FALL 2024 ISSUE

QUARTERLY RETIREMENT REVIEW

Published quarterly for SLR retirement plan participants and individual investors.

S.L. Reed & Company
Member: FINRA - SIPC

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Is There a Smart Strategy for Claiming Social Security?

What is the best age to take your benefits?

Social Security assigns you a full retirement age (FRA) based on your birth year. At your FRA, the amount of your monthly benefits is called your primary insurance amount (PIA). However, PIA isn't the maximum you can receive. For example, if you choose to wait until 70 to take your Social Security benefits, your monthly benefit will increase by 24%-32% from what it would have been at FRA.

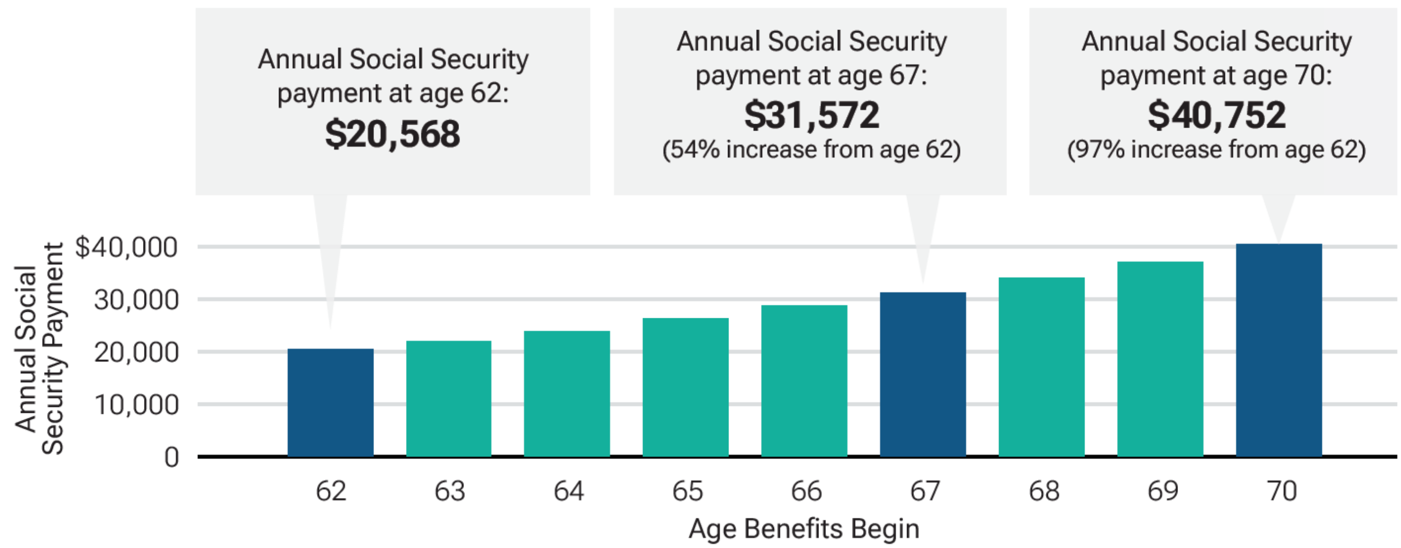
Social Security also allows you to start collecting benefits as early as age 62. But if you start collecting benefits at 62 instead of at your FRA, your monthly benefits would permanently decrease by 25%-30% depending on your birth year. Waiting to claim your Social Security Benefits can be very beneficial, and the benefits can be substantial. As you approach age 62, spend some time reviewing your retirement needs and review the potential additional benefits that are available to you if your retirement needs will allow you to wait a few more years. Your health and plans during retirement should be included in your decision to wait to claim benefits or to take an early claim at age 62.

You can find your full retirement age at:

ssa.gov/benefits/retirement/planner/ager.eduction.html

The real benefits of delaying Social Security

Each year you delay claiming your benefits may translate to a permanent increase in your benefit amount.



Social Security payments calculated using the Quick Calculator on the ssa.gov website. Assumes an individual who is age 62 in 2024 (with a full retirement age of 67 years) and is continuing to work and earn $100,000 each year until claiming benefits. All figures reflect current dollars. Actual benefits would be higher to reflect future adjustments for inflation.

Source: T. Rowe Price

Should life expectancy play a role in my strategy?

Yes, a thoughtful strategy includes life expectancy. Obviously, we don't know exactly how long we will live. An actuarial table may suggest that, on average, people who have made it to age 62 can expect to live into their mid-80s. You might adjust your estimate based on your health, family history, and other factors.

In addition to an average or expected life span, you should think about a "plan to" age. That age is a conservative estimate for how long your household assets and income will potentially need to last in the case that you live a longer-than-average life.

A thoughtful plan-to age accounts for the risk that you or your spouse live much longer than expected. Getting the greatest possible monthly benefit can mean a better standard of living should you outlive your other resources. It can also ensure that your surviving spouse is left with the most Social Security income possible upon your passing.

There are ways to maximize your benefits if you are married.

Since there are two of you, you should carefully think about how a Social Security claiming strategy could perform given various life expectancies and how that strategy will affect the longer-living spouse. Your filing choices affect spousal benefits (available when you're both living) and survivor benefit options (when one of you has passed away).

Spousal benefits are Social Security benefits that one spouse may be able to draw based on the other spouse's earning record. And spousal benefits can mean substantially more in joint lifetime cumulative benefits. A spousal benefit can be as much as 50% of the higher-earning spouse's FRA benefit depending on when they claim. Note that if the lower-earning spouse claims any benefit before FRA, the spousal benefit is reduced, but claiming after FRA does not result in any delayed credits. Also, that person can't get spousal benefits until the higher earner claims.

There are two ways that spousal benefits might be available to you or your spouse. The lower-earning spouse might be able to:

Apply for a spousal benefit instead of their own (because the spousal benefit is higher).

Apply for their own benefit, then switch to a higher spousal benefit later.

If the lower-earnings spouse has a PIA benefit greater than half the PIA of the higher-earning spouse, neither partner will be able to receive spousal benefits. This is because a person will always be paid their own benefit if it's higher than the spousal benefit. On the other hand, if the lower-earning spouses' PIA benefit is less than half of the higher-earning spouse, they will qualify for a spousal benefit, but only once the higher earner has claimed their own benefits. To maximize combined benefits, it's usually best for the higher-earning spouse to claim at age 70.

Another consideration for married couples is survivor benefits, which can protect the financial stability of the longer-to-live spouse. When one spouse passes away only the larger of the two Social Security benefits will remain. Therefore, with a smart strategy, you could maximize the higher earner's benefit and leverage it to financially protect the life of the longest to live, regardless of who that is.

THE STOCK MARKET VIEWED THROUGH A 15-YEAR LENS

Investors have been recently confronted with heightened market uncertainty and interest rates above pre-pandemic levels. While these conditions pose challenges, they also present unique opportunities for those who are prepared to adopt a strategic, long-term approach to investing.

Amid this prevailing uncertainty, the case for long-term investing remains compelling. Attempting to time the market, especially during periods of heightened volatility, is often more detrimental than beneficial. Instead, planning ahead, being patient, and considering smaller adjustments along the way can help keep your financial goals on track. During times of economic uncertainty, it's important to focus on the things that can be controlled. See the Chart Below:

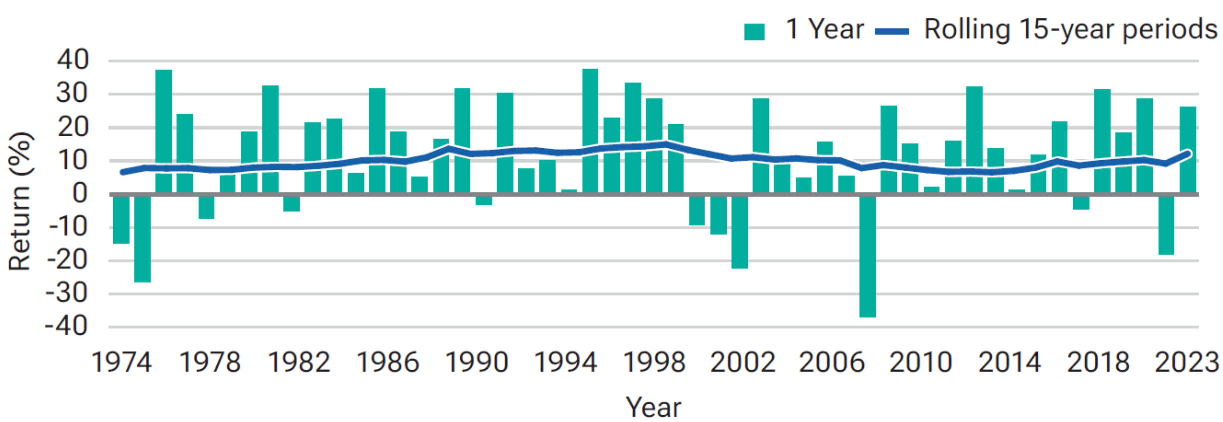
1. Maintain a long-term perspective.

When investing for longer-term goals, understand that whatever is happening in the headlines may not be happening in your account. Time smooths out market fluctuations, which can help investors put many concerns into context. For instance, the S&P 500 Index has experienced double-digit annual losses in five of the last 50 years (12/31/73-12/31/23). While one-year returns may fluctuate dramatically, over any cumulative rolling 10-year period during that time, the S&P 500 has not experienced double-digit losses. And stocks have never lost ground, double-digit or otherwise, in any rolling 15-calender year period over the last 50 years.

Therefore, for a long-term goal, investors can feel more confident holding on to stocks during periods of market volatility, even if they experience short-term declines. (Past performance cannot guarantee future results.)

2. Reassess asset allocation to reduce investment risk.

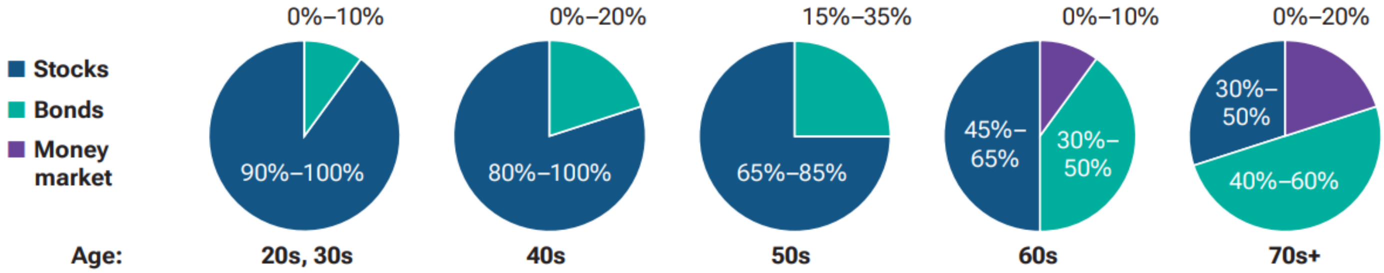
Investors may not be able to control the markets, but they can control their asset allocation. Stocks have the most growth potential over the long term, but history shows they are also more affected by short-term market volatility.



Sources: T. Rowe Price, created with Zephyr StyleADVISOR, and S&P. See **Additional Disclosure** on last page of this article. Price return calculations include dividends and capital gains. Annual returns began in calendar year 1974. Rolling 15-calendar year annualized returns began calendar year 1960. **Past performance cannot guarantee future results.** It is not possible to invest directly in an index. Chart is for illustrative purposes only.

Sample asset allocations by age

In general, the longer your time horizon, the more of your portfolio you should hold in stocks. As investors get closer to and are in retirement, adding bonds can help dampen short-term ups and downs of the market while still providing growth opportunity over a retirement that could last decades.



These sample asset allocations often do not reflect an investor's need to control his/her emotions that will often occur when the stock market becomes volatile and retirement portfolios begin to fluctuate. History has shown that during such volatile times the best strategy may be "simply do nothing" and not attempt to time the stock market. Historically, charts such as the one above have illustrated that an investor's ability to withstand risk can have a great impact on portfolio valuation. This is simply a basic model to help the investor make an informed decision. Source: T. Rowe Price

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