



## *Our Report for Year-End 2024*

### **OVERVIEW**

After nearly two back-to-back years of the stock market climbing over 20%, the question arises: can this momentum carry into a third year? While achieving another 20% increase may be challenging, all signs point to 2025 being a strong year for equities. The critical factor to consider is whether this growth will come from familiar growth sectors or if we will see a resurgence from those sectors that have previously lagged. Every market experiences a cycle where different sectors rise, and this could be the perfect opportunity for the overlooked underdogs to shine. We will keep an eye on those sectors since we want to capitalize on potential growth in the industries left behind. They have a long way to go to catch up with their established counterparts and that means significant gains!

For the 12 months of 2024: **The S&P500 gained 24.0%, DJ Dividend Index gained 12.8%, the 10-Yr US Bond lost -0.6%. The S&P Conservative Allocation Index gained 6.6%, the S&P Moderate Allocation Index (stocks and bonds) gained 7.9% and the S&P Aggressive Index (primarily stocks) gained 13.6%.**

These are benchmark returns for diversified portfolios which most investors have. A diversified portfolio is designed to reduce risk by spreading risk over different asset classes (bonds, equities, international, cash, real estate, currencies, commodities, etc.). Your risk level should be compatible with your risk tolerance and your goals. **Let us know if your risk tolerance has changed.** A diversified portfolio will not look like the return of a one asset portfolio such as all stocks or all bonds. Your personal return will differ based on the timing of when assets were bought or sold. A portfolio that is designed to meet one index such as the S&P500 means your portfolio would have to be in those stocks that make up the index. *(Benchmarks from iShares by Blackrock).*

Not knowing  
what "enough"  
is can lead to  
risky,  
destructive  
investment  
behavior

Morgan Housel

Despite the stock market's ups and downs in 2024, the significant declines that occurred throughout the year presented valuable buying opportunities especially as the presidential election approached. As the election date neared, market indicators suggested a Donald Trump victory, which ignited animal spirits. Investors started concentrating on assets expected to benefit from the new administration and their pro-growth policies, decisions influenced by anticipated deregulation and tax cuts. This optimism led to significant gains in

major stock indexes a day after the election, including the Dow Jones Industrial Average's historic surge of over 1,500 points in a single day.

Reflecting on the last couple of years, especially 2022, the S&P 500 experienced a significant decline, finishing the year down more than 25%. This downturn proved to be a pivotal moment that set the stage for the emergence of a bull market that created attractive buying opportunities for investors looking for long-term gains, resulting in a 20% increase the following year. However, many investors remained cautious, keeping nearly \$6 trillion in cash on the sidelines. But as historically shown, when optimism fills the air and fear of missing out (FOMO) intensifies, this cash is likely to flow back into the market, supporting current stock prices. While there is a sense of enthusiasm, history suggests that when fearful investors enter the market, it may be time for the more optimistic investors to exercise caution. Historical trends indicate that after consecutive 20% or more returns, the third year often sees a market decline. Therefore, while 2025 appears promising, the growth is unlikely to come from the traditional indices. Small-cap stocks, financials, and stocks associated with digital assets may be the new leaders in 2025. On the downside, economic growth in 2025 may be threatened by lower demand due to rising costs of international goods from increased tariffs, along with reduced global demand for American products because of retaliatory tariffs. The most likely scenario is that tariffs will be limited in scope. Nevertheless, a decisive approach is essential for effectively managing inflation and driving US productivity forward. The Fed's along with every industry in every sector will have their work cut out for them.

Sectors that benefited the most from the "Trump trade" came from two opposite ends of the risk spectrum, the established banking sector and the new frontier of digital assets, both of which operate under stringent regulations. Bank of America, Citigroup, JPMorgan, Wells Fargo and Goldman Sachs surged by double digits and ended the year with gains of over 35%. The cryptocurrency market showed exhilarating activity as Bitcoin reached over \$75,000, and quickly closed in on the \$100,000 mark, gaining nearly 32%. This growth prompted many investors to consider Trump as the first "crypto president," recognizing the potential for his administration to create a favorable environment for digital assets.

Other stocks benefiting from the elections have been Small and Mid-cap stocks which shot up over 12% as they are positioned to capitalize on deregulation and a renewed focus on domestic production. On the flip side, emerging markets encountered challenges, particularly affected by the implications of Trump's economic policies regarding tariffs and deportation which some economists see as inflationary and anti-growth. With fear of higher inflation, bond yields rose sharply with the 10-year U.S. Treasury jumping 14 basis points to 4.4%, resulting in a loss for bonds (bond prices fall as yields rise).

### **What we are Doing**

The world is undergoing rapid evolution, and we seek to capitalize on the significant structural changes reshaping our world. Transformative changes are reshaping entire industries and creating new opportunities for long-term growth. To achieve this objective, we will continue to increase thematic investing in our investment strategy. This approach emphasizes a shift from traditional sector-specific or geographic allocations to a more dynamic focus on companies and sectors that are positioned to benefit from global transformative trends and technological innovations, including demographic shifts and evolving consumer behavior.

Opportunities are emerging within the technological and healthcare sectors, driven by the increasing demand for digital infrastructure and for better and more effective healthcare. While innovation is happening rapidly, we are just at the forefront of many of these changes. There are advancements in artificial intelligence, cloud computing, and quantum computing and strategic solutions in renewable energy, advanced aerospace, next-generation defense systems, and cybersecurity solutions. Nevertheless, we remain cautious and will look to take some profits as challenges may occur in the second half of 2025 as the Department of Government Efficiency (DOGE) spending cuts impact economic growth.

While we strive to enhance portfolio return by capitalizing on market opportunities, we remain committed to optimizing cost and tax efficiency strategies within our investment portfolios. This is accomplished by utilizing exchange-traded funds (ETFs) that feature exceptionally low operating costs. These cost-effective ETFs not only help in minimizing expenses but also provide broad market exposure and tax efficiency unlike their mutual fund peers.

A tax efficient strategy when designing taxable portfolios is to include income-producing investments, such as dividend-paying stocks and bonds, that generate qualified dividends. Qualified dividends are taxed at the more favorable capital gains rate, as opposed to higher ordinary income tax rates, which can significantly enhance after-tax returns for our clients.

Furthermore, we take a proactive approach to generational wealth planning. Our strategies are crafted to ensure that beneficiaries receive a step-up in basis on inherited assets held outside of retirement accounts. This means that when heirs inherit these investments and sell them, they will be taxed on the market value at the time of inheritance, rather than the original purchase price, thus potentially reducing their overall tax liability. This comprehensive planning supports clients' long-term financial goals while considering the implications for future generations.

## **Planning**

### **Finding Lost/Missing Money**

If a business, financial institution, or government owes you money that you haven't yet collected, it falls under the category of unclaimed money or property. You have the option to file a claim for this unclaimed money, either for yourself or for a deceased relative if you are their legal heir. Taking this step can help you reclaim what is rightfully yours. Below are easy to use websites and ways to search and claim unclaimed money. Does this work? I now have an extra \$500 in my pocket and a client just collected \$1,000 from a US Savings Bond that belonged to her deceased father!!!

### **Search National and State Databases**

**National Association of Unclaimed Property Administrators (NAUPA):** Go to [www.unclaimed.org](http://www.unclaimed.org)  
This is the official national database that connects to state-specific unclaimed property sites.

**MissingMoney.com:** This is endorsed by NAUPA and allows you to search for unclaimed property across multiple states at once. Go to [www.missingmoney.com](http://www.missingmoney.com).

**Search Federal Databases** (not as easy to navigate)

**U.S. Treasury for Savings Bonds:** If you suspect you have unclaimed savings bonds, visit the Treasury Hunt Tool at [www.treasurydirect.gov/savings-bonds/treasury-hunt/](http://www.treasurydirect.gov/savings-bonds/treasury-hunt/)

**Pensions and Retirement Accounts:** Check for unclaimed pensions through the Pension Benefit Guaranty Corporation (PBGC). <https://www.pbgc.gov/wr/find-unclaimed-retirement-benefits>

**IRS Refunds:** If you think you have an unclaimed tax refund, visit the IRS website's "Where's My Refund" tool: [irs.gov/refunds](http://irs.gov/refunds).

**Search Other Sources**

**Life Insurance Policies:**

Use the Life Insurance Policy Locator Service provided by the National Association of Insurance Commissioners (NAIC): [naic.org](http://naic.org).

**Employee Benefits and Wages:**

Look for unpaid wages with the U.S. Department of Labor: [dol.gov/whd/unpaidwages.htm](http://dol.gov/whd/unpaidwages.htm).

**After Locating Missing Money, File a Claim**

**Provide Required Documentation:** Proof of identity (driver's license, Social Security number). Proof of ownership (old address, account numbers, or other relevant documents).

**Submit the Claim Online or by Mail:** Most state and federal agencies allow online claims submission.

**Wait for Processing**

Processing times vary by agency but can take several weeks to a few months. Be sure to follow directions carefully.

**Tips for Success**

- **Search All Names:** Use all variations of your name, including maiden names or nicknames.
- **Look in Old Addresses:** Unclaimed property is often linked to previous addresses.
- **Check for Deceased Relatives:** You may be able to claim unclaimed property as a rightful heir.

**Enclosed Statements**

Our managed clients will be mailed a personalized report: The "Position Performance Summary Report" which shows performance for the period 12/31/2023 through 12/31/2024 (twelve months of 2024). The Actual IRR Column is a percentage change (not a dollar change); it is not annualized. The IRR discounts all cash flows and is net of fees (Money Plans fees and any trading costs). Included will be a quarterly invoice for the previous quarter management (do not pay this as it is deducted from your account and is reported on your Schwab statement as Advisor fee).

Our ADV and Code of Ethics are available upon request and can be found on our website, [www.moneyplans.com](http://www.moneyplans.com).

***Money Plans is a Fee-Only Financial Planning Firm, Registered Investment Advisor, and Fiduciary***  
12/2024