

April 2025



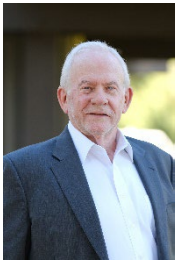
# THE CAPSTONE QUARTERLY

2025 has proved no shortage of things to talk about as we wrap up this first quarter of the year; the presidential inauguration, inflation, interest rates, and tariffs to name a few. In this newsletter, Bryce provides some tips for a financial spring cleaning, and Casey gives an update on the markets and how we have responded to them.

## BRYCE'S POINT OF VIEW

Bryce Pease, CFP®

### Financial Spring Cleaning



Spring is in the air, and that means it's time for some spring cleaning. Before you pick up your dustpan, give a thought to your *financial* spring cleaning first.

Spring cleaning is often used as a metaphor for getting our daily affairs in order. There are many things to keep track of, many tasks to be done, and

many decisions to be made. Below we provide some tasks to help you stay organized and on track for your financial goals.

Review your 401(k), or other company retirement plan, and rebalance if necessary. How has your 401(k) been performing? Are you contributing enough to take advantage of any employer matching? Do the investments inside your 401(k) need to be rebalanced to match your original allocation?

Contribute to your Roth IRA if you have one. A Roth IRA can be a valuable way to save for retirement and have some tax-free withdrawals someday. Of course, it's not a one-size-fits-all, so be sure having a Roth makes sense for your tax situation. You also need to fall below a certain income limit in order to be able to contribute directly to a Roth IRA.

Review your cash flow and examine your expenses. Which are likely to continue for the long-term? What expenses can you remove right now? This is a good way to find extra ways to save for your goals and it will make your life a lot simpler once retirement comes.

Make sure you know where all your estate planning documents are. You should have a copy of your will,

power of attorney, advance medical directives, letter of instructions, and other documents in a secure but easily accessible place. Make sure your spouse (or other loved ones) knows where these documents are kept.

Review your current insurance policies. Are there any potential gaps? (For example, Disability and Long-Term Care insurance are two types of policies many people don't have but are often extremely valuable for retirees.)

Check your credit reports. Credit reports aren't just for getting loans. They're also a handy early-warning system for fraud and identity theft. A good rule is to check your credit at least once per year. In particular, be on the lookout for changes that don't look familiar to you as well as "hard inquiries." This is when a business checks your credit report because they received a new application for credit or services. These can impact your score and stay on your reports for up to two years. They can also be a red flag for thieves trying to use your information illicitly.

Reprioritize your goals. As you think about getting your finances in order, also think about the goals your finances are designed to help you achieve. Do you have new goals? If so, write them down. Are there older objectives that need more attention? If so, determine where they need to be placed on your schedule. By doing these things, you can ensure your finances are not only organized but actually getting you closer to the places – and person – you want to be.

Spring cleaning is never the most fun thing in the world, but it's often one of the most beneficial. Just as you probably enjoy living in a clean, organized home, you'll enjoy the peace of mind that comes with getting your finances in order. Trust me: if there's one thing I've

learned in all my years of helping people plan for their goals, it's that a little organization today can make for a much happier tomorrow.

## CASEY'S CORNER

Casey Morris, CFP®

### Market Update



The markets have started off the year rather turbulent. The major indexes (Dow, S&P 500, Nasdaq) gained slightly in January, fell in February, and had a choppy March. Last year, 2024, marked the first time since 1998 that the S&P 500 saw gains over 20% for two years in a row. For this reason, many investors were full of

confidence going into 2025. Some of that confidence has been stifled a bit in the past couple of months, however, with the major headlines including inflation, tariffs, and interest rates.

As for interest rates, we saw a cut of 0.25% at the end of last year and the Federal Reserve has indicated that there might be two more cuts later on this year. So far this year, the fed has kept interest rates steady while it waits for further evidence that inflation will continue to fall and for more clarity about the impact of the recent tariffs. Much of the market's angst in February was due to broader concerns about the economy. In the coming days with tariffs on Mexico and Canada set to kick and consumer spending sliding in January, investors have not found much to cheer about in recent weeks. Additionally, tech industries have seen increased volatility as investors debate whether all the enthusiasm over AI, and demand for the chips that power it, will continue. However, there was some good news at the end of February as the latest inflation report came out in line with most economists' expectations.

In March, for our advisory clients, we lightened up a little bit with our stock market exposure. We had a couple of funds that didn't seem to be holding up as well with the volatility, so we took it as a chance to restructure the portfolio. We've since added in some different funds, still leaving a little cash on the sidelines. Overall, the markets seem to be at somewhat of a crossroads. After their fall a couple of weeks ago, they haven't moved meaningfully lower nor have they made a convincing move higher (as of the writing of this newsletter, at least).

We are keeping our eye on how the markets will react to the tariffs and also the interest rate changes that may be coming later this year. With falling interest rates, there could be some opportunity in the bond market. Even if the markets react negatively to tariff implementation, we have some cash on the side to try and take advantage of a pullback. There may also be opportunity in other sectors of the market. As always, we continue to monitor the economy and our advisory accounts. Please feel free to call or email at any time with questions.

## Did you know?

The average credit score for Americans in 2024 was 715. That marks the 11<sup>th</sup> straight year that the average FICO score in the U.S. has not decreased on an annual basis, suggesting that Americans are becoming more financially aware with each passing year.

Source:

<https://www.experian.com/blogs/ask-experian/what-is-the-average-credit-score-in-the-u-s/>

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## FINALLY...

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Casey had a busy first quarter with her government contracting work. She was honored to be invited back to teach about retirement to the US Forest Service Wildland Firefighters at multiple locations across the country. She also spent a few days in Indiana teaching civilians all about their government benefits on base at a Department of Navy location. With the recent layoffs and early resignation offers, we've been getting a lot of calls into our office from federal employees looking for advice and guidance on how to handle the situation. If you have a friend or family member affected by the situation, please be sure to pass our name along. No one should have to make these life changing decisions uninformed.

Sincerely,

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P.S. If you ever run across anyone who could use our services or is unhappy with their current adviser, we always appreciate it when you pass on our name.

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