Conway & Co.
Financial Services

Helping People Plan Their Financial Futures”

June 25, 2025

Inflation Revisited

Three years ago this month, inflation peaked at 9% on a year-over-year basis. Here we are today with the Consumer Price Index (CPI) for May at 0.1% and a year-over-year increase of 2.4%. The Federal Reserve Board’s target is 2% so we are a long way towards that goal from the peak, but those last few decreases are hard to come by.

Although the Fed’s other mandate is full employment, the slower numbers of new jobs have not reached a point that would likely be of a big concern to the Fed because the annualized increase through the first five months of the year would put new jobs at 1.49 million. The Fed is unlikely to reduce interest rates at the upcoming meeting, which may cause some short-term volatility.*

Social Security Fairness Act Update

Back in early January, former President Biden signed the Act which affected about 2.8 million government employees who had their Social Security benefits reduced due to previous legislation. According to the Social Security Administration, they have processed 91% of the cases and promise to have the more complicated situations resolved by early fall. The monthly increases will range from $360 to $1,190 and there may be additional lump sum payments due to many individuals.*

Lawsuit, Supreme Court, and DOGE

The Department of Government Efficiency (DOGE) wanted access to Social Security information to “eliminate waste, fraud and abuse” and just as quickly a lawsuit was filed to stop the access to private information that could be subject to abuse by DOGE. A federal judge issued temporary restraining order until the lawsuit plays out. The United States Supreme Court just removed this temporary hold letting the DOGE personnel have access. Not too surprising was the vote of 6-3 with all the conservatives voting in favor and all the liberals voting against. The lawsuit will continue with the Supreme Court likely weighing in on the merits in the future.*

A Different Independence Day

Back on April 2nd, President Trump declared “Liberation Day” as it related to trade policy for the United States with virtually all its trading partners. Volatility and upheaval followed. Now there is another deadline looming ahead with perhaps even greater implications.

Meeting a Memorial Day deadline, the Republican majority in the House passed the “Big Beautiful Bill” by one vote. The bill moved to the Senate and the president set a deadline of passing it by July 4th. Without a new bill, the largest tax hike in history will occur at the end of this year. The President and Republicans need to get this done to eliminate at least a little uncertainty in investors’ minds.

However, the Senate will make its own changes to the House bill, and we only have 19 days left before the July 4th deadline set by President Trump. Will the Senate meet this deadline? Too much horse trading will need to be done, not only in the Senate, but between the two houses of Congress to come up with a bill that will pass both. Because this bill also raises the debt limit, it will put some pressure on Congress since the U.S. will run out of money sometime in August. Maybe before Labor Day?*

The Risks of Joining "Club 100"

Groucho Marx was famous for the line, “I refuse to join any club that would have me as a member.” According to the Census Bureau, in 2024, there were 101,000 members of “Club 100” in the U.S. – those that were living to and past age 100. A recent study by the American College of Financial Services and Nationwide now projects that this number will grow to about 422,000 in 2054. That also means that cohorts in the 70s, 80s, and 90s will also be larger over the next 30 years vs. the past 30 years. The implications are huge at a financial, family, and societal level.

When we prepare a financial plan, we generally plan for a couple age 65 with at least one of them living to age 95. The common refrain is, “I won’t live that long.”, or “I don’t want to live that long.” Most people underestimate their longevity because some people will live to age 95 and beyond as noted above.

When we create a financial plan, we run a Monte Carlo analysis. Taking many factors and randomizing them about 1,000 times, it comes up with a probability of the plan, or as we like to put it, the odds of continuing to live your current lifestyle.*

Are Americans Finally Saving Enough for Retirement

Fidelity Investments recently reported that Americans are now saving an average of 14.3% of their income in 401(k) plans—a new high. Of that amount, 4.8% comes from employer matches. That’s nearly a full percentage point increase since 2020. While it may not sound like a dramatic shift, even small increases can mean the difference of thousands—or even hundreds of thousands—of dollars by the time retirement rolls around. As expected, baby boomers are leading the way with average contribution rates over 17%, while millennials are saving around 13.5%.

So, what’s driving this uptick in savings? The 401(k) plan has become a central part of retirement planning in the private sector and roughly seven in ten private-sector employees have access to a 401(k), signaling how widespread these plans have become. A major reason for the increased participation is that more employers are enrolling workers automatically, making it easier for employees to start saving without taking further action.

What’s also changing is how those plans are structured. Over a third of companies that use auto-enrollment now begin contributions at 5% of an employee’s pay — a noticeable shift from the long-standing default of 3%. Additionally, many plans now include an automatic annual increase in contributions, typically by 1% per year, until the savings rate reaches about 10%, helping workers steadily build their retirement nest eggs over time.

But with all these improvements, the question remains: Is it enough to retire on?

That depends. For someone who starts saving 15% of their income early in a diversified portfolio, there’s a good chance they can retire comfortably and maintain their lifestyle. However, if you’re starting in your 40s or later, your savings rate may need to be closer to 20% or more. Your specific goals, lifestyle, and retirement timeline all play a role.

As a rule of thumb, aim to save 25 times your expected annual expenses by the time you retire. If you’re unsure whether you're on track, feel free to reach out—we’re happy to run some high-level retirement projections to help you plan with confidence.*

Alternative Investments May Not Be All Most Believe

Over the years, institutional investors have become enamored with alternative investments like hedge funds, private equity, and structured products. Some even foolishly, in our opinion, have more than 50% wrapped up in these illiquid investment instruments.

Richard Ennis, who is often considered the dean of investment consultants, has just finished an article in the Journal of Portfolio Management called "The Demise of Alternative Investments" because they cost too much. He posits that compared to his market index composed of a stock and bond portfolio with a similar risk exposure that the alternatives produced 2.4% less over a 16-year period ending on June 30, 2024. This report is not the first time Ennis has written on the subject. In this memoir "Never Bs the Client: My Life in Investment Consulting", he claims these investment vehicles are "a ruse designed to separate money from the gullible." All of this is important at this time because the alternative industry is trying to convince the SEC and Congress that ordinary folks should be able to invest into these vehicles through their 401(k)'s and other retirement accounts.*

Stocks Reclaim Positive Territory in June

Just like Florida weather, the stock market can be unpredictable. This year, a new set of uncertainties was introduced to the market, sparking volatility and driving consumer sentiment down. You've likely heard of the sweeping tariffs President Trump announced back in April and how they sent stocks tumbling. Not only did this affect corporate outlooks, but also inflation expectations and consumer spending patterns.

Despite the market turbulence, new trade negotiations emerged, and corporate earnings were mostly resilient in the first quarter of 2025. As the year progressed, investors digested new economic data and gained some clarity on trade policies, shifting sentiment back to a risk-on environment. In May, U.S. stocks rallied and posted their best monthly performance since November 2023 and the best May in three decades. By June, the major indices (S&P 500, Nasdaq, and Dow) had all clawed their way back into positive territory for the year, marking a notable recovery. Meanwhile, bonds were doing their job by providing some offset to the stock market volatility.

Looking ahead, investors are closely watching key inflation data, consumer spending patterns, and trade developments. While the stock market's comeback is good news, uncertainties remain around the new trade policies. Ultimately, the stock market remains unpredictable, and investors are eagerly waiting for the next catalyst to act upon.*

More Millionaires Than Ever

According to the World Wealth Report for 2025 from Capgemini Research Institute, 562,000 people in America are very happy after another 20%+ return for the equity markets in 2024. It represents an increase of 7.6% and the average millionaire saw their wealth grow by 9.1%. India and Japan saw growth of 5.6%, but Chinese wealth declined by 1% in 2024. According to the Knight Frank Wealth Report, the U.S. has 905,413 families with a wealth of at least $10 million and the closest country is China with 471,634. There is a big drop from there with Japan coming in third with 122,119.*

* Source: Provise Management Group, LLC

WEEK ENDING 6/20/2025
(CUMULATIVE TOTAL RETURNS)

Equities[1]	Week	YTD	1-Year	Close
S&P 500	▼ -0.12%	▲ 2.1%	▲ 10.5%	5,968
DJIA	▲ 0.07%	▲ 0.1%	▲ 9.8%	42,207
NASDAQ	▲ 0.22%	▲ 1.0%	▲ 10.5%	19,447
Russell 1000 Growth	▼ -0.35%	▲ 0.9%	▲ 11.4%	4,065
Russell 1000 Value	▲ 0.26%	▲ 3.4%	▲ 10.7%	1,867
Russell 2000	▲ 0.44%	▼ -4.8%	▲ 6.0%	2,109
Foreign Stocks	▼ -1.45%	▲ 16.3%	▲ 14.1%	
Emerging Markets	▲ 0.05%	▲ 12.3%	▲ 11.9%	

Top Three S&P 500 Equity Sectors[1]	YTD
Industrials	▲ 8.5%
Utilities	▲ 7.5%
Consumer Staples	▲ 5.5%

Bottom Three S&P 500 Equity Sectors[1]	YTD
Consumer Discretionary	▼ -7.1%
Health Care	▼ -3.2%
Information Technology	▲ 2.2%

Bonds[1]	Week	YTD	1-Year	Yield
10-Yr. Treasury	▲ 0.32%	▲ 3.7%	▲ 3.2%	4.38%
US Bonds	▲ 0.26%	▲ 2.9%	▲ 4.3%	4.68%
Global Bonds	▼ -0.09%	▲ 6.0%	▲ 6.9%	3.56%
Munis[2]	▲ 0.16%	▼ -0.6%	▲ 0.6%	4.00%

Market Indicators[3]		As of
Fed Funds Target	4.50%	6/20/2025
Inflation (Core CPI)	2.80%	5/31/2025
Unemployment	4.20%	5/31/2025
GDP	-0.20%	3/31/2025

Past performance is no guarantee of future results. Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

*Source Franklin Templeton

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