

Quarterly Portfolio Review

Sept 30, 2025

***“Fall reminds us
that transitions are
not endings —
they’re opportunities
to prepare for what’s
next.”***

Year in Review

- The Fed cut the federal-funds rate by 25bps (0.25%) in September. They are anticipating more small cuts in 2025 and through 2026.
- RMDs—A reminder that Required Minimum Distributions will be sent out in mid-late December. Schwab provides us with the amount required. This calculation does NOT include IRAs outside of Schwab.
- Mortgage rates have settled a bit to 5.6-5.8% for a 15 year and about 6.6% on a 30 year.
- Money Market rates are still very competitive at over 3.75%. If you have cash at your bank, please check your rate and contact us with questions.
- Emergency Fund—Your emergency fund should be 3-6 months of your monthly expenses. Your checking account should be 1 month of expenses.

BENCHMARKS YTD THROUGH 9/30/2025

FTSE World Gov't Bond Index 3-7 Yr. Hedged	+4.85%
Russell 2000 (US Small Cap index)	+9.25%
S&P 500 (US Large Cap index)	+13.72%
Wilshire 5000 (US Total Market index)	+13.36%
MSCI EAFE (International Stock index)	+22.34%

EXCESSIVE WITHDRAWALS

A high withdrawal rate—typically over 7% annually—from your IRA can significantly harm both your retirement portfolio and your long-term financial security. Withdrawing too much too quickly reduces your account balance faster than it can grow through investment returns. This can be especially damaging during market downturns, when selling assets to fund withdrawals locks in losses and limits your portfolio's ability to recover. Over time, this combination of large withdrawals and market volatility can cause your savings to deplete far earlier than expected.

In addition to the investment risks, there are important tax consequences. Withdrawals from a traditional IRA are taxed as ordinary income, which means larger withdrawals can push you into a higher tax bracket. This not only increases your tax bill for the year but can also impact other areas of your financial life—such as higher Medicare premiums, reduced tax credits, and greater taxation of Social Security benefits.

A 7% or higher withdrawal rate can also create a snowball effect: the more you withdraw to cover taxes, the faster your account balance declines, leading to even larger percentage withdrawals in the future to sustain your lifestyle.

Financial advisors often recommend keeping withdrawals near 4% annually, adjusted for inflation, to help ensure your savings last 25–30 years.

QUARTERLY CLIENT WEBINAR

Date: Thursday, October 23rd Starting time: 12:00 pm, Eastern Standard Time

Website link: <https://events.teams.microsoft.com/event/5e858387-0e91-4f0b-805b-76e9de4d5839@6e7c39d0-19e0-457a-933e-cb95e31c0b35>

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.