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Wealth Builder

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LEGACY WEALTH MANAGEMENT, LLC

How Fast Are You Driving? By Dan Funderburk, CFP®, CKA®

When you're behind the wheel, the speed limit dictates how fast you can (legally) go. On the interstate, the speed limit is 75 mph (or 80 mph if you're in Utah—lucky them). You get to places quickly and efficiently, but if something goes wrong, the consequences can be severe. Meanwhile, in a neighborhood, you're cruising at 30 mph. You're not setting any land speed records, but a fender bender in a cul-de-sac is a lot less catastrophic than a wreck on I-70.

This same concept applies to your investment portfolio.

The interstate represents stocks—particularly the S&P 500. Stocks historically offer strong long-term growth, just like the interstate gets you to your destination faster. But when volatility hits—like the current market swings caused by Trump's tariffs—things can get bumpy. If you're

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Turbulent Times, Steady Faith By Nate Kleppe, Associate

Life is full of uncertainty. Whether it's the financial markets, the political climate, or our personal lives, change is constant, and we often feel like we're trying to keep up with the unknown. Through this uncertainty, it's easy to feel doubt, fear, and instability. But there's one thing we can count on: change is going to happen. And while everything around us seems to shift, there's a strong sense of reassurance that comes from our faith. No matter how hard we try, we can't control the world around us, but we do know there's a greater plan unfolding. And because of that we can find hope and peace, trusting that everything will work according to His will.

One of the biggest sources of uncertainty is the financial world. The stock market rises and falls, interest rates fluctuate, and economic booms and recessions come and go. These ups and downs can be stressful, leaving us wondering about the future. With a new administration in place, it seems like even more uncertainty lies ahead. For example, in 2022, the S&P 500 saw a sharp decline of around 18% due to inflation concerns and the Federal Reserve's decision to raise interest rates. In contrast, the stock market rebounded in 2023 with the S&P 500 rising by nearly 30%, showing the market's natural volatility but also its potential for recovery.

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not prepared for the risk, it's easy to overreact and make poor decisions when the market takes a downturn.

On the other hand, neighborhood roads are like bonds. They won't get you to your financial goals as quickly as stocks, but they offer a smoother, less volatile ride. Even when markets get rough, bond-heavy portfolios experience much smaller swings, which can help keep your financial journey stress-free.

The key is knowing how fast you're comfortable driving. A well-balanced portfolio ensures that when market wrecks happen, you're not slamming on the brakes in a panic. Being proactive about risk—rather than reacting emotionally during downturns—is what helps long-term investors stay on course.

Here's the cool part: We have software that assigns a risk score to your portfolio—and it even conveniently matches speed limits. The S&P 500 typically carries a risk score between 72 and 76, meaning it moves fast and comes with higher volatility. Corporate bonds, on the other hand, sit closer to 30, offering a much steadier (but slower) pace.

So, how fast are you driving? If you'd like to see your actual portfolio risk score, we'd be more than happy to show you—and discuss whether you're comfortable with your current speed. Our goal is to keep you on the road to financial success—without unnecessary detours or unexpected breakdowns.♦

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We often find ourselves asking: Will I have enough for retirement? Will I be okay through the next financial downturn? Will my family be taken care of in the next phase of life? These concerns can easily lead to stress, anxiety, and fear.

But when it comes to the market, it can seem like it's driven by the latest headline or breaking news. Major policies, business decisions, and sensational stories can make the economy feel completely out of control. Days filled with huge market swings can be unsettling, especially when you're focused on the short term. For instance, in March 2020, during the initial wave of COVID-19, the S&P 500 dropped by more than 30% in just over a month as markets panicked over the global economic shutdown. But the truth is, the market is resilient. While short-term volatility can cause turbulence, the market is fundamentally driven by long-term economic principles.

If we look beyond the noise of daily headlines, we can see that, over time, the market persists. The S&P 500, despite its volatility, has averaged a return of around 10% annually over the past 50 years. Take a look at the years after the 2008 financial crisis, when the market rebounded and went on to reach new highs. In fact, by 2013, the S&P 500 had gained back all of its losses from the 2008 crash and then some. Similarly, in the years following the 2020 pandemic-induced crash, the market saw an impressive recovery, with the S&P 500 increasing by more than 100% from March 2020 to 2023. This serves as a reminder that even in turbulent times, we can have confidence in the long-term strength of the market.

Politics bring their own level of unpredictability. Election cycles shift policies, stir tensions, and spark a whirlwind of emotions. Decisions made on a global scale, or even within our own country, can feel out of our control and leave us feeling uncertain about what tomorrow might bring. Trade wars, political unrest, and the threat of war can create a cloud of anxiety over the future.

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But even in the midst of all this, the Bible offers wisdom on navigating life's uncertainties. It reminds us that we are not in control of this broken world, and honestly, we're not meant to be. There is great assurance knowing that the Lord is always at work, even when it feels like everything is falling apart. In Matthew 6:25-34, Jesus says, "Therefore I tell you, do not worry about your life, what you will eat or drink; or about your body, what you will wear. Is not life more than food, and the body more than clothes?" God is aware of our needs, and He will provide for us through financial struggles, political instability, and personal challenges that may feel overwhelming.

So, whether it's financial markets, politics, or personal challenges, we can find peace knowing that we're not in control. The world will keep changing, but through faith, we can trust that everything is unfolding according to a greater plan. And that brings a sense of calm amidst the chaos.♦

To Tariff or Not to Tariff? By Jeff Funderburk, CFP®

Tariffs, taxes on imported goods, are used by governments to protect domestic industries, generate revenue, and influence trade negotiations. However, they also come with downside risk.

Some economic theories support the benefits of tariffs, including:

1. **Protection of Domestic Industries:** Tariffs help shield U.S. businesses from foreign competition, promoting local job growth and economic stability.
2. **Revenue Generation:** Tariffs generate income for the government, potentially reducing the need for other taxes.
3. **Trade Leverage:** Tariffs can be used as bargaining tools in trade negotiations, encouraging other nations to reduce their own trade barriers.

While other economic views support the negative impact of tariffs:

1. **Higher Consumer Prices:** Tariffs raise the cost of imported goods, leading to higher prices for consumers.
2. **Harm to Businesses:** U.S. companies that rely on imported components face higher production costs, which can hurt their competitiveness.
3. **Retaliation:** Countries targeted by tariffs often impose their own, escalating into trade wars that damage global trade and economic stability.

During his first term Donald Trump imposed tariffs on key trading partners, including Canada, Mexico, and China, as part of his "America First" trade policy. For instance, Trump placed tariffs on steel and aluminum imports from Canada and Mexico, citing national security concerns.On China, he introduced tariffs on hundreds of billions of dollars' worth of goods, aiming to reduce the U.S. trade deficit and address intellectual property concerns.

While some U.S. industries saw short-term protection, these tariffs led to higher prices for consumers and strained relations with trading partners, leading to retaliatory tariffs and disruptions in supply chains. In the long run, the impact of these tariffs remains debated, with both benefits and costs to the U.S. economy. We are now in round two of President Trump's trade policy. He again is being aggressive with his use of tariffs, citing national security concerns and unfair trade agreements. Hopefully, the benefits will outweigh the costs this time around. Time will tell.♦

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