OMEGA
Wealth Management
Navigating the human & financial complexity of wealth

NAVIGATING WEALTH

February 2025

Everything, Everywhere, All at Once

Welcome to the new edition of the Omega newsletter! Our intention is to send out a briefer version of our quarterly newsletter, on a monthly basis. We will continue to provide our insights on human-centered wealth management, the economy and the markets, while also providing you with timely resources that can inform you and perhaps make your life a bit easier. This first edition was going to talk about **"What Do You Have in Your 'Go Bag'?" in deference to the California wildfires in January.**

> ***Try to articulate what you are most concerned about …think about the probability of that possibility and what action you can take to navigate through it…managing your social media/news intake is also important. Think about and take action from an informed, resilient and flexible stance.***

Thinking about what is most important to you, and what you would absolutely need to take with you- in person or spirit- is a worthy endeavor. Be sure to check out our thoughts further along on upgrading your Property & Casualty insurance, if you can. **Even if you don't live in an expected "disaster area", thinking about what is most precious in your life and where possible, the ability to "grab it", protect it, and make sure it's in your figurative or literal "go bag", is a worthy endeavor.**

And now to the most pressing issue for many clients…the **non-stop headlines & actions from our hometown**, hence **"Everything, Everywhere, All at Once".** There is a lot going on here in DC, some of it speculation, some of it actual action, some of it a perceived sense of much of some of us take to be predictable & expected is going away or in jeopardy. **Uncertainty, change and transition can be tough even for the most resilient & flexible people**. Some Omega clients are being directly impacted by the actions in DC, some are just concerned and wondering how the economy and markets might react. **As much as I wish we could clean off our "crystal ball" and let you know what we think will happen next, we would be overstating our hand here to say we KNOW where things will land.** So, what's an investor to do?

Check out our Investment Brief for more thoughts on how we are helping our clients navigate this time of uncertainty.

Everything, Everywhere, All at Once - *cont.*

Meanwhile, as we talk with clients, the most important question we can ask is…what are you **MOST concerned about?** It turns out the answer is different for each client depending on where you are towards "retirement", whether you are currently accessing your portfolio, and what your worldview is. **The most important thing to do is to try to articulate what you are most concerned about and then work with us to think about the probability of that possibility and what action you can take to navigate through it…if anything.** Making sure that you are taking care of yourself and managing your social media/news intake is also important. **Being able to think about and take action from an informed, resilient and flexible stance is incredibly important right now.** Knowing what the real concerns are for you and your family vs. what is "noise" or a distraction, is critical. And **even if you are comfortable with the actions being taken by the new Administration, you should be prepared for some volatility within the financial markets as companies assess impacts from potential tariffs, and we navigate potentially higher inflation and interest rates in the short-term.**

Can we help? Need to talk? Please reach out to Rachel Braddock at Rachel@OmegaWealthManagement.com to get some time on our calendar.

This is just the beginning. There will be more ups and downs, more back & forth, more uncertainty before we get clarity. As a skier, I think of it this way… this is not unlike when the light is "flat" and you can't really see in front of you, but a little farther out, you can see the contours of the slope. What skiers know is that they need to keep their knees bent and just ski through the flat light, staying focused on farther down the hill. **Right now, this may be all we can do- stay flexible and look ahead.**

Take care,
Lisa

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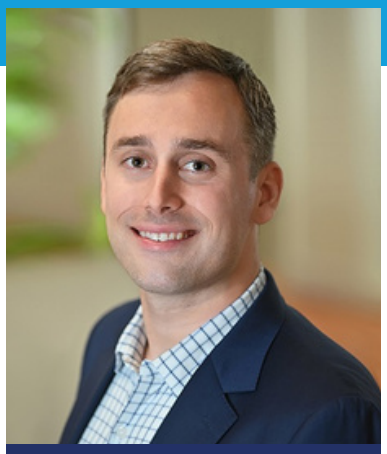
President • Founding Partner

THE INVESTMENT BRIEF - Volatility ≠ Market Downturn: Navigating 2025 with Opportunity



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Editor's Note: We realize the data below doesn't reflect the most current market fluctuations and down trend. We still share the data through the previous month as part of our monthly summary.

Market swings are normal, but they don't always spell trouble. Since 1950, the S&P 500 has averaged a 14% intra-year decline, yet most years still end in positive territory. The lesson? Volatility is often just noise. Staying invested and making strategic adjustments, rather than reacting emotionally, leads to stronger long-term results. Take 2020—one of the most volatile years in history. Despite a historic drop in March, the S&P 500 finished up 16.26%. Markets may fluctuate, but disciplined investors benefit over time.

Interest Rates: The Shift from Risk to Reward
Ultra-low interest rates pushed investors toward equities and real estate for years, but today's high rates have made cash, Treasuries, and bonds attractive again. With 4-5% yields now available on low-risk investments, investors have an opportunity to earn competitive returns while waiting for more clarity on inflation and rate cuts.

Tax Planning in a High-Rate Environment
Higher rates also bring new tax planning strategies, including:

- **Tax-Efficient Cash Management:** Interest income from money markets and Treasuries may be taxed differently than capital gains, making account placement critical.
- **Tax-Loss Harvesting:** Market swings create opportunities to offset gains and reduce taxable income.
- **Roth Conversions:** Market pullbacks may provide a chance to convert pre-tax assets to Roth IRAs at lower valuations, securing future tax-free growth.

Market Performance and Economic Trends

- January saw modest market gains: the S&P 500 rose 2.70%, the Nasdaq 100 gained 2.22%, and the Dow Jones climbed 4.70%. Historically, a strong January often signals a positive year, but recent volatility, fueled by inflation concerns and trade uncertainties, has introduced caution.
- Inflation remains persistent, with CPI rising 0.5% in January and annual inflation reaching 3.0%. Key drivers include shelter, energy, and food costs. Consumer inflation expectations surged in February, reflecting growing concerns over new tariffs.
- The job market added 143,000 jobs in January—below the 170,000– 175,000 forecast—though unemployment edged down to 4.0%. Healthcare, retail, and government saw gains, but federal job cuts and declining consumer confidence signal potential challenges ahead.

Federal Reserve and Interest Rate Outlook

The Fed has held rates at 4.25%–4.50%, maintaining a cautious stance amid inflation concerns. The 10-year Treasury yield sits at 4.569%, with mortgage rates around 7.05%. Future rate decisions will hinge on inflation trends and economic stability.

Key Takeaways

2025 presents both volatility and opportunity. With strategic positioning in interest-bearing assets, smart tax planning, and disciplined investing, investors can navigate uncertainty and capitalize on market trends.

The Planning Spotlight: Property & Casualty Insurance

As referenced earlier, **property and casualty insurance is becoming a planning issue that we all need to take seriously.** More of our clients are realizing that their premiums are going up significantly or finding out that their company is no longer offering coverage. As natural disasters seem to be on the upswing, having insurance to protect your home and other assets is increasingly important but sometimes hard to get. **At Omega, we believe "Wealth Protection" through insurance and proper asset titling is critical.**

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Here is a checklist to consider to make sure you, your home and your other assets are properly covered:

- Talk with your current P & C insurance advisor/company about your current home owner's coverage- does it cover the current replacement cost to rebuild your home? In a disaster, what will be covered? At what price? What about being displaced?
- Are you covered properly for fire, flood, earthquakes... depending on where you live but don't just assume the "obvious" risks. Some of us face new and unexpected risks.
- Ask your insurance advisor to do a top to bottom risk assessment that includes risks around rental properties, "toys" such as ATVs and motor boats.
- Teenage drivers, renters and caregivers bring additional "risks" worth thinking through and protecting against.
- Are any trusts (revocable and irrevocable) stated in your excess liability coverage?
- Does your excess liability coverage protect your entire net worth and any unusual risks that you and your family might face?

If you don't feel that you currently have a Property & Casualty insurance "advisor" to help you navigate all these questions...let us know. We have several advisors we can recommend to help you get a handle on this important part of your wealth management picture.