

February 27th, 2025

The End of Free Money

... and what it could mean

Since the Great Financial Crisis in 2008, continuing through the COVID-19 pandemic, sound investing principles seem to have been abandoned. U.S. interest rate suppression (through quantitative easing) accompanied by dramatic increases in government spending and ballooning Federal deficits became national policy. The cost of money (interest rates) approached zero and actually went to negative real rates even as our money supply ballooned. This created massive distortions in asset prices and ultimately caused a spike in inflation, likely much more than transitory. The Fed finally intervened with 11 consecutive rate increases, the steepest change in their history. Many want and expect rate cuts, but they seem slow in coming.

Amid this challenging cycle, we have geopolitical uncertainty, economic nationalism, and technological transitions. Protectionism and tariffs, rising labor costs, and increasing global conflict are replacing the trend toward more free trade. With this backdrop, it is normal for stock prices and other asset values to trade at lower valuations. Yet we have record-high valuations and unprecedented concentration, with just a few mega-cap companies (the "Magnificent Seven") making up 34% of the S&P500 and almost 20% of the entire MSCI All Country Index.



Source: Dimensional Funds

I am not predicting a correction, but we must be prepared for a downturn's inevitable, though painful, potential. History shows that investors typically see a 10% correction once per year and 20% every 3-4 years. The key is to remain diversified, be selective about any overweighting, and, most importantly, know your risk tolerance and short-to-mid-term spending needs. Ultimately, more normalized interest rates will be healthier for the economy and markets.

Quote of the Day:

"The income tax has made more liars out of the American people than golf has."

– Will Rogers

2025 EVENTS

March 26 – Roots & Revelations with Bob Masson [RSVP on our website]

June 25 – Q2 Event

July 17 – Client Appreciation Party

August 20 – Q3 Event

November 19 – Q4 Event

December 4 – Holiday Party

TAKE A LOOK INSIDE

The End of Free Money

Math of Money: Are You Behind?

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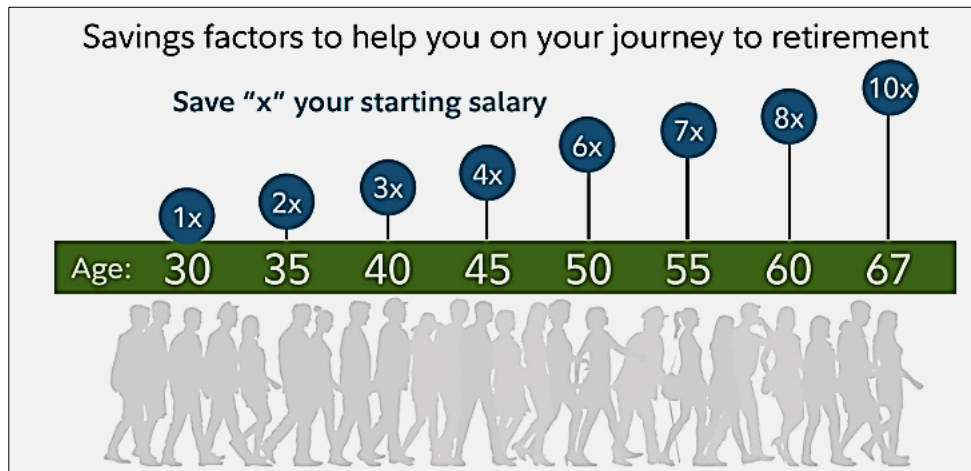
Taylor's Take: But What About Free Lunches?

1099 Clarity

Don't Miss: Roots & Revelations

Math of Money: Are You Behind?

How much should you have saved for retirement or long-term security at any specific age? We get this question all the time, and that's what a detailed full analysis of your circumstances is designed to answer. It can be complicated if you want to really dial it in, but that work can be worth it to give you the confidence that you're on track. One "rule of thumb" to simplify things is to aim for 1x your salary by age 30, 2x your salary by age 35, 3x your salary by age 40 and so on....



For example, if you make \$70,000 a year, you should have roughly \$210,000 put away for retirement by the age of 40. Now, these must be savings/investments dedicated to that permanent portfolio, not to be used for intermediate-term goals like buying a vacation home or a new vehicle. If you're behind...you gotta go back to the blocking and tackling basics of financial planning: save more, spend less.

Jenn's Jangle: Your Tax Returns, Please

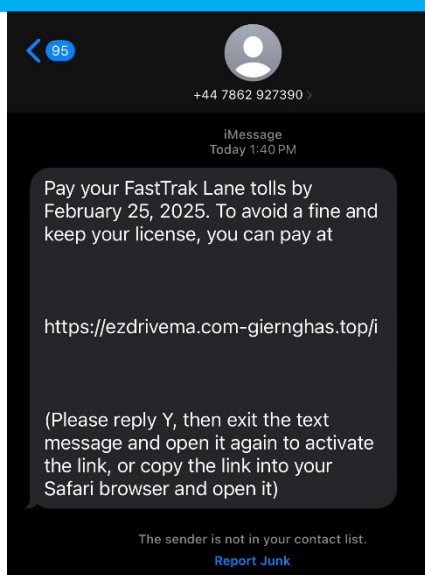
Do you know how we always ask for your tax returns (along with estate documents, balance sheets, pay stubs, employee benefits statements, business continuity plans, etc.)? Mike and Taylor's job is to help you make the best decisions possible and to make them for you in our delegated role of managing your portfolio. Whether we like it or not, taxes play a big part in how much you get to keep, spend, and use toward your goals.

So, I'd like you to provide ALTIUS with a copy of your tax return documents for 2024 in digital format only. If possible, please send the documents as PDFs or any other commonly accepted digital format. This helps streamline the process and ensure easier access for us when we're evaluating various financial strategies, and for you too. Please let us know if you require additional information/clarification to fulfill this request. We appreciate your assistance and look forward to receiving them at your earliest convenience upon completion.

A Note About Scams...

As always, we value your security and want to promote caution around suspicious activity, especially when asked for sensitive financial information. Recently, we've seen a couple of clients be the target of scams, as well as more text message scams that look realistic. Thus, highlighting the need for increased vigilance. It's crucial to verify requests for payments or sensitive information, so if we see anything suspicious, ALTIUS' protocol is to reach out via phone to verify information.

Two current scams to look out for are: **Elderly scams** and **Toll texts** (image). Always verify the source of communication and avoid sharing personal or financial information unless you are certain of the requester's identity. Make sure to report any text messages or emails as junk.



Taylor's Take: But what about *Free Lunches*?

I grew up in a household that often revised the term “free” with “included.” This meant that what I seemingly received for free was usually baked into the cost of what I was already purchasing. Regardless of your perspective, there are still a few genuine “freebies” worth grabbing.

Mike and I often discuss with clients the importance of maximizing 401(k) contributions and employee matches, which one can consider “free money.” Again, there is no such thing as a free lunch, but perhaps there are lunches that, in a sense, you’re paying for and aren’t taking advantage of. If you’re not contributing at least enough to an employer plan to get their matching contributions, it’s likely a big mistake. Ensure you’re contributing enough to get your employer’s retirement or HSA match—this lowers your taxable income and builds long-term savings. While I always recommend saving more than just the match, taking advantage of these “free lunches” is a great place to start.

1099 Clarity

It’s official; all of the 1099s with Schwab are released, so you should have these either available through your Schwab Alliance login, or you will be receiving them in your mailbox any day now. For those of you who may be curious or confused about all the types of 1099s, we have a little cheat sheet to the right to help clarify.

1099 Name	What's in this document?
1099R	This shows qualified retirement account distributions and any tax withholding.
1099 Composite & Year End Summary	This shows all 1099 pages related to non-qualified investment accounts.
1099-DIV*	This shows dividend, distributions, and tax withholding for non-qualified accounts.
1099-INT*	This shows interest income and taxes paid for non-qualified accounts.
1099-B*	This shows capital gains proceeds from trading activity in non-qualified accounts (e.g., long-term gains, short-term losses...)

Don't Miss: *Roots & Revelations*

In our next online workshop on March 26, we'll be joined by Robert (Bobski) Masson, who has been researching and presenting about genealogy for nearly 30 years. He'll talk about how to build your family tree, find records from the past, and understand more about DNA and Artificial Intelligence and how they pertain to genealogy. Bob is an entertaining and engaging speaker who will motivate us to seek answers to questions like: where did my ancestors come from? Am I related to anyone famous or anyone else here in the workshop? I'm really looking forward to this!



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