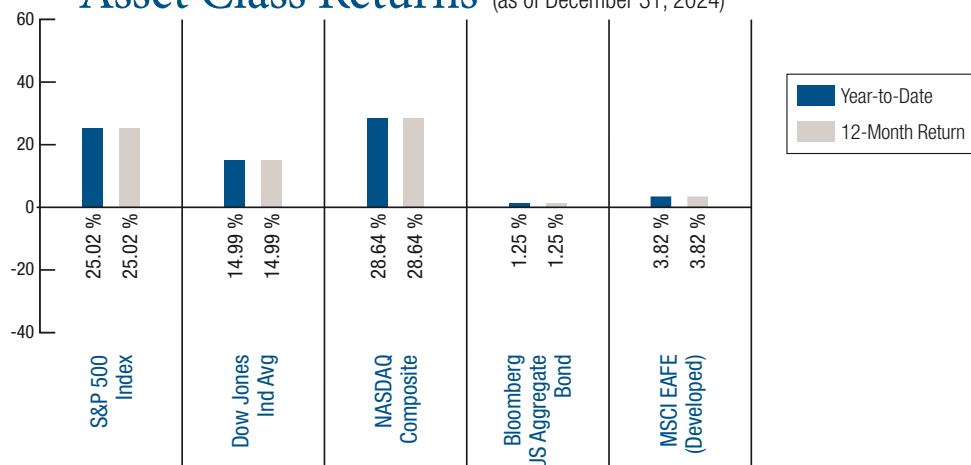


“Although it’s easy to forget sometimes, a share is not a lottery ticket... it’s part-ownership of a business.”
— Peter Lynch

Asset Class Returns (as of December 31, 2024)



Source: Morningstar



MARKET/ECONOMIC SYNOPSIS

Terry Wiles, CRPC®, AWMA®
Wealth Advisor, RJFS
Founder, Stonegate Financial

As 2024 draws to a close, we want to take a moment to express our heartfelt thanks for the trust you’ve placed in us throughout the year. It’s been a year of twists and turns in the financial world, and as always, we’re grateful to have had the opportunity to partner with you during these times.

2024: A YEAR OF GROWTH, CHANGE, AND RESILIENCE

This year has been full of challenges, but also plenty of silver linings. Here’s a brief look back at some of the major events:

Navigating Economic Shifts

The global economy has been a bit of a roller coaster, with inflation slowly coming under control in many places, though it’s still a concern for many households and businesses. Locally, add to that the fact that a major hurricane crushed many of our North Carolina mountain towns. Many folks came to the unfortunate realization that their homeowners’ policies would not cover flood damage from these disastrous storms. Please keep these folks in your thoughts as we enter the new year, many have lost all their possessions.

The central banks have had their hands full managing interest rates. While this has created some turbulence,

we’ve seen positive signs of recovery in key sectors, and they may have engineered a soft landing. What the consumer must understand is that just because inflation is slowing or subsiding, we are still going to be stuck with the 22.1% cost of living increase since COVID hit us in February 2020 (Bankrate.com 12/11/2024). The chart below displays various inflationary increases over the last 4 years.

Cumulative Inflation Effect	
Item	% Increase in 4 years*
Motor vehicle insurance	59%
Fuel oil	45
Gasoline	41
Transportation	32
Utility gas service	31
Electricity	29
Food away from home	25
Shelter	24
Food at home	23
Used vehicles	19
New vehicles	19
Apparel	13
Medical care	10

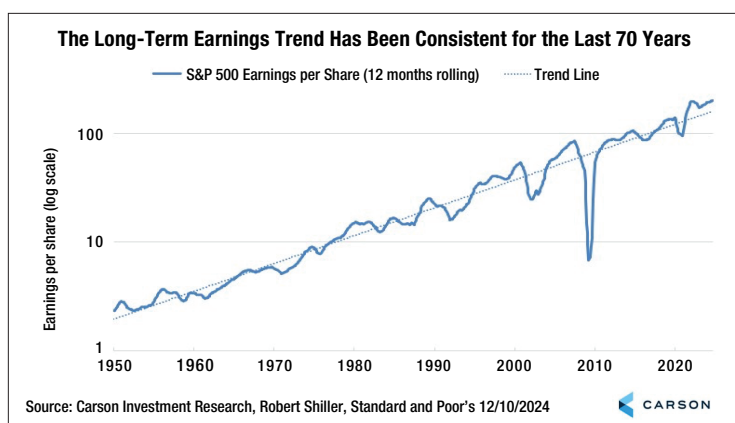
* According to the Consumer Price Index

Bureau of Labor Statistics

Stock Market Movements

To begin 2024, we heard many economists and market prognosticators predicting the end of a bull market, and worse yet, the onset of a major bear market. They were proven to be dead wrong, with the S&P 500 finishing the year up 25.02% and the Bloomberg US Aggregate Bond Index up 1.25%. Warren Buffett said in his 2015 Annual Shareholders Meeting “Any company that has an economist certainly has one employee too many.” One of the main reasons why he doesn’t bank on what economists say is that they’re just not that great at forecasting the markets.

The markets have certainly kept us on our toes! There have been moments of high volatility - like April, July, August, and December - but also periods of surprising strength - February, March, October, and November. Through it all, our advice has been to stay focused on your long-term goals, and it’s been rewarding to see so many of you sticking to your plans. The chart below provided by our friends at Carson Investment Research shows that over time there is a consistent theme: corporate earnings grow. Yes, you will find periods of displeasure and times of downright despair as you will see after the dot.com bubble burst in 2000, the unravelling of the financial crisis in 2008, and most recently after COVID forced the shutdown of global economies. However, the dotted trend line is our long-term friend and the only one we should focus on.



Interest Rates and Bonds

The higher interest rates this year have made borrowing more expensive, but they’ve also created opportunities in fixed-income investments for those looking to take advantage of rising yields. We’ve been closely monitoring these changes and adjusting strategies to

make sure your portfolio remains well positioned to your risk tolerance.

LOOKING AHEAD TO 2025: WHAT’S ON THE HORIZON?

We’re excited for the opportunities 2025 will bring. Here’s what we’re watching as we head into the new year:

A Focus on Recovery and Resilience

While global growth may slow in some areas, we feel corporate profits will remain strong. Sectors like technology and healthcare are expected to remain strong. We’ll continue to keep a close eye on these trends to help you navigate the shifting economic landscape.

Interest Rates and Inflation

Central banks may keep easing some of their tighter policies, especially if inflation continues to slow. This could present new opportunities in both bonds and equities, and we’re ready to pivot our strategies if the need arises.

Embracing the Future of Tech

Artificial intelligence and cybersecurity are likely to be major growth drivers. Whether through innovations in healthcare or other ways to enhance our overall living experiences, there are plenty of exciting developments to watch—and we’ll be there to help you seize those opportunities.

Investor Mindset for 2025

As always, our advice is to take a steady, long-term approach. While markets may remain volatile, staying focused on your goals and maintaining a diversified portfolio is the best strategy to weather any storm.

THANK YOU FOR A WONDERFUL YEAR

We can’t thank you enough for the opportunity to work together in 2024. As we look ahead to the new year, we’re excited to continue supporting you and helping you reach your financial goals.

If you have any questions or would like to review your financial plans, don’t hesitate to reach out. We’re always here for you.

Wishing you and your loved ones a healthy and prosperous New Year!



FINANCIAL PLANNING CORNER

Social Security – Can we fix it? Yes, we can!!

Landon Mundell, CFP®
Financial Planner, RJFS

We've all heard that the Social Security system is in trouble, but just how bad is it? More importantly, how can we fix it?

While it is true that the Social Security program's reserves are on pace to run dry by 2035, that doesn't tell the whole story. The majority of Social Security benefits paid each year are covered by ongoing payroll taxes collected from those who are working, with reserves being tapped into to cover the shortfall. According to the Social Security Board of Trustees, if no further legislative action were taken and reserves were depleted, ongoing payroll taxes could continue to pay about 83% of benefits.

Now you may be thinking, a 17% decline in benefits would still be significant – and you're right! So, let's discuss ways we can close the Social Security funding gap. While no one single strategy below would close the funding gap, a reasonable combination of a few could set the program up for long-term sustainability.

Raise the Full Retirement Age

- Social Security's Full Retirement Age (FRA) is 67 for those born after 1960. As life expectancy continues to rise, raising the FRA with it could help close the Social Security funding gap.
- According to the Committee for a Responsible Federal Budget, gradually increasing the FRA to 69 and thereafter indexing it to longevity could close the funding gap by 39%.
- Alternatively, simply raising the FRA from 67 to 68 could close the gap by 13%.

Increase Payroll Taxes

- Payroll taxes are made up of two components – a Social Security tax and a Medicare tax. The current Social Security tax rate is 12.4%, split evenly between employees and employers. In 2025, Social Security taxes will be withheld on wages up to \$176,100 (Social Security's "wage base").

- The funding gap could be narrowed in a few ways, such as increasing the Social Security tax rate and/or wage base.
- For example, increasing the Social Security tax rate by just 1% could close the funding gap by 30%.
- Alternatively, eliminating the wage base limit (so all employment earnings are subject to Social Security taxes) could close the gap by 60%.
- While none of us enjoy paying more taxes, these changes could help Social Security remain solvent for decades to come. Important to note with these strategies is that neither would increase taxes on other forms of income (ex: IRA distributions or portfolio income).

As you can see, there are several actions that could drastically improve the health of the Social Security system – and this is by no means an exhaustive list.

Using the Committee for a Responsible Federal Budget's "Social Security Reformer" tool, I took a few cracks at forming a solution, one of which is as follows:

- Raise the Full Retirement Age to 69 and thereafter index it to longevity
- Raise the Social Security tax rate by 2.1% (to be split between employees and employers)

Want to form your own solution?

Try out the Social Security Reformer at:

<https://www.crfb.org/socialsecurityreformer/>.

While we don't know when a solution will be enacted, we do know that policymakers have an incentive to fix the system – millions depend on it. Thankfully, we can see that there are many viable solutions to the Social Security problem.

The analysis included herein is based on assumptions included in the Committee for a Responsible Federal Budget's "Social Security Reformer" tool. Information can be found at:

<https://www.crfb.org/socialsecurityreformer/>.



TEAM MEMBER SPOTLIGHT

Q & A with Jillian Clay

Client Relationship Coordinator

In this section, we give you the chance to get to know one of our team members a little better. This quarter we will hear from Jillian Clay!

Q: Tell us a bit about yourself!

A: I was born and raised in Garner, NC, and I've always loved the small-town charm, even though it's grown a lot over the past decade. It doesn't quite feel as small anymore, but I still appreciate the sense of community. I married my high school sweetheart, Zach, and together we have two daughters: Addison (Addie), who's 7, and Sutton, who's 3. It's been such a joy raising them in the same community I grew up in. Fun fact: my childhood best friend, Casey, married my brother-in-law, so now our children are not only instant best friends, but they're also family! All those years of "pretending" to be sisters finally paid off!

Q: What led you to Stonegate Financial?

A: About five years ago, I worked with Trey at a private equity firm. Over time, we both took different paths—Trey joined Stonegate, while I transitioned into an administrative role in commercial real estate. Trey has always spoken so highly of Stonegate, so when I learned of a role within the company that aligned with my skillset, I was excited to apply. From the moment I met the Stonegate team, I immediately felt at home. As our clients might attest, everyone is incredibly welcoming and genuine. Finding a "forever home" within a company truly feels like a blessing.

Q: What are your hobbies outside of work?

A: HA! Did you read the part where I have two young children? My hobbies these days mostly revolve around finding the quickest routes to get us from school to gymnastics then home, while also practicing patience as I put my 3-year-old to bed. In all seriousness, I need to be better about finding pockets of time for myself. I do love going to the YMCA to work out - or sometimes, just to relax in the sauna! I'm looking forward to the day when my schedule (and brain capacity) can accommodate more hobbies!

AROUND THE OFFICE

Join us for our 2025 Forecast!

As we welcome the new year, it is tradition to look back on the economic events of the previous year and look ahead to what may be on the horizon. In our 2025 Forecast, we will do just that. We will hold two live presentations this year. The first will be on **Wednesday, January 29th, at Prestonwood Country Club in Cary starting at 5:45 PM.** Watch for invitations and be sure to RSVP for you and any guests who might be interested in meeting us. We will also deliver our 2025 Forecast presentation on **Thursday, January 30th, to the residents of Carolina Preserve starting at 10 AM.** For anyone unable to attend either of these events, we will share a taped version in February via email and our website.

In The New Year!!!

As we turn the page to a new year, we thought it would be fun - and meaningful - to look back on a personal level and set some **New Year's resolutions.** We're excited to share our goals with you below, in the hopes that it keeps us accountable. We'd also love to hear what resolutions or goals you've set for yourself this year! Let's support each other in making 2025 a year of growth, both personally and professionally!

Becky Wiles:

- Choose water over soda and drink at least 2 liters of water per day.
- Choose fruit over sugary desserts.
- Daily step goal to average 12,000 steps/day.
- Play 20 rounds of golf.

Terry Wiles:

- Start Whole30 diet on January 1st for 30 days.
- Be in better shape at the end of 2025 versus the beginning.

Trey Stilley:

- Perform 20 pull-ups at one time (without coming off the bar).
- Take his family to more NC State sporting events – GO PACK!

Alex Greene:

- Create unforgettable memories with family – starting with a magical trip to Disney!

Landon Mundell:

- Read the Bible every day.
- Say goodbye to the “snooze” button.

Heather Rickenbaker:

- Drink more water!
- Create more efficient (and easily maintainable) storage solutions within the house – no more cluttered closets!

Avery Love:

- Read 30 books.
- Travel somewhere she’s never been.

Jillian Clay:

- Learn how to cook four new meals a month.
- Significantly cut back on sugar intake.



Avery Love and her family celebrated Christmas in the British Virgin Islands!



Alex, Lane, and Lyra Greene spent quality time together as a family!

HOLIDAY CELEBRATIONS FROM THE TEAM!



Henry & Pierce Stillely were so excited to see what Santa would bring!

The Clay family enjoyed Christmas in town with their sweet family!



The Rickenbakers traveled to Charlotte & Spartanburg to spend the holidays with their families!



Terry & Becky spent the holiday in Costa Rica!



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To keep up with all that’s happening at Stonegate, follow us on Facebook or LinkedIn.



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Jillian Clay - Client Relationship Coordinator, RJFS | Landon Mundell - Financial Planner, RJFS | Avery Love - Financial Advisor, RJFS

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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is diversified index measuring approximately 6,000 investment grade, fixed rate taxable securities. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the US & Canada.

International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal.

Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

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This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Dividends are not guaranteed and must be authorized by the company's board of directors. Dollar-cost averaging cannot guarantee a profit or protect against a loss, and you should consider your financial ability to continue purchases through periods of low price levels.

RMD's are generally subject to federal income tax and may be subject to state taxes. Consult your tax advisor to assess your situation. Contributions to a traditional IRA may be tax-deductible depending on the taxpayer's income, tax-filing status, and other factors. Withdrawal of pre-tax contributions and/or earnings will be subject to ordinary income tax and, if taken prior to age 59 1/2, may be subject to a 10% federal tax penalty. Like Traditional IRAs, contribution limits apply to Roth IRAs. In addition, with a Roth IRA, your allowable contribution may be reduced or eliminated if your annual income exceeds certain limits. Contributions to a Roth IRA are never tax deductible, but if certain conditions are met, distributions will be completely income tax free. Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted.

Bond prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. Holding bonds to term allows redemption at par value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise.

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