. She continues to innovate with a unique menu and offerings for our area. Recently, they were awarded the best Entrée award at the Taste of Peoria Heights.

Sophia graduated from Peoria Notre Dame this spring and is currently in her first semester at the University of Arizona. She is acclimating well, enjoying her classes and all that Tucson has to offer! It also doesn't hurt that her big sister is there too! She has enjoyed sporting events as well as attending several concerts. We are looking forward to seeing her over winter break!

Evan has had another busy year. He had a good baseball season this spring and we were also blessed with some nice weather! He played football this fall and absolutely loved it! His school (PND) made the playoffs and looks to continue a very nice year with a run in the postseason. Believe it or not, then basketball starts! I don't lack for sporting events to attend these days!

Thank you for the opportunity to serve you and your families. Please don't hesitate to reach out to us with any questions or concerns regarding the markets.

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*The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.
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6 Myths

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Trading often can cost a lot of money, since you'll incur trading fees and have to pay capital gains taxes on any profits. You can make money in stocks by carefully selecting solid stocks and trading only when necessary (for example, to rebalance your portfolio). This set-it-and-forget-it approach to investing works well for many people — and has the added benefit of involving less stress and less work for you.

Myth #3: Stock Investing Is Just for Rich People — Think your typical stock investor looks like a Wall Street banker? That's a popular stereotype, but it's not a realistic one. People from all walks of life invest in stocks. Millions of Americans are invested in stocks through the mutual funds they own in a 401(k) plan or other investment accounts. And with the increasing availability of low-cost, online investing tools, you don't need to have millions to invest in stocks.

Myth #4: You Can Time the Market — Novice investors may think it's possible to time the market. In other words, they think they can watch for signs and always buy when the market is at its lowest point and sell when it's at its peak. But in reality, few of us have a crystal ball. You might get lucky sometimes, but pure market timers usually end up losing more money than they make. Few individuals are able to consistently and accurately predict what the market is going to do over the long term. Plus, emotions tend to get in the way when most of us invest, causing us to make rash decisions driven more by fear or greed than logic. Instead, many professionals recommend developing a long-term, consistent investment strategy and investing with that in mind, rather than at-

tempting to get out in front of the market's swings.

Myth #5: A Stock That's Done Well in the Past Will Do Well in the Future — There's a reason investing materials come with a disclosure: Past performance is no guarantee of future results. Even once-hot stocks can eventually tank. Remember companies like Kodak and Bethlehem Steel? Stock in these businesses once seemed like ultra-safe investments to many investors, but the world changed and these companies flailed. Or, investors may suddenly sour on a stock that's enjoyed a nice run-up in value and then its share price plummets. That's not a reason to avoid stocks entirely, but

it is a reason to pay attention to overall trends in the market and not get too caught up in the excitement over a particular company or industry.

Myth #6: I Watch a Lot of Financial News. I Can Pick Stocks with the Best of Them. — Everyone else is watching those same financial shows, so you're not getting any special knowledge or information that way. Financial markets are actually quite complex. That's why many people choose to work with financial professionals when investing, relying on their knowledge and expertise to help them make investment decisions. Please call if you'd like to discuss stock investing myths in more detail. ✓✓✓

Should You Stay or Should You Go?

Choosing a place to live is one of the most important decisions you can make when planning for retirement. And it's not always an easy choice to make. Below are some tips that may help you make your choice.

You can start your retirement housing search by asking yourself these questions: Where do I really want to live in retirement? Where can I afford to comfortably live? If I'd like to relocate, how much will it cost? Will relocating allow me to save money on housing and other expenses? Can I save on taxes by moving to another area? If I'd like to move, what price can I expect to get for my house? Where do my friends and family live?

What if your answers to the above questions suggest that relocation is a good idea? Depending on your current financial situation, it may not be realistic. Many still have hefty mortgage payments heading into retirement. Some people who want to relocate simply may not have the financial ability

to do so.

If you are interested in moving, looking into housing in your ideal location is just the start. You'll also want to think about how much you can get from the sale of your current home (be realistic). Taxes are another element. Some retirees can save money by moving from a high-tax state to one that offers tax breaks to retirees. Also consider the cost of travel back to your original home if you still have family and friends living there.

If you're sure that relocating in retirement is the right choice for you, don't rush into a decision. Try a trial run of a month or two in your ideal destination to see how you really like living there. A place that's great to visit for a week might lose its luster after a month. Make sure you think about amenities, both fun and not so fun. Knowing the answers to these questions in advance can help you avoid making a costly financial mistake. ✓✓✓

Retirement Plan Assumptions

To enjoy your retirement without financial worries, make sure you have enough money saved when you retire. However, calculating how much you'll need can be a daunting task, since a variety of factors affect your answer and inaccurate estimates for any factor can leave you with way too little in savings. Some of the more significant factors include:

What percentage of your pre-retirement income will you need?

You can find various rules of thumb indicating you need anywhere from 70% to over 100% of your preretirement income. On the surface, it seems like you should need less than 100% of your income. After all, you won't have any work-related expenses, such as professional clothing, lunch, or commuting costs. But look carefully at your current expenses and how you plan to spend your retirement before deciding how much you'll need. If you pay off your mortgage, stay in good health, live in a city with a low cost of living, and engage in inexpensive hobbies, then you might need less than 100% of your income. However, if you travel extensively, pay for health insurance, and maintain significant debt levels, even 100% of your income may not be enough.

When will you retire? Your retirement date determines how long you have to save and how long investment returns can compound. You want to make sure your retirement savings and other income sources, such as Social Security and pension benefits, will support you for what could be a very lengthy retirement. Even extending your retirement age by a couple of years can significantly effect the ultimate amount you need.

How long will you live? Today, the average life expectancy of a 65-year-old man is 81 and of a 65-year-old woman is 84 (Source: Social Security Administration). Most people look at average life expectancies when estimating this, but average life expectancy means you have a 50% chance of living beyond that age and a 50% chance of dying before that age. Since you can't be sure which will apply to you, it's typically better to assume you'll live at least a few years past that age. When deciding how many years to add, consider your health as well as how long other family members have lived.

What long-term rate of return do you expect to earn on investments? A few years ago, many retirement plans were calculated using fairly high rates of return. Those high returns don't look so assured now. At a minimum, make sure your expectations are based on average returns over a very long period. You might even want to be more conservative, assuming a rate of return lower than long-term averages suggest. Even a small difference in

your estimated and actual rate of return can make a big difference in your ultimate savings.

Have you considered inflation?

Even modest levels of inflation can significantly impact the purchasing power of your money over long time periods. For instance, after 30 years of just 2% inflation, your portfolio's purchasing power will decline by 45%. When estimating an inflation figure, don't just look at the historically low inflation rates of the recent past. Also consider long-term inflation rates, since your retirement could last for decades.

What tax rate do you expect to pay during retirement? Especially if you save significant amounts in tax-deferred investments that will be taxable when withdrawn, your tax rate can significantly affect the amount you'll have available for spending. You may find your tax rate is the same or higher after retirement.

Once you've estimated these factors, you can calculate how much you'll need for retirement. Please call if you'd like help with this calculation. ✓✓✓



How to Use P/E Ratios

The price/earnings (P/E) ratio is the price you pay for \$1 of a company's earnings. For example, if a company reports basic or diluted earnings of \$2 per share and the stock is selling for \$20 per share, the P/E ratio is 10

(\$20 per share divided by \$2 of earnings per share).

This ratio helps you determine if a stock is over or undervalued, helps compare companies in the same industry, and helps to compare the return you are actually earning from the company compared to other investments. Here's how it works. Both company A and B are selling for \$50 per share. Company A has reported earnings of \$10 per share and company B has reported earnings of \$20 per share. Company A's P/E ratio is 5, while company B is 2.5. Company B is cheaper and is providing twice the earning power because for the same share price, an investor is getting \$20 of earning as opposed to \$10 of earnings.

There are also variances in P/E ratios by industry, because there are different expectations for different types of business. If you want to buy a stock because it has an attractive P/E ratio, make sure you know why. It may be a great stock to purchase and is just undervalued, but make sure you know if the company is losing business or is poorly managed. It may also be that the entire industry is weak. Don't just buy a stock because it's cheap. Many investors also use the price-to-earnings-to-growth ratio, also known as the PEG ratio, because it also factors in the growth rate of a company. ✓✓✓



Market Data



	MONTH END			% CHANGE	
	OCT 25	SEP 25	AUG 25	YTD	12-MON.
STOCKS:					
Dow Jones Ind.	47562.87	46397.89	45544.88	11.8%	13.9%
S&P 500	6840.20	6688.46	6460.26	16.3	19.9
Nasdaq Comp.	23724.96	22660.01	21455.55	22.9	31.1
Total Stock Market	67554.23	66145.67	64011.54	15.7	19.4
PRECIOUS METALS:					
Gold	3982.20	3820.00	3409.00	52.2	45.6
Silver	47.99	46.15	39.20	63.0	46.8
INTEREST RATES:	OCT 25	SEP 25	AUG 25	DEC 24	OCT 24
Prime rate	7.00	7.25	7.50	7.50	8.00
Money market rate	0.44	0.45	0.44	0.42	0.43
3-month T-bill rate	3.73	3.86	4.10	4.23	4.49
20-year T-bond rate	4.65	4.71	4.86	4.86	4.58
Dow Jones Corp.	4.92	5.01	5.07	5.45	5.22
Bond Buyer Muni	4.51	4.66	5.06	4.46	4.35

Sources: Barron's, Wall Street Journal. An investor may not invest directly in an index.

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