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HOBART WEALTH

the wealthologist WISDOM

THE WEALTHOLOGIST'S WISDOM

Choosing to Do Hard Things

Life throws all kinds of challenges our way—some we expect, and others that catch us off guard. Over time, I've come to realize that while we can't always predict what's coming, we can prepare ourselves by tackling tough things intentionally. This approach helps us become more resilient for the ups and downs ahead.

Recently, I took on the Tahoe Trail Challenge. It was a huge physical and mental test—three mountain marathons over three days. That's over 26.2 miles a day, hiking/jogging/running rugged trails with a total of 15,000 feet in elevation gain. It was hard, no doubt, but I chose to do it to challenge myself—and also to better understand the emotional highs and lows that we all face in life. From exhaustion and moments of doubt to the joy of achievement, it reminded me that we all experience those tough times, especially when navigating life's big transitions.

I know many of you have faced your own mountains, whether it's adapting to changes in your health, managing a major life event, or dealing with unexpected challenges. While I

can't experience all the difficulties you may face, events like this help me appreciate the struggle, the setbacks, and the strength required to keep moving forward. The key, I've found, is to stay focused on the next step and to remember that even when it feels tough, you'll get through it.

For our clients, this means embracing life's challenges—whether that's tackling tough financial decisions, preparing for retirement, or adjusting as you age. These moments of discomfort often bring the most growth and reward. And just like on the trail, sometimes it's not about how fast you go but about continuing to move forward.

If you ever want to talk about the challenges you're facing—financial or otherwise—I'm always here for a conversation. Life's difficult moments can lead to our most rewarding successes, and I'm committed to helping you navigate your path.

Chris Hobart
The Wealthologist



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NICK ADKINS - WEALTH ADVISOR

Staying Ahead of Potential Interest Rate Cuts

While no one can predict the future with absolute certainty, recent statements from the Federal Reserve and various economic signals suggest that an interest rate cut could be approaching. If this happens, it could create opportunities to make adjustments in your investments. By being proactive and making smart moves, you can position your portfolio to benefit. One potential strategy is to consider reallocating money from cash or money market accounts into bonds, treasuries, or other fixed-income investments before any cuts occur.

Why does this strategy work? Bond prices and interest rates are inversely related. When interest rates go up, bond prices go down. However, when interest rates fall, bond prices rise. This happens because the fixed interest payments of existing bonds become more attractive compared to new bonds that will offer lower yields after a rate cut. Investors, always looking ahead, tend to anticipate these changes, so bond prices often start moving before the official announcement of a rate reduction. In other words, some of the potential gains are realized ahead of time, making it important to act before the rate cut is formally announced.

A potential interest rate cut would likely impact short-term fixed-income investments like money market accounts, savings accounts, and CDs first. These types of investments typically offer lower returns following a rate cut. By shifting your funds from these short-term instruments into longer-term bonds before rates drop, you may be able to lock in better returns without taking on significantly more risk. This strategy could allow you to capitalize on rising bond prices as interest rates decline, boosting your portfolio's performance.

Economic trends are pointing toward a possible rate cut. Inflation has moderated slightly, with consumer prices increasing by 3.3% in May, down from 3.4% in April. Additionally, the job market has shown signs of cooling, with unemployment edging up to 4%. These indicators often precede a rate cut, as the Federal Reserve may seek to stimulate the economy by lowering rates in response to softer economic conditions. By reducing interest rates, the Fed can encourage borrowing and spending, helping to sustain economic growth during periods of slowing activity.

Beyond the U.S., other central banks around the world are also adjusting their policies. For example, the European Central Bank and the Bank of Canada have already lowered their interest rates in response to similar economic pressures. These moves do not guarantee a Federal Reserve rate cut, but they suggest that global economic conditions are aligning in ways that make a U.S. rate cut more likely in the near future. If these trends continue, we may see a rate cut in the coming months.

However, waiting until after a rate cut is officially announced could mean missing out on potential gains. Bond prices may have already risen in anticipation of the rate cut, so acting early can help you capture more of the upside. This is especially true if you have significant cash holdings or money parked in low-yield accounts that may not perform well in a low-interest-rate environment. Repositioning your portfolio in advance allows you to potentially enhance returns while managing risk.

Of course, every investor's situation is unique, and what works for one person may not work for another. That's why it's important to review your financial goals and risk tolerance before making any changes. By considering your individual circumstances and market conditions, we can develop a customized strategy that positions your portfolio to benefit from potential interest rate cuts. Whether you are seeking to preserve capital, generate income, or grow your investments, there are ways to align your approach with what's happening in the broader economic landscape.

If you think this strategy aligns with your financial goals, let's discuss how we can implement it into your financial plan. Acting ahead of market shifts can help optimize your portfolio's performance, so don't hesitate to reach out. Together, we can review your current investment strategy and make the adjustments needed to keep you on track for long-term success.

Feel free to get in touch at any time—I'm here to help guide you through these market changes and ensure your investments are positioned for what's ahead.

Creating Traditions That Last Generations

Traditions are the threads that weave the fabric of family life, grounding us in our roots and enriching our relationships. These customs not only strengthen bonds between grandparents and grandchildren but also create something for your grandkids to pass down to their kids. So how do we craft these traditions?

CHERISHED CUSTOMS

Traditions are more than routine activities; they convey values, stories and emotions. They can be as grand as family reunions or as simple as Sunday walks. What's crucial is their role in establishing connections.

FIND SHARED INTERESTS

Find activities that resonate with both you and your grandchildren. Discuss interests and hobbies. You might discover a shared love for gardening, a passion for puzzles or a mutual interest in history.



CREATE THOSE BONDS

Once you've found common interests, brainstorm activities related to those interests that everyone can enjoy. The magic lies in the details. Perhaps themed nights like "Pajama and Pancake Saturdays" or "Mystery Movie Fridays." The goal is to design moments everyone looks forward to, even the most reluctant family member.

A LEGACY OF LAUGHTER

As these new traditions take root, document them for future generations to look back on. Snap photos or film them. Think about creative ways to keep the tradition alive. Maybe a family recipe book or a time capsule opened at major milestones. Begin small and simple. The beauty of traditions lies in their ability to evolve and adapt. Ultimately, what matters most is the time spent together and the memories created.



HOW TO ...

Mark Your Calendar With These End-of-Year Dates

Before you ring in the new year, be sure to wrap up any old business.

Nov. 1:

Health Insurance Marketplace Open Enrollment. The exact start date may vary by state, but it typically begins on November 1 and runs through mid-January.

Dec. 7:

Medicare Open Enrollment for 2025 ends.

Dec. 31:

- Last day to contribute to employer-sponsored retirement plans (e.g., 401(k), 403(b), etc.) for the 2024 tax year.

- Last day to make charitable donations to qualify for a 2024 tax deduction.
- If you're 73 or older, ensure you take your Required Minimum Distributions (RMDs) from retirement accounts to avoid penalties.
- Last day to use Flexible Spending Account (FSA) funds (some plans may have a grace period or allow a small carryover amount).
- For those with high-deductible health plans, ensure contributions to Health Savings Accounts are made to help maximize 2024 tax benefits.



DOLLARS & SENSE

Weathering the Storm: The Financial Impacts of Climate Change

The relationship between climate change and financial markets is becoming increasingly evident. Extreme weather events like hurricanes, floods and wildfires can cause significant economic disruptions. These disruptions can lead to increased costs and reduced asset values, affecting everything from housing prices to stock market performance. The good news is there are steps you can take to help protect your nest egg.

SAVE MONEY BY WEATHERPROOFING YOUR HOME

Ensuring your home is outfitted to withstand extreme weather can lead to significant savings. Properties in areas prone to flooding, wildfires or other severe weather events may face higher insurance costs and decreased values. Investing in resilient infrastructure and energy-efficient features could help reduce insurance premiums and maintenance expenses, offering better long-term value. This may include installing storm shutters, reinforcing roofs, upgrading windows and utilizing weather-resistant materials for construction.

Additionally, improving insulation and adopting renewable energy sources like solar panels can further enhance your home's resilience and efficiency. Conduct thorough research and consult with experts to make informed decisions that help protect your investment and enhance your home's sustainability.

SUPPORT LOCAL AND SUSTAINABLE BUSINESSES

By choosing to buy from local farms, you help reduce the carbon footprint associated with long-distance transportation of goods, often resulting in fresher and more

affordable products. Additionally, supporting businesses that implement eco-friendly practices, such as using renewable energy sources or reducing waste, can lead to lower operational costs, which might translate to cost savings for customers. Every small step can collectively make a significant positive impact on both the economy and the environment, while also potentially reducing your expenses.

PLAN FOR INCREASED HEALTH CARE COSTS

Climate change is expected to contribute to a rise in health-related issues, particularly for older adults. For instance, prolonged exposure to high temperatures can exacerbate chronic conditions like heart disease and diabetes, while poor air quality can trigger respiratory issues such as asthma and bronchitis. Additionally, the spread of vector-borne diseases, like those carried by ticks and mosquitoes, is projected to increase as warmer temperatures expand the habitats of these vectors.

To prepare for these potential spikes in medical costs, ensure that your financial plan accounts for these contingencies by considering long-term care insurance or setting aside additional savings for health care needs. Being proactive about your health-related financial planning can help ensure you are prepared for the unexpected.

ASK QUESTIONS

Navigating the complexities of financial planning can be daunting, but you don't have to do it alone. Don't hesitate to reach out to us if you have any questions or concerns about your current financial strategy or just want reassurance you're still on the right track. Our office is here for you every step of the way.

Chaptering Your Golden Years

For many retirees, their careers provided structure, social connections and a sense of identity. Without these aspects, it's easy to feel adrift and lose sight of one's purpose, but retirement can be the start of an exciting new chapter in your life. It's an opportunity for reinvention. These books can help you find the inspiration and guidance you'll need to start your retirement journey.

1. "THE SECOND MOUNTAIN: THE QUEST FOR A MORAL LIFE" BY DAVID BROOKS

David Brooks explores finding true fulfillment through service and community rather than personal success. He introduces the "second mountain" concept, where deeper connections and contributions bring meaning to your retirement.

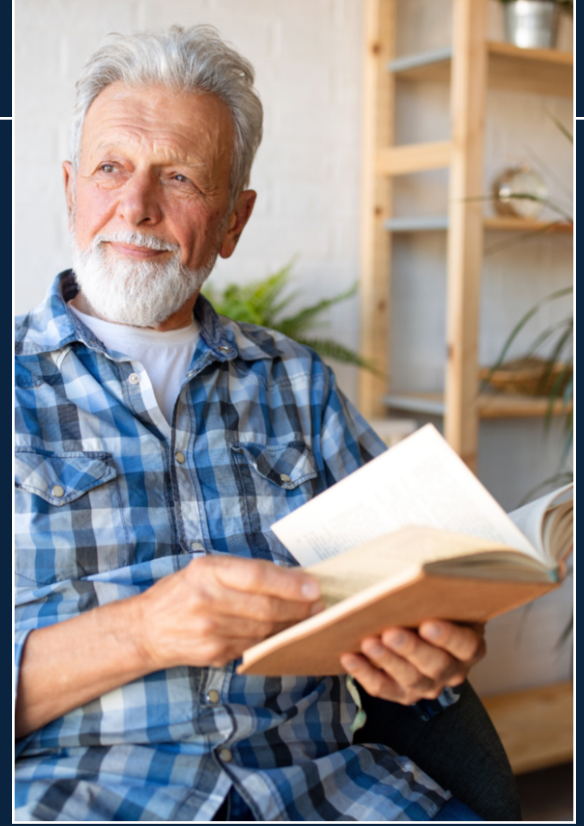
- Learn to focus on community and service over self-centered goals.
- Enjoy building relationships and contributing to society.

Buy "The Second Mountain"

<https://www.amazon.com/Second-Mountain-David-Brooks/dp/0812993268>

2. "IKIGAI: THE JAPANESE SECRET TO A LONG AND HAPPY LIFE" BY HÉCTOR GARCÍA & FRANCESC MIRALLES

This book introduces the Japanese concept of ikigai, or "a reason for being." It provides steps for discovering your ikigai and integrating it into your personal life, acting as a blueprint for finding joy and meaning in daily activities.



- Find your unique ikigai through introspection and daily activities.
- Add simple joys to your routine for a fulfilling retirement.

Buy "Ikigai"

<https://www.amazon.com/Ikigai-Japanese-Secret-Long-Happy/dp/0143130722>

1	13	1	5	8	1	2	13	2
2	2	1	9	3	1	8	3	8
1	5	4	1	6	8	7	4	6
4	1	4	3	9	6	5	1	1
9	1	11	12	2	7	6	9	10
2	8	4	3	4	8	3	2	1
3	6	3	9	3	2	1	2	5
1	1	6	6	2	9	1	2	3
14	1	6	8	6	1	3	5	5

BRAIN GAMES

15 Up

Game Rules

Use a pen or pencil to draw the boundaries around groups of cells to make the region add up to fifteen exactly. The regions can be any shape as long as all the cells touch each other (but not diagonally). There is only one way to achieve this.

Delightful Diversions

Five Unique Hobbies to Explore

Retirement is the perfect time to dive into new hobbies that can bring joy, fulfillment and even benefit the community. With more free time and fewer responsibilities, retirees have the opportunity to pursue passions they may have set aside during their working years, while also engaging in activities that stimulate mental acuity. Here are five unique hobbies to explore:



1. *Urban Beekeeping*

Urban beekeeping is both fascinating and vital for supporting local ecosystems. By maintaining hives, you can enjoy fresh honey and help boost the populations of bees, which play a pivotal role in pollination and plant reproduction. To get started, research beekeeping associations and take an introductory course.

2. *Historical Reenactment*

Step back in time with historical reenactment groups. Whether you dress up as a Civil War soldier or Renaissance noble, you're immersing yourself in history and your community. Joining a group typically involves researching clubs, attending events to observe and acquiring period-appropriate attire.

3. *Geocaching*

Geocaching is a modern-day treasure hunt using GPS coordinates to find hidden caches. It's a fantastic way to explore new areas, stay active and enjoy the thrill of discovery. Geocachers use GPS coordinates shared on geocaching websites or apps to locate containers hidden by other players.

4. *Community Theater*

Unleash your inner actor by joining a community theater group. Whether you prefer performing on stage or helping behind the scenes, theater provides a creative outlet, offers a chance to make new friends and keeps you mentally engaged. Most groups welcome new thespians, crew members and volunteers.

5. *Charitable Crafting or Volunteering*

Combine creativity with philanthropy by crafting items for those in need or simply giving of yourself. Knit blankets for hospitals. Sew hats for shelters. Create toys for children's charities. Read to school children. Visit nursing homes. However you choose to give, your presents and presence can bring comfort and joy.

Portfolio Perspectives

With election day behind us, many investors wonder how the outcome could affect their portfolios. Historically, election years have been positive for the stock market. Since 1928, the S&P 500 has averaged an 11.58% return during election years, with 83% of those years seeing gains.

Interestingly, the market often performs better when a new president takes office. On average, the S&P 500 returns 12.6% in years with a new president, compared to 7.4% when a president is reelected.

Another trend to note is that value stocks tend to do well after elections. Over the past 40 years, value stocks have outperformed growth stocks in the six months following an election.

While it might feel tempting to react quickly to political changes and turmoil, staying focused on your long-term goals is critical. Markets can be unpredictable, but a well-diversified portfolio helps manage this uncertainty. No matter who is in office, your financial goals should always come first.

Recently, we made updates to our Prime and Income portfolios, adjusting our tech and growth/value stock positions. Although we still favor growth, we've reduced some positions due to recent outperformance and increased economic uncertainty. We remain cautiously optimistic for the medium term, with minimal recession concerns. These adjustments aim to protect against short-term market swings while positioning us for future opportunities.



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HOBART HAPPENINGS

BRAIN GAMES

ANSWER KEY:

1	13	1	5	8	1	2	13	2
2	2	1	9	3	1	8	3	8
1	5	4	1	6	8	7	4	6
4	1	4	3	9	6	5	1	1
9	1	11	12	2	7	6	9	10
2	8	4	3	4	8	3	2	1
3	6	3	9	3	2	1	2	5
1	1	6	6	2	9	1	2	3
14	1	6	8	6	1	3	5	5

WHAT ARE YOU THANKFUL FOR

- Jacob - "I am truly thankful for my wife's strength during our IVF journey, our 16-month-old son Kaiden, and the joy of expecting his sibling in April."
- Corey - "I am incredibly thankful for our wonderful team that feels like family."
- Doris - "Enjoying the little things in life everyday makes life more beautiful and precious!"
- Amy - "I'm grateful for the support of loved ones and the everyday moments that bring joy and meaning to my life."
- Andrew - "I'm grateful for my family's health, our safety, and the wonderful sense of community we've found in the suburbs, where our kids will grow up."

HOBART HIGHLIGHTS

1. We're beyond excited to celebrate Corey Sunstrom's incredible 10-year milestone with Hobart Wealth! His unwavering dedication and game-changing contributions have shaped our journey, and we're just getting started on the amazing future ahead!
2. We're also thrilled to recognize Kim's 6-year anniversary and Doris' remarkable 2 years with us this November. Their commitment and hard work continue to drive our success and elevate the Hobart Wealth experience!
3. We're incredibly proud of Chris Hobart for conquering the 29029 Trail Challenge—an extraordinary feat of endurance involving three mountain marathons in just three days, totaling 82.5 miles with a 15,000-foot elevation gain! His determination and resilience in pushing through this grueling challenge inspire us all to reach new heights.



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UPCOMING DATES

NOVEMBER

05: Election Day

07: Educational Event - Taxes In Retirement - Huntersville

12 & 13: Retirement University - Davidson College

20: Wealthologist Live

28: Thanksgiving - Office Closed

DECEMBER

07: Medicare Open Enrollment Ends

18: Wealthologist Live

24: Christmas Eve - Office Closed at 1:00 pm

25: Christmas - Office Closed

31: Last day to take your RMD



If you have your own question, send it over to heyhobart@hobartwealth.com
We'd love to help!

Question:

Hey Hobart, is it smart to adjust my investment strategy now that I'm 5 years from retirement?

Answer:

As you get closer to retirement, adjusting your investment strategy can be key to securing your financial future. But should you go more conservative or stick to your current plan?

I dive into the details in a recent video—check it out on “the wealthologist” YouTube page to learn the best approach for your situation.