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From the Desk of the Lev Rourk Group

U P D A T E

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Start Longevity Planning Now

Just because we are living longer doesn't mean we're going to remain healthy throughout our longer lives. And as we all know, health care costs money — lots of it. With a longer life comes the greater likelihood of needing assisted living or long-term care.

Plan Now for a Long Life

Some things you can do to plan for a long life come down to repositioning your assets as well as your approach towards life.

For example, lifestyle factors can contribute significantly to both how long you live and the quality of life you lead. Areas where most of us could easily pay more attention include lower caloric intake, higher vegetable and fruit consumption, a higher fiber diet, lower body fat, and regular exercise.

Furthermore, research has revealed that as you age, learning new skills can help protect the brain against age-related memory decline and dementia. This is particularly important during retirement when you no longer have the work-related cognitive challenges that kept your mind active. Effective brain-stimulating activities include doing crossword puzzles, playing video games, learning a new skill such as cooking or ballroom dancing, or learning a foreign language.

Studies have also found that people who feel the most socially connected are four times less likely to develop serious illnesses.

Finances

Now is a good time to think about your priorities and align your assets to support your personal goals (not just your financial aspirations). In fact, you may need to reposition your assets to accommodate a longer life with fewer assets than you previously thought.

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Watching Your Stocks

No matter how often you prefer to monitor your portfolio's performance, here are five things to review:

✔ **Earnings** — Pay attention to the company's quarterly and annual earnings statements, which include comparisons with the recent past and often reviews of what management expects in the future.

✔ **Price and dividends** — Follow the stock's price compared to its 52-week highs and lows. Examine its trailing total returns year to date and over the last one-, three-, five-, and 10-year periods.

✔ **P/E and PEG ratios** — Price to earnings (P/E) and price/earnings growth (PEG) ratios are often better indicators than the stock price as to how relatively expensive or cheap a stock is. The P/E ratio is useful for comparing the stock to other stocks and to the market in general, while the PEG ratio is a strong indicator of whether the stock is overpriced or underpriced compared to its projected earnings growth rate.

✔ **Insider transactions and stock buybacks** — A company buying back its own stock or whose senior executives and directors are accumulating more shares is a bullish sign. On the other hand, when insiders are selling off major holdings of their own stock, it's quite often an indication that the stock price has peaked.

✔ **Sudden and large price changes on high volume** — When a stock makes a sudden, high-volume move, particularly when it opens much higher or lower than the previous day's high or low, it can be the start of a new, long-term trend. ✔✔✔

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Start Longevity

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When thinking about reevaluating and establishing financial goals, it shouldn't just be about seeking a 10% average annual return on your investments over the next five years. You should consider what you actually want to do with your money. What is the purpose of it — to live out your life comfortably and secure, or to live in luxury, entertain, and travel extensively? The latter lifestyle may no longer be your priority, so before you determine what changes to make in your finances, it's important to establish what you want from your life.

Even in retirement, your portfolio may need to be positioned for both growth and security. Growth to meet the challenges of a long life and the impact of long-term inflation and health care, but also sources of secure income to ensure your daily essential living expenses will be met.

Insurance

During this continuing era of slow economic growth, remember that one of the key components to managing wealth is managing risk. In addition to the traditional sources of retirement and estate planning, consider today's popular insurance options, such as annuities, long-term care, and life insurance policies.

A Lifelong Plan

Life is long, and it's getting longer with each generation. They say that life gets in the way of even the best-laid plans, and it's true. Every plan, even a financial plan, requires tweaking and adjusting periodically to account for current events. However, your personal goals may well remain the same for the rest of your life. So if you establish the purpose of your money — what it is that you want out of life — then you can reposition your assets to help you reach those goals.

Please call if you'd like to discuss longevity planning in more detail. ✔✔✔

Growth vs. Value Investing

One major question that investors who are looking to diversify their portfolios tend to have is whether to focus on growth or value investing. It's true that both of these approaches are fundamentally different from one another, but what many people overlook is that both have their pros and cons.

To gain a better understanding of growth and value investing, let's take a moment to discuss the differences between the two.

Growth Investing

Growth stocks are those that have seen impressive gains in recent years and have been proven to be leaders in their sectors. Mutual fund managers often choose growth stocks for their clients because they're considered to be safe bets for continuing to deliver high levels of profit growth, although it's important to realize that there are no guarantees. Generally, growth companies are those that have held a prominent place in the market for some time, but they may also be new, emerging growth companies that bring in large profits at the beginning of their business life.

Growth stocks tend to be higher priced, more volatile, and characteristic of higher earnings than the rest of the market.

Value Investing

Another approach to buying and selling stocks is value investing. This involves looking for companies whose stock prices may not necessarily reflect their value. The idea is that by getting in on the ground floor or after a good company has experienced a serious setback, investors have a good chance of seeing an impressive return with value stocks. This being said, the market price for certain stocks that show promise may actually be accurate, in which case a large return will likely not materialize.

Which Approach to Take?

Because growth and value investing are so different from one another, there doesn't tend to be a whole lot of overlap. This is actually good for the investor, however, as it allows for both approaches to be utilized at the same time. Making use of growth investing *and* value investing is an effective way to diversify your portfolio and increase the chances you might see a strong return over time. While many people choose to take a split approach and allocate half of their stocks to value and half to growth, this is entirely dependent on your portfolio allocation. If you feel more pulled towards growth investing, then by all means allocate the majority of your portfolio to growth stocks.

When it comes to making the right decisions about value and growth stocks, it helps to work with a professional who has a deep understanding of how these two techniques can assist each other. Please call if you'd like to discuss growth and value investing in more detail. ✔✔✔

Asset Allocation Tips

Unfortunately, there is no single asset allocation plan that is suitable for all investors. You need to evaluate your risk tolerance, time horizon for investing, and return needs to determine how you should allocate your portfolio among the various investment categories. To help you with those decisions, consider these points:

The theory behind asset allocation is that different investment categories are affected differently by economic events and market factors. Some asset classes move in opposite directions while others move in the same direction at different speeds. By owning different types of assets, it is hoped that when one asset suffers a major decline, other assets will increase in value.

Investments with higher return potential generally have higher risk and more volatility in year-to-year returns. While most investors want higher returns, they may be uncomfortable assuming higher risk levels. Asset allocation allows you to combine more volatile investments with less volatile ones. This combination can help reduce the overall risk in your investment portfolio.

Not only should you diversify across broad investment categories, such as stocks, bonds, and cash, you should also diversify within those categories. For instance, within the stock category, consider large capitalization stocks, small capitalization stocks, value stocks, growth stocks, and international stocks. Bonds could include long-term bonds, intermediate-term bonds, high-quality bonds, lower-quality bonds, Treasury securities, municipal bonds, and international bonds.

Assessing your risk tolerance is one of the most important, yet most subjective, parts of determining your asset allocation. You are trying to assess your emotional ability to stick with an investment when returns are less than expected.

Your portfolio can become more aggressive as your time horizon lengthens, since you have more time to overcome potential downturns in investments. Those with a time horizon of less than five years should not be invested in stocks. Look at cash and bonds for those short-term needs. Individuals with time horizons over five years should consider stocks because of their growth potential. As your time horizon lengthens, you can add higher percentages of stocks to your portfolio.

Make sure you have reasonable return expectations for various investment categories. Basing your investment program on return estimates that are too high could cause you to increase your portfolio's risk in an attempt to obtain higher returns.

In general, consider a more conservative allocation if you are older, have short-term needs for your money, have low earnings, have a low risk tolerance, or are uncomfortable with investing. A more aggressive allocation may be warranted if you have higher earnings, are younger, do not need your money for many years, or are an experienced investor.

Time diversification is also important. By staying in the market through different market cycles, you reduce the risk of receiving a lower return than expected, especially with investments that fluctuate significantly over the short term.

Rebalance your portfolio at least annually. Over time, your actual asset allocation will stray from your desired allocation due to varying rates of return on your different investments. Changes may be needed to bring your allocation back in line.

Be patient. The results of an investment program are best evaluated over a period of years, not days, weeks, or months.

Please call if you'd like help with your asset allocation strategy. ✔✔✔

Keep Saving after Retirement

Just because you're retired doesn't mean you should stop saving. Consider these tips:

✔ **Construct a financial plan.** Create a financial plan detailing how much money will be obtained from what sources and how that income will be spent. Make sure your annual withdrawal amount won't cause you to deplete your savings.

✔ **Consider part-time employment.** Even earning a modest amount can help significantly with retirement expenses. However, if you receive Social Security benefits and are between the ages of 62 and full retirement age, you will lose $1 of benefits for every $2 of earnings above $24,480 in 2026.

✔ **Contribute to your 401(k) plan or individual retirement account (IRA).** If you work after retirement, put money into a 401(k) plan or IRA.

✔ **Try before you buy.** Before you buy a home in an unfamiliar city or purchase an expensive recreational vehicle, try renting first.

✔ **Keep debt to a minimum.** Most consumer loans and credit cards charge high interest rates that aren't tax deductible. During retirement, that can put a serious strain on your finances.

✔ **Look for deals.** When was the last time you compared prices for auto or home insurance? Can you find a credit card with lower fees and interest rates? When did you last refinance your mortgage? ✔✔✔

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Market Data

	Month End			% Change	
Stocks:	Dec 25	Nov 25	Oct 25	2025	2024
Dow Jones Ind.	48063.29	47716.42	47562.87	13.0%	12.9%
S&P 500	6845.50	6849.09	6840.20	16.4	23.3
Nasdaq Comp.	23241.99	23365.69	23724.96	20.4	28.6
Total Stock Market	67501.51	67583.58	67554.23	15.6	22.2
Precious Metals:					
Gold	4344.00	4218.30	3982.20	66.0	26.5
Silver	72.45	56.45	47.99	146.1	21.4
Interest Rates:	Dec 25	Nov 25	Oct 25	Dec 24	Dec 23
Prime rate	6.75	7.00	7.00	7.50	8.50
Money market rate	0.41	0.43	0.44	0.42	0.48
3-month T-bill rate	3.57	3.75	3.73	4.23	5.26
20-year T-bond rate	4.79	4.62	4.65	4.86	4.20
Dow Jones Corp.	5.00	4.92	4.92	5.45	5.17
Bond Buyer Muni	4.79	4.76	4.51	4.46	4.48

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

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