

Don't Touch Your 401(k) Plan

If you leave your employer, be careful about what you do with your 401(k) funds. Your worst option is to take a distribution, pay taxes and a penalty on it, and then spend the money on something other than retirement. You have three options to keep your 401(k) funds in a tax-deferred vehicle until retirement:

✓ **Leave the funds in your former employer's 401(k) plan.**

Generally, you can leave the funds in your former employer's plan if your balance is at least \$5,000. However, most plans will not allow you to borrow from your account once you leave the company.

✓ **Transfer your funds to your new employer's plan.** Find out if your new employer's plan accepts rollovers. If so, you can typically make the rollover even before you are eligible to make contributions. However, first check out the investment options to make sure the new plan has options that will fit your investment goals. Once the funds are in your new employer's plan, you'll be able to take loans if permitted by the plan. Also, if you work past the age of 73, you won't be required to take distributions from the 401(k) plan until you retire.

If you decide to transfer the funds to your new employer's plan, get the appropriate paperwork from your new employer so the funds can be transferred directly to the new plan's trustee. Otherwise, if the funds go directly to you, your former employer will be required to withhold 20% for taxes. You must then replace the 20% with your own funds within 60 days or the 20% withholding will be considered a distribution, subject to income taxes and the 10% federal income tax penalty.

✓ **Roll the funds over to a traditional IRA.** Again, you should have your former employer transfer the funds directly to the IRA trustee to avoid the 20% withholding described above. Once the funds are rolled over to an IRA, you can invest in a wide variety of investment alternatives. With a 401(k) plan, you typically have a limited number of options. If you plan on leaving part of your 401(k) balance to your heirs, an IRA usually has more flexible options than a 401(k) plan. After the funds are transferred to a traditional IRA, you can then convert the balance to a Roth IRA. ○○○

A Personal Note from Global Wealth Advisors

On Wednesday March 19th, The Federal Reserve Board voted to leave the Federal Funds Rate unchanged but maintained that there could still be two rate cuts made sometime this year. In addition, the Fed did change its outlook on inflation and economic growth. The board felt that the new tariff policies directed at Canada, Mexico and China could result in higher inflation and lower economic growth. The president's next update on his tariff policies is scheduled for Wednesday, April 2nd.

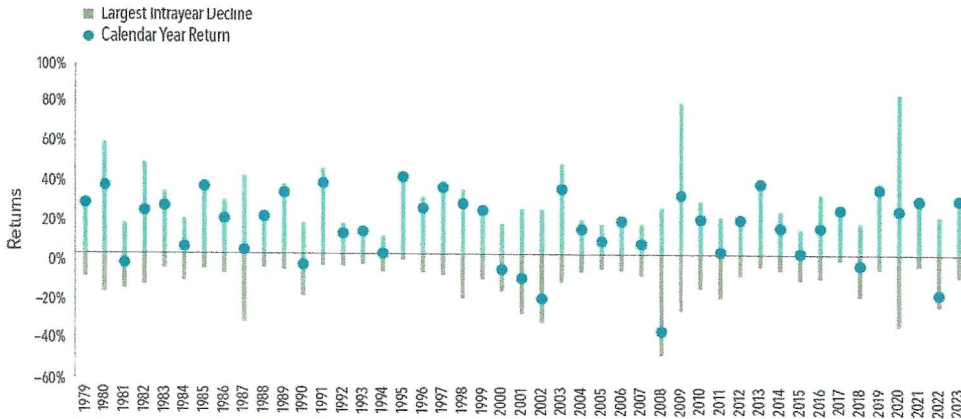
The three major US stock indices have pulled back from their February highs with the S&P 500, Dow and NASDAQ indices all having now gone negative for YTD 2025. However, the one-year returns are still positive. Additionally, after many years of underperforming the US markets, many International and Emerging Markets are having a positive start to 2025 as investors are buying stocks that are attractively priced with good earnings outlooks.

So, what does this mean for the rest of 2025? Well, as Yogi Berra famously quipped, "It's tough to make predictions, especially about the future." Any extended continuation of the recent tariff policies could increase inflation rates and slow economic growth. That could give the Fed a reason to reduce interest rates to help spur economic growth. We will have to wait and see, so hang on, the volatility may be here for a while.

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Investing Can Be a Roller Coaster: Three Tips for Riding Out the Ups and Downs

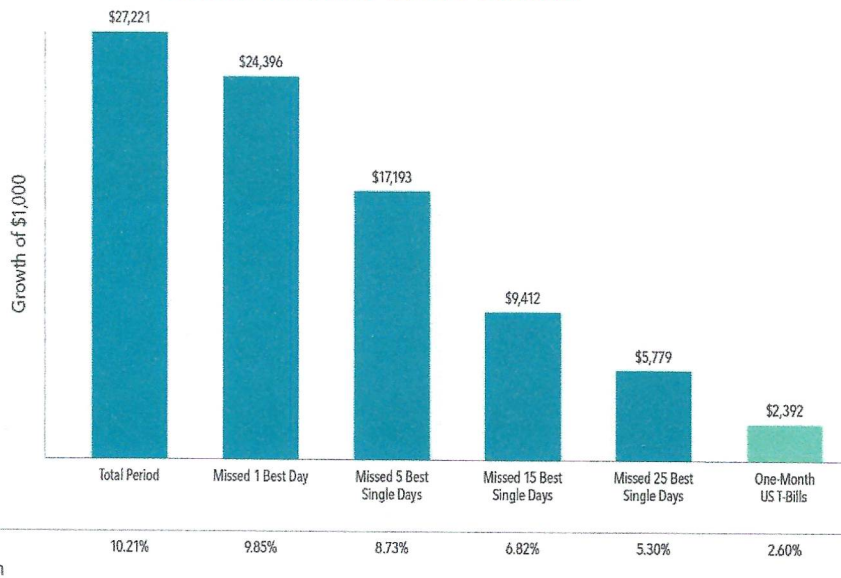
Exhibit 1: US Market Intra-year Gains and Declines vs. Calendar Year Returns



Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. Data is calculated off rounded daily returns. US Market is the Russell 3000 Index. Largest Intra-year Gain refers to the largest market increase from trough to peak during the year. Largest Intra-year Decline refers to the largest market decrease from peak to trough during the year. Frank Russell Company is the source and owner of the trademarks, servicemarks, and copyrights related to the Russell Indexes.

Exhibit 2: S&P 500 Index Performance Based on Time in the Market



Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. For illustrative purposes. The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero.

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March 4, 2025

Dimensional Fund Advisors LP

Investing, like a roller coaster, has its ups and downs. One minute you're climbing higher and the next a sudden decline makes your stomach drop. A few reminders can help investors to relax amid the turbulence.

1. Keep Your Eye on the Horizon

When you invest, you can expect that both ups and downs will be part of the ride. Decades of stock market returns demonstrate how often declines can happen. For evidence, look at the largest intra-year declines for the US stock market in every year from 1979 to 2023. Those declines average to -14%. However, 37 of the past 45 calendar years have ended with positive returns for the US stock market (see Exhibit 1, below). So instead of getting anxious over a near-term drop, keeping an eye on the horizon can help investors keep the queasiness at bay.

2. Stay in Your Seat

When the stock market drops precipitously, or headlines speculate it might, it can be tempting to jump out of the market to try to avoid (further) losses. But just as rollercoaster riders are warned to keep their seat belts fastened and stay seated, investors may be well advised to do the same.

Attempting to time the market to avoid the worst days could cause an investor to miss out on some of the best days (see Exhibit 2, below). Consider that \$1,000 invested in the S&P 500 Index back in 1990 would have grown to \$27,221 by the end of 2023 if left untouched. However, if an investor had pulled their money out and missed the single best day over the more than 30-year period, their ending wealth would be reduced by nearly \$3,000. Worse, if an investor had missed the five best single days, their ending wealth would be reduced by more than \$10,000. Over the course of decades, even a few days can make a big difference.

Taking a step back from the current moment may provide investors helpful

perspective and put fears at ease. Markets have marched upward through the decades, even amid concerning world events, and rewarded disciplined investors over time (see Exhibit 3, right). This reminds investors that, despite the extreme headlines and bumps experienced in the short term, you may have a better ride by staying in your seat.

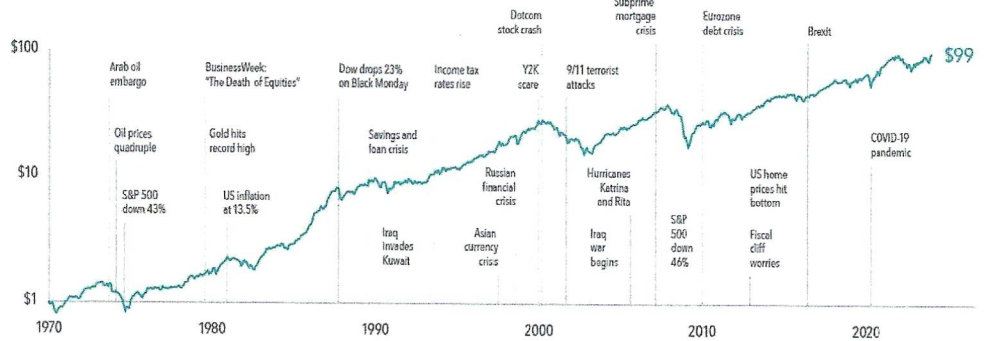
3. Know Your Thrill Tolerance

The same way theme-park goers can choose rides that align with their thrill tolerance, investors can choose an asset allocation that aligns with their risk tolerance. Financial advisors can play a key role in helping you do just that—by exploring your investment objectives and time horizons, and helping you build a diversified portfolio with the appropriate level of resilience (see Exhibit 4, right).

Investing doesn't have to be a harrowing, white-knuckle experience. A few simple reminders and the help of an investment professional can give you the confidence to ride out the rough patches. ○○○

1. The Dimensional Core Market 100/0 Index Allocation combines the following indices: Dimensional US Core Equity Market Index, Dimensional International Core Equity Market Index, Dimensional Emerging Markets Core Equity Market Index, and the S&P Global REIT Index (gross dividends).
2. 80% of the weight is allocated to the Dimensional Core Market 100/0 Index Allocation, and 20% of the weight is allocated to the following indices: Dimensional Short-Term Extended Quality Index (10%) and Dimensional US Core Fixed Income Index (10%).
3. 60% of the weight is allocated to the Dimensional Core Market 100/0 Index Allocation, and 40% of the weight is allocated to the following fixed income indices: Dimensional Short-Term Extended Quality Index (25%) and Dimensional US Core Fixed Income Index (15%).
4. 40% of the weight is allocated to the Dimensional Core Market 100/0 Index Allocation, and 60% of the weight is allocated to the following indices: Dimensional Short-Term Extended Quality Index (40%) and Dimensional US Core Fixed Income Index (20%).
5. 20% of the weight is allocated to the Dimensional Core Market 100/0 Index Allocation, and 80% of the weight is allocated to the following indices: Bloomberg US TIPS Index (10%), Dimensional US Ultra-Short Fixed Income Index (10%), Dimensional Short-Term Extended Quality Index (50%), and Dimensional US Core Fixed Income Index (10%).

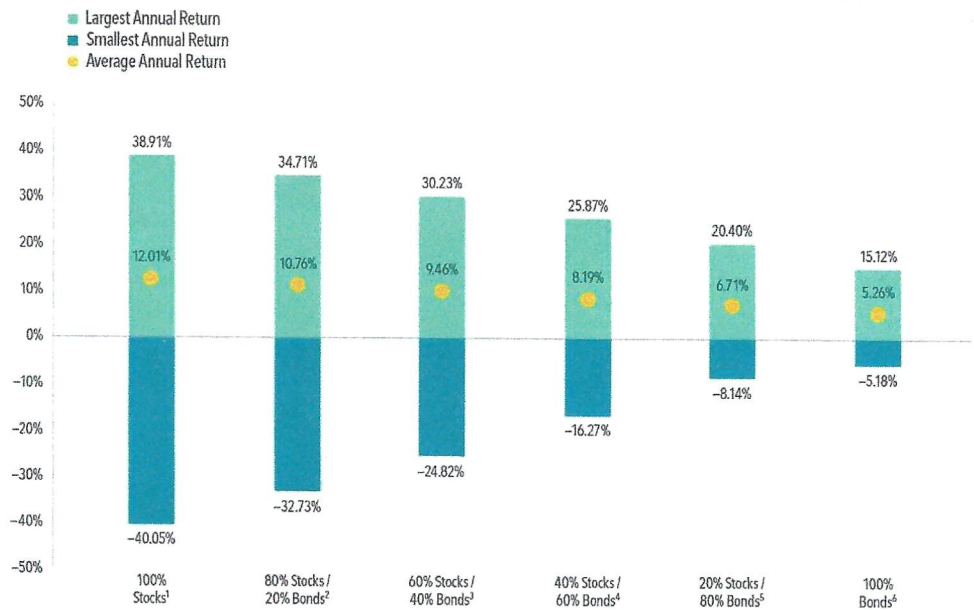
Exhibit 3: Growth of a Dollar - MSCI World Index (Net Dividends)



Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

In USD. MSCI data © MSCI 2024, all rights reserved. Data presented in the Growth of \$1 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment.

Exhibit 4: Stock-Bond Asset Allocation Performance



Source: Dimensional Core Market Index Allocations

See "Index Descriptions" for descriptions of the Dimensional index data.

The Dimensional and Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

6. The Dimensional Core Market 0/100 Index Allocation combines the following indices: Bloomberg US TIPS Index (20%), Dimensional US Ultra Short Fixed Income Index (20%), and Dimensional Short-Term Extended Quality Index (60%).

RISKS

Investments involve risks. The investment return and principal value of an investment may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original

value. Past performance is not a guarantee of future results. There is no guarantee strategies will be successful.

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How to Raise Financially Responsible Children

Although you'll have to wait a good while before they'll thank you for it, teaching your children to be financially responsible is one of the best gifts you can give. Most of the lessons can begin while they are still very young.

Lesson #1: Appreciation for the value of money — Prices are just abstract numbers until time and effort has been spent to generate those coins and bills. An allowance-for-chores policy will teach your children about money management early on. You pay

for the basics, but if they want the extras, they will have to save up and use their own money.

Lesson #2: Saving the money they earn — Teach them to save a portion of what they earn. This habit will make it much easier for them to not spend their entire paycheck as well as leave their savings intact when they are on their own. You may need to encourage them firmly at first, with a fixed percentage or minimum amount.

Lesson #3: Setting goals and staying on track — Helping your children set short- and long-term

goals is a key part of getting them to stick to a savings strategy. Most children are not that excited by slowly rising dollar amounts, but when a certain dollar amount represents a desperately desired new toy, their focus sharpens considerably. Make a chart to show them how much they would need to save over a specific amount of time to have enough for their goals.

Lesson #4: The nitty-gritty of a balanced budget — Show your children the day-to-day workings of adult finances. Go through the line items on your budget and reveal your own percentage of savings for short- and long-term goals. You can explain the benefits of autopay, managing a bank account online, minimum balances and fees, and even how to fill out a check.

Lesson #5: Understanding debt and loans — When young adults are first exposed to credit cards, they may not understand that purchasing things on credit or taking out a loan ends up costing more money. Explaining how interest can work for you (in a savings account) and against you (in a loan or on credit) can keep them from making bad decisions. Above all, modelling financial responsibility in your own life can help them form the basis for a lifetime of good money habits. ○○○

Reviewing Legal Documents

Whether this is your first, second, or subsequent marriage, take a look at major legal documents to see if changes are needed:

✓ **Estate planning documents** — If this is your first marriage, you may not even have estate planning documents. For those entering a subsequent marriage or with children, thoroughly review your estate planning documents. You may need to make changes.

✓ **Asset ownership** — Review how assets are titled to ensure they are consistent with your estate planning goals. If assets

are owned jointly with rights of survivorship, that will take precedence over any provisions in estate planning documents.

✓ **Assets with beneficiaries** — These assets would include life insurance policies, retirement plans, and individual retirement accounts (IRAs). For assets with named beneficiaries, these designations will take precedence over your estate planning documents.

✓ **Business arrangements** — If you are a partial owner in a business, review any agreements dealing with what happens to the business if you die or sell your interest. ○○○

Global Wealth Advisors LLC

200 East Big Beaver Road • Troy, MI 48083 • Phone: 248-457-4555 • www.gwallc.com

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