Welcome to Transition Insights!

As the leaves start to change, so do the financial markets! In this edition, we're sharing timely tips to help you stay ahead of your financial goals as we head into the final quarter of the year. From year-end planning strategies to updates on market trends, we've got the insights you need to finish 2024 strong.

We are also excited to share that Wealth Transition Collective will be hosting our 5th annual week-long food drive, beginning **Monday, November 11 – Friday, November 15**, to benefit Margaret's Pantry in Holyoke. Weather permitted, we will have a table in front of our office for drop-offs.

Some of the most-needed items at the pantry during this time of year are:

- Canned Foods: poultry, tuna, soups, stews, chili, gravy, sauces, fruits, vegetables, and beans
- Dried Goods: soup, stuffing, pancake and other baking mixes, tea bags, powdered milk, rice, and pasta
- Other items to consider: potato chips, macaroni and cheese, granola bars, pop-tarts, granulated sugar, peanut butter, frosting, syrup, honey, bottled water, salad dressing, condiments, Jello, and kids snack items

We thank you for your continued support in our efforts to serve the community.

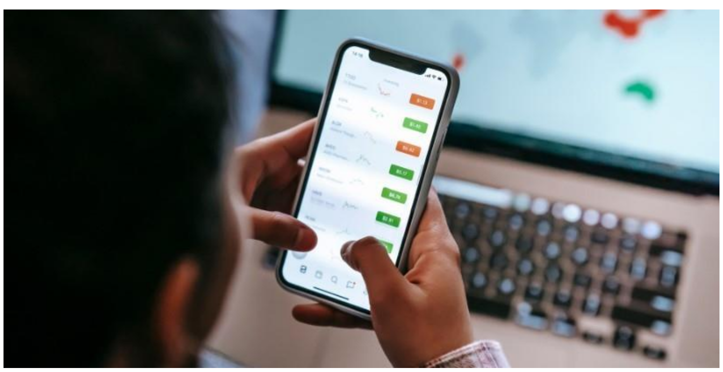
Given that October is National Financial Planning Month, we are sharing a timely overview of six small but significant steps that can build financial security:

- **Leverage compound interest**. Even small contributions to your retirement fund can grow substantially over time. For example, if you invest just $50 a month for 40 years at a 10% annual return, you could end up with around $265,000. This means that your total investment of $24,000 ($50 a month for 40 years) would grow by $241,000 due to compound interest.
- **Automate your savings**. Setting up automatic transfers to your savings or retirement accounts can ensure consistent contributions. This "set it and forget it" approach helps build your savings effortlessly and reduces the temptation to spend extra income.
- **Review and adjust your budget**. Regularly reviewing your budget allows you to identify areas where you can cut back and redirect those funds toward your savings. Even small adjustments, like reducing dining out or subscription services, can free up funds. In fact, the monthly average value of unused paid subscriptions in 2024 is $32.84.
- **Take advantage of employer matching.** If your employer offers a 401(k) match, ensure you contribute enough to get the full benefit. It's "free money" that can significantly boost your retirement savings. For example, if your employer matches 50% of your contributions up to 6% of your salary, and you earn $50,000 per year, contributing 6% ($3,000) means your employer will add $1,500 to your 401(k) annually.
- **Plan for health care costs.** Health care can be a significant expense in retirement. If eligible, consider contributing to a Health Savings Account (HSA). HSAs offer tax advantages and can be used for qualified medical expenses.
- **Make two extra mortgage payments a year.** Just two extra payments annually can help you save on interest and pay off your mortgage faster. For example, on a 30-year mortgage for $300,000, with a 4% interest rate, your monthly payment is about $1,432. Adding two extra payments each year can shorten the loan term from 30 years to about 24 years and seven months, saving five years and five months. You'll also save about $45,922 in interest, reducing the total interest from $215,609 to $169,687.

Financial planning can be complex, especially in today's economic environment. Regularly educating yourself on financial matters and seeking advice from a financial planner can help you make informed decisions and stay on track to meet your goals.

Market Updates

- **Federal Reserve Rate Cut** The Federal Open Market Committee implemented a significant **50-basis-point rate cut** to stimulate the labor market and promote economic expansion, marking a notable shift in monetary policy after four years of tightening. This decision was welcomed by financial markets, leading to record highs in major indices like the S&P 500 and Dow Jones Industrial Average.
- **Market Reactions** Following the rate cut, the S&P 500 rose by **1.36%**, the Nasdaq 100 by **1.42%**, and the Dow Jones by **1.62%**, all achieving record weekly closing highs.
- **Inflation Outlook** Federal Reserve Chair Jerome Powell indicated that inflation risks are stabilizing around the target of **2%**, suggesting a more confident outlook for the economy.
- **Future Market Trends** The market experienced a "delayed fuse rally," with the S&P 500 and Dow reaching new daily closing highs, attributed to Powell's comments on economic recalibration.
- **Economic Consensus** There is a prevailing sentiment that the rate cuts will support the labor market while addressing broader economic concerns, indicating a consensus towards achieving a soft landing for the economy.



Understanding Investing Apps

We get a lot of questions about investment apps -- whether they’re a solid option, the pros and cons, etc. In the event you have wondered the same, here are some things to keep in mind.

The big picture is this: Investment apps are okay for a small pool of side money, but they aren’t ideal for reaching your long-term goals. Here’s why.

- **Apps tend to gamify investing,** and while that can add to the excitement, it also makes it easy for users to get in over their heads. The colorful interfaces and push notifications can lead investors to check their balances too often. Too much looking causes many long-term investors to be too sensitive to short-term market moves that nudge them to make quick, emotional decisions.

- **They ignore the recommended "order" of investing**. Tax-advantaged options like 401(k)s and individual retirement accounts (IRAs) should come first in your investment planning. Apps usually only offer taxable brokerage accounts, directing dollars away from the tax-free or tax-deferred growth of traditional and Roth IRAs.
- Risk is always present in investing, but **investment apps often fail to assess a user's risk tolerance accurately**. Additionally, they don't follow up to verify a person truly understood the risks involved.
- **Apps force you to give up personal, one-to-one customer support**. Conversely, when you invest with a broker and have a question or concern, you simply call and speak with your advisor. This is not always the case with investing apps, which may only offer email support.

Savvy investors realize that the purpose of investing isn't to make quick profits but to put their money to work in a way that aligns with their short- and long-term goals and dreams.

Recommended Savings by Age

If you've ever played around with online retirement calculators, saving for retirement can be a serious exercise in sticker shock. The good news is a thoughtful financial plan can place you on the right trajectory, eliminate unnecessary worry, and free you to live while your money works behind the scenes.

By way of reminder, here are some general guidelines for what you should have stored away at every age:

- **By age 30**: You need the equivalent of your current annual salary saved. For example, if you earn $50,000, you should have $50,000 saved for retirement by the time you're 30.
- **By age 40**: You need three times your annual salary saved. If you earn $50,000, you should have $150,000 by the time you're 40.
- **By age 50**: Have six times your annual salary saved.
- **By age 60**: Have eight times your annual salary saved.
- **By age 67**: Have ten times your annual salary saved.

Every person's situation is unique, however, so give us a call if you'd like to chat more.

Meet the Team

Let's Get Social

[Get in Touch!]

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