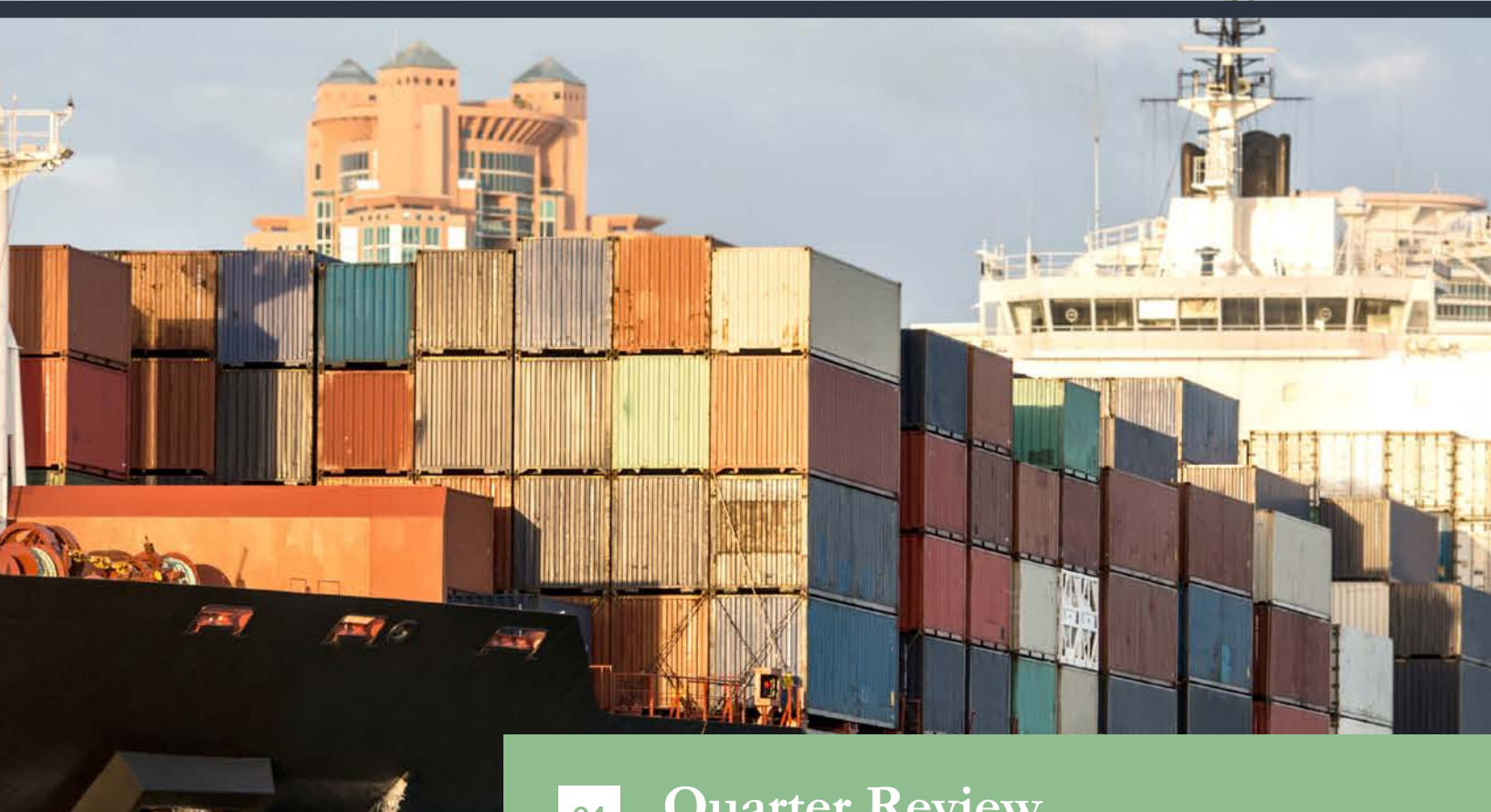


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BCS Wealth Management's Quarterly Newsletter



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By Nick Clay

Beyond the Balance Sheet: Reimagining Wealth with Sahil Bloom's 5 Pillars

At BCS Wealth Management, our team's work often centers around helping clients grow, protect, and distribute their financial wealth. I believe one of the things that separates us at our firm is our independent and holistic approach. This means we aren't just picking investments, but instead we recognize each client is unique and different with different goals, and we must consider tax planning, estate planning, risk management, behavioral finance, etc. I'm often skeptical of books that claim they will help you "design your dream life," but recently I read *The 5 Types of Wealth* by Sahil Bloom, and it's personally challenged me to think more broadly about what it means to be holistic. It's not just about what we do for our clients, but just as important, why we do it.

In the book, Bloom outlines a framework that's both simple and profound: there are five types of wealth and financial wealth is only one of them. The others—social, time, physical, and mental wealth—often matter just as much, if not more. Money is an enabler to

these ends, but not an end in and of itself. With each type of wealth, Bloom offers practical tips, or as he calls it, "systems of success," to help readers improve in that specific area.

The book is detailed and filled with data, real life stories, and realistic tips – all while being easy and enjoyable to read. In this article I will take a high-level look at each type of wealth and how specifically they relate to the work we do as advisors to our clients.

1. Financial Wealth

This is the most obvious and measurable type of wealth. It includes money, investments, property, and other assets. It's the area we spend the most time analyzing—creating retirement projections, balancing portfolios, and minimizing taxes. But as Bloom points out, financial wealth is only valuable to the extent that it supports the other types of wealth. In other words, money is the tool, not the goal.

We see this every day. A client might come in asking if they have "enough," but the real question they're trying to answer is "Do I have enough to live the life I want?" That life may include more time with family, the freedom to travel, the ability to say no to stress, or the opportunity to

provide charitable support to causes and organizations they care about.

Example - A client in their early 60s comes in wondering if they can retire early. They've saved well but are uncertain about whether it's "enough." Through comprehensive planning that includes cash flow projections, good and bad market projections, Social Security optimization, and investment withdrawal strategy, we show them they can retire comfortably. The outcome is they gain clarity and confidence to retire on their terms.

2. Social Wealth

This includes relationships, community, reputation, and connection. It's often built over a lifetime and can be one of the most meaningful parts of a person's life. We see its impact during estate planning conversations, when clients think about their legacy and the relationships that matter most.

As advisors, we often serve as connectors—helping clients navigate family dynamics, refer professionals they can trust, and even think through charitable giving strategies that

reflect their values. Social wealth can't be measured in dollars, but it often determines how a client feels about their wealth.

Example – A retired couple wants to pass wealth to their children but are worried about fairness, especially with blended family dynamics. We help them create an estate plan that reflects their wishes, brings adult children into the conversation, and uses trusts to protect relationships and assets. The outcome is they feel peace of mind, and their children feel valued and included and know there will be no “surprises” at the end of the day.

3. Time Wealth

Time wealth is the freedom to spend your time how you choose. Morgan Housel, in his book *The Psychology of Money*, describes it this way – “The highest form of wealth is the ability to wake up every morning and say, ‘I can do whatever I want today.’” It’s about control, flexibility, and being present. Housel argues that money’s greatest intrinsic value is its ability to give you control over your time. That’s the real payoff—not the luxury car or the fancy vacation, but the freedom to do work you enjoy, to spend time with the people you love, and to avoid being at the mercy of a schedule you resent.

Many clients come to us with the desire to “buy back” their time—whether that means retiring early, reducing their work hours, or simply feeling less financially stressed so they can enjoy life more fully. When we help someone design a plan that lets them leave a job they’ve outgrown, or structure their finances so they can coach their child’s soccer team, we’re helping them grow their time wealth. And often, this is the wealth they value most once they have it.

Example – A 45-year-old business

owner is financially successful but burned out. He wants to step back but feels trapped by the demands of running a business. We help him model a partial sale and cash flow plan that lets him keep equity and stay involved, while also reducing his workload.

4. Physical Wealth

This includes health, vitality, and physical energy. Bloom reminds us that without this form of wealth, the others can lose their meaning. You can have all the money in the world, but if you don’t have your health, you may not be able to enjoy it.

While we don’t manage this directly, we often see how health influences financial decisions—from the cost of life insurance and long-term care planning to healthcare costs in retirement. More importantly, we can ask questions that put clients’ well-being at the center of the plan: “What does a healthy, happy life look like to you?” or “How can your financial plan support that vision?”

Example – A client faces a chronic illness diagnosis and is concerned about future costs of care. We can help structure their portfolio to prepare for long-term care, navigate insurance options, and reduce financial stress during treatment. The outcome is they feel supported and can focus on their health, not just the bills.

5. Mental Wealth

Mental wealth includes peace of mind, purpose, emotional well-being, and a sense of fulfillment. This is where our role as advisors can quietly make the biggest difference. A sound financial plan can reduce stress, provide clarity, and give clients the confidence to make decisions aligned with their values.

Mental wealth shows up when a client says, “I finally feel like I’m in control” or “I can sleep better at night knowing we’ve taken care of this.” That feeling is what true advice delivers—it’s not just about beating the benchmark, it’s about giving people the freedom to live more intentionally.

Example – A couple constantly worries about the market, inflation, and running out of money. We build a plan knowing there will be volatility, stress test the plan against past market events (Covid-19, great financial crisis, etc.), set realistic expectations, and have regular review meetings to coach and educate them through volatility. The outcome is they go from reactive to proactive. Less worry, more peace of mind.

Why This Matters

At BCS Wealth Management, we believe in long-term partnerships with our clients, built on trust, clarity, and care. *The 5 Types of Wealth* offers a helpful lens through which to view our work—not just as financial professionals, but as guides walking alongside people in pursuit of a better life.

As advisors, we value continuous learning and will certainly continue to be experts in financial wealth. My challenge to our team is to keep asking the deeper questions—the ones about time, relationships, purpose, and peace of mind. Because, in the end, those are the things that define a truly wealthy life.



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Quarter Review

By Nathan Goodwin

After a strong two-year run, the first quarter of 2025 has been marked by significant volatility and unpredictability. You have to go back six newsletters, all the way to the third quarter of 2023, to find the last negative return for the S&P 500 and NASDAQ. Both indices have recently entered correction territory, experiencing declines of at least 10% from their peak in February. The markets are navigating a complex landscape, influenced by geopolitical events, economic indicators, and corporate earnings reports, with the escalating trade wars being a key factor.

The Return of Tariffs: Timeline of Key Events

On February 1st, President Trump enacted a 10 percent tariff on all Chinese imports, which took effect three days later. Following an increase in these tariffs from 10 to 20 percent on March 4th, China retaliated by imposing a 15

percent tariff mainly on U.S. food and agriculture products. On the same day, President Trump levied a 25% tariff imports from Canada and Mexico. In response, Canada quickly enacted 25% tariffs on \$20 billion worth of U.S. goods.

Additional tariffs have been introduced, including a 25% tariff

will be closely monitoring these developments. For more in-depth analysis of tariffs and their impact on the markets, check out Andrew Farmer's article on page 7.

It's evident that the markets are struggling with this uncertainty. It's difficult to determine whether

the primary impact on investor sentiment has been the tariffs themselves or simply the unexpected nature of these developments. Just a few months ago, few could have predicted such

a dramatic shift, and as we know, markets do not react well to surprises.

What is the objective of this back and forth? President Trump is using these tariffs as a tool to address the \$1.2 trillion-dollar global trade deficit. However,

Major Stock Indexes	1st Quarter 2025	Year End 2024
DJIA	-1.3%	12.9%
Nasdaq Composite	-10.4%	28.6%
S&P 500	-4.6%	23.3%
Russell 2000	-9.8%	10.0%
Global: MSCI ACWI	-1.7%	15.7%
Japan: Nikkei 225	-10.7%	19.2%
Stoxx Europe 600	5.2%	6.0%
UK: FTSE 100	5.0%	5.7%
Major Bond Index	1st Quarter 2025	Year End 2024
Bloomberg US Aggregate (Total Return)	2.5%	1.3%

on global steel and aluminum imports, as well as a 25% tariff on imported automobiles. In retaliation, the European Union plans to impose tariffs on various U.S. imports starting April 13th.

Further clarification about these tariffs and additional measures are expected to be announced on April 2nd, as of this writing. We

consumer confidence has quickly changed as investors grow concerned that these tariffs will have a lasting impact on the economy and will push inflation higher - a battle we've been struggling to win even before the tariffs were implemented.

The inflation report on March 28th showed a higher-than-expected increase from January to February in core personal consumption expenditures (PCE), signaling that everyday goods continue to rise in price. The threat of stagflation—defined as high inflation coupled with low economic growth and high unemployment—has begun to enter the conversation. This combination is notoriously difficult to address.

Despite these concerns, many analysts are hopeful that Trump's upcoming announcement on April 2nd will bring much-needed clarity, potentially improving market sentiment. As this letter is being sent at the same time, we will keep you informed through our various communication channels.

Interestingly, during President Trump's first term, stocks saw a significant decline as the U.S. – China trade war escalated, with the S&P 500 falling approximately 18% between January and December of 2018. However, the index recovered all of those losses within just three months as concerns over the trade war subsided. Time will tell whether history will repeat itself.

It's not all doom and gloom. The economy continues to show

steady growth, a trend that has persisted since the pandemic. The last quarter of 2024 showed that GDP grew by 2.3% and while estimates for the first quarter of 2025 are lower, most forecasts predict positive GDP growth for each quarter this year.

Though there are signs of weakening, the job market remains strong. Unemployment fell to 4% in January, below the historic average of 5.68% (1948-2024). Inflation, while still a concern, has been gradually decreasing year over year, with PCE estimates for the first quarter at 2.8%. It is expected to rise slightly mid-year before tapering off in the fourth quarter and into 2026. Of course, these projections are subject to change.

It's Important to Remember

Since 1928, the S&P 500 has experienced an average yearly drawdown of 16%. This means that, on average, the markets will experience a 16% decline at some point through the year. However, it is equally important to note that the index has historically posted an average annual return of 10%, even with these fluctuations. *In fact, the markets have ended the year positively approximately 75% of the time*, demonstrating that recoveries are the norm, not the exception. While times like these can be unsettling, they are to be expected.

Several key lessons can be drawn from these observations. First, financial decisions should not be based on headlines, which change rapidly and

often contradict one another. Your investment plan should be grounded in your long-term goals, risk tolerance, and time horizon. We base our decisions on time-tested data, not short-term drama. Second, the economy is not the market, and the market is not the economy. While they are interconnected, the market is considered a leading indicator and can move independently of current economic conditions.

Lastly, reacting emotionally to the news can cost you real money. Every market downturn has come with scary headlines, but history shows that those who stay invested and stick to their plan come out ahead. As Warren Buffett famously said, investors should be *"fearful when others are greedy, and greedy when others are fearful."* What did he mean? In times of market uncertainty, the best course of action is often the opposite of what our instincts tell us. History proves it. Wealth is built over time by sticking to a disciplined plan, not reacting to short-term events.

We're here for you, as always. If you have questions on these, or other, topics, please don't hesitate to reach out. Wishing you and your family a joyful spring season.



Nathan Goodwin,
JD, CFP®,
Partner & Senior
Financial Advisor



5 Tips for International Travel

As the summer travel season approaches, we wanted to share tips for those preparing for a vacation outside the U.S. Whether you're heading to Europe, Asia, or another part of the world, being prepared may help you avoid unexpected surprises or issues.

Here are answers to a few common questions travelers may have:

Should I exchange money at my local bank before I leave or wait to do it there?

While exchanging money before you leave may be convenient, you may not get the best exchange rate. It's often better to wait and exchange money at your destination at a local bank or currency exchange kiosk. However, research exchange rates beforehand and watch out for hidden fees.

Pro tip: Avoid exchanging money at the airport; that's where you'll probably get the worst deal.

What should I know about using credit cards abroad, and is it better to have vendors do the conversion or let the credit card company do it?

One idea to consider is using zero foreign transaction fee cards, letting the credit card company handle conversions. The credit card company typically offers more competitive exchange rates.

Pro tip: Be sure to notify your credit card company of your travel itinerary in advance to avoid unexpected declines.

What are the best electronic adapters to buy?

Electrical systems and outlets vary by country, so it's essential to research the electrical requirements of your destination and bring appropriate converters and adapters for your electronics and appliances.

Here are three to consider:

1. **EPICKA Universal Travel Adapter:** This compact adapter can work in the U.S., Europe, Australia, and the U.K. It's lightweight and small.
2. **BESTEK Universal Travel Adapter:** This adapter is designed for travelers with many devices. You can plug up to seven things into this adapter.
3. **Bonazza All in ONE World Travel Plug Power:** Compatible with plugs in over 150 countries, this adapter is good for everything from hair dryers to cell phones.

What should I do if my passport is lost or stolen abroad?

Losing your passport while traveling can be a nightmare, so it's important to be prepared just in case. Make a copy of your passport and keep it separate from the original. Having it can help make the passport-replacement process a bit easier.

You'll need to contact the nearest U.S. embassy or American consulate to declare your passport misplaced or stolen. To replace your passport, you must submit a passport application form in person at the embassy or consulate. Remember, once a passport is reported missing, it's entered into the State Department's database and flagged, so if you find your old passport, it's no longer valid for travel.

Pro tip: Consider packing a passport-size photo. If you lose your passport, you will need to have a photo to get a new passport issued.

How do I avoid getting pickpocketed?

Pickpocketing is a common occurrence in many popular tourist destinations. To avoid being a victim, use your instincts and follow these tips:

- Always be aware of your surroundings and be a difficult target by walking purposefully.
- Never use your back pocket; turn your backpack or "fanny pack," so it faces forward.
- Be careful in crowds, especially at train, bus, and subway stations—a common approach is to bump into you in the hustle and bustle.

- Avoid carrying large amounts of cash.
- Avoid counting money in public and put the money you are carrying in different pockets.
- Don't hang your bags on the back of your chair when eating.
- Recognize common scams like dropped coins, splatters on clothes, shouts for help, offers of assistance, and sidewalk games.
- Be aware that children are often used in pickpocket scams, so be careful not to let a child distract or disarm you.

If you are traveling abroad this summer, we hope these tips will be helpful. Enjoy your vacation and safe travels!

*Myra O'Dell,
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Partner & Senior
Financial Advisor*



Understanding Tariffs and Their Impact on Your Finances

Recent headlines about tariffs and trade policies have caught the attention of investors, raising questions about how these changes could affect portfolios and markets. People naturally experience discomfort during times of market uncertainty, especially when political and economic events dominate the news cycle. Short-term market volatility tends to lead investors toward emotional decisions, which result in long-term disappointment according to historical patterns.

Understanding the role of tariffs in the economy and financial markets can help you focus on the bigger picture and not react to temporary market turbulence.

What Are Tariffs and Why Do They Matter?

Simply put, tariffs are taxes on imported goods, typically to protect domestic industries, address trade imbalances, or gain leverage in international negotiations. While these policies can serve strategic economic purposes, they also create ripple effects that impact consumers, businesses, and financial markets in various ways:

- **Higher Consumer Costs:** When tariffs increase the cost of imported goods, businesses often pass increased expenses on to consumers, leading to higher prices.
- **Supply Chain Disruptions:** Many businesses rely on global supply chains. Tariffs can increase costs for industries that import raw materials or components, potentially slowing production and reducing profitability.
- **Inflation and Interest Rates:** Higher tariffs can contribute to inflation by increasing the prices of imported goods and production costs. The Federal Reserve, in response, may change its approach to interest rate adjustments to control inflation.
- **Market Volatility:** Investors react quickly to tariff announcements, causing short-term market fluctuations. The industries that depend most heavily on global trade operations, such as technology, automotive, and manufacturing, show the greatest sensitivity to market changes. However, much of this

volatility can be driven by investor sentiment rather than fundamental financial concerns.

The Impact of Tariffs on Investments and Financial Planning

At BCS Wealth Management, we construct portfolios with the understanding that market fluctuations, including those driven by trade policy changes, are inevitable. Short-term volatility is expected, and a well-diversified portfolio helps reduce exposure to any single country's trade policies, positioning investors for long-term success.

For example, exposure to international securities can provide a counterbalance, as different markets respond uniquely to trade dynamics. Additionally, while tariffs and their potential impact on inflation can influence interest rates and, as a result, bond yields, a thoughtfully structured fixed-income strategy can help mitigate risks. Diversifying across asset classes, such as equities, bonds, and alternative investments, can create a more resilient portfolio that weathers economic events.

Staying the Course

Tariffs and trade policies will continue to evolve, and market volatility will always be part of investing. However, these factors do not have to derail a well-structured financial plan. The key to navigating uncertainty is maintaining discipline, diversification, and a long-term perspective.

We are committed to helping our clients stay informed and prepared while providing guidance tailored to their financial goals. If you have any questions about how trade policies may impact your investments, we are here to provide reassurance and guide you in making well-informed decisions.

*Andrew Farmer, MBA
Financial Advisor
Associate*



BCS Wealth Management is an independent financial planning firm in Johnson City, TN. We help individuals, families, and businesses reach goals important to their financial wellbeing. We provide investments and financial planning, insurance, and group benefits.

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