



Fourth Quarter 2024

Advisor Desk

As we wrap up both the fourth quarter and the year 2024, it's worth taking a moment to reflect on what has been another eventful trip around the financial sun. Over the past three months, the markets found the volatility that was missing in the first part of the year—responding to the latest round of interest rate adjustments and the intersection of political and economic headlines. The stock market is on track for another record year, capping off what continues to be a great, if not heroic, stretch of returns. This stretch of success has only continued to fuel the uncertainty about equity valuations. In many ways, this year tested our convictions and reinforced the need to stay committed to a long-term, goal-oriented investment strategy, even if that meant buying into a hot market that only continued to rise.

After a year marked by economic shifts, political uncertainty, and questions over the future of tech leadership, I'm looking forward to seeing what 2025 brings. Just because the markets aren't swinging wildly doesn't mean there's nothing to do. It's in these quieter moments that portfolio discipline, careful rebalancing, and regular check-ins on your long-term goals truly shine.

That focus on discipline applies not just to your portfolio but to your own financial knowledge. "Educate" is the first priority in our mission to Educate, Empower, and Encourage our clients. We're committed to helping you build that knowledge, which is why we're excited to highlight some new educational initiatives. This quarter, we launched our very own podcast, featuring conversations ranging from market valuations, home purchases, regulatory environments, and personal finance tips. We are very excited about this as we'll be able to cover a wide variety of topics and bring in guests as well. In 2025, we'll also be hosting quarterly webinars; the first webinar

will be on commodities to kick off the year. We are regularly asked to share financial resources or ways to get financial updates, and we look forward to adding podcasts and webinars to our current newsletters and annual in-person conference (this year in Charleston!).

This quarter's "Ask an Advisor" article is on smart gifting strategies, a timely topic as the year comes to a close and many of you consider your charitable and family gifting plans. This piece walks through the nuances of thoughtful giving, helping ensure that your generosity aligns with your broader financial picture.

As always, we remain focused on our goal of guiding you with clear insight and actionable advice, no matter what the markets have in store. With the stability provided by a strategic asset allocation, a commitment to ongoing education, and the right mix of goal-oriented planning, we look forward to supporting your financial journey through 2025 and beyond.

- Stephan



Stephan Shipe, Ph.D., CFA, CFP® is the Founder and CEO of Scholar Financial Advising.

SFA Announcements



We believe that financial advice should empower individuals to make informed decisions with clarity and confidence. If you've valued the independent, fee-only approach we bring to financial planning, we encourage you to share your experience with others.

Referring a friend, family member, or colleague to our firm allows them to benefit from our trusted fiduciary financial planning services.

Introduce them directly to us by email or share their information, and we will contact them with more details about our firm. Thank you for your consideration!

Send an Email Introduction

Fill Out a Referral Form

Podcast Launch



We are thrilled to announce the launch of *The Scholar Financial Advising Podcast*! Join us on this incredible journey as we dive into the world of personal finance, financial planning, and wealth-building strategies tailored for lifelong learners.

Visit the podcast's home page below!

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Webinar Update



Join us for our upcoming webinar, "*Commodities and Their Role in Your Portfolio*," where we'll explore the vital role commodities can play in building a diversified and resilient investment portfolio.

Keep an eye on your inbox for an exclusive email invitation arriving in Q1, and don't miss your chance to join this exciting event!

2025 SFA Conference



We are looking forward to our 2025 Personal Finance Conference in Charleston, South Carolina!

Mark your calendars for June 11th - June 13th. We will start with our Client Reception, followed by a two-day conference filled with various speakers, break-out sessions, and panel discussions; accompanied with breakfast and lunch.

We cannot wait to see you there!

This event is provided free of charge and only available to our current clients.

[Contact us](#) for more information.

Conference Homepage

RSVP 2025 Conference

Things We Are Watching

Mark Johnson, Ph.D.
Lead Financial Advisor

- Will the S&P 500 end 2024 with a total return for this year of 25% or higher?
- The FOMC is scheduled to meet on January 28-29, 2025. The January meeting will be closely watched for any changes in monetary policy stance, especially in light of recent economic data and evolving inflation dynamics.
- The Bureau of Economic Analysis will provide its initial estimate of GDP growth for the fourth quarter of 2024 at the end of January. Is the economy expanding or contracting?
- The housing market is showing signs of stabilization. Mortgage rates are expected to average 6.3% throughout 2025, slightly lower than 2024's 6.7% average. Home prices are projected to rise by 3.7% in 2025, following a 4% increase in 2024.
- Gold prices have surged approximately 30% since the beginning of 2024, marking one of the most substantial annual increases in recent decades. Will this continue?

What We Are Reading





If Inflation Is Back, Protecting Against It Won't Be Simple



Myths of Private Equity Performance: Part III

Ask an Advisor



In this month's edition, CEO and Financial Advisor **Stephan Shipe** discusses the following topic:

Notes on Gifting to Your Children

Gifted investments to adult children can be a powerful way to support their financial future, foster responsible money management, and encourage continued financial education. Here are best practices for gifting investments to adult children, with an emphasis on promoting accountability, learning about money and investment management, and the importance of communication and goal setting.

1. Encourage Financial Education

- Share books, online courses, and workshops on personal finance and investing. Encouraging continuous learning helps them stay informed and aware of the impact of these gifts on their financial lives.

2. Foster Responsibility Slowly

- Start gifting gradually to help them get accustomed to managing larger sums of money responsibly. The 2024 limit of \$18,000 is per person per year (a married couple could gift \$36,000 annually to an individual). Starting with \$5,000 or \$10,000 in year one and then building to the full \$18,000 helps them ramp up to this responsibility and build their own process for how they invest these gifts when received. Remember that the goal is not simply to reduce the size of your estate, what you are trying to do is to build their comfort and familiarity with wealth so that they are not overwhelmed in the future.

3. Importance of Communication

- Maintain regular communication about investments, discussing strategies, market changes, and personal financial goals. Encourage open discussions about financial decisions, ensuring they feel comfortable seeking advice. We want them to understand why you are doing this and see this process as a way for them to accomplish their own financial goals with you as a team.

4. Promote Accountability

- Help them set clear, achievable financial goals, whether it's saving for college, building up an emergency fund, or building up a retirement account. To aid in accountability, you can ask to see whether the gifts you are providing are going to their intended purpose. For example, if a child says they will pay off their credit card debt, maybe you ask to see that the credit card has been paid off (and stays paid off) before future gifts.
- Be on their team. I regularly see clients complain that they gift to their kids but then their child doesn't use the gift as intended or they don't feel that their child has any skin in the game. Combining the communication and accountability sections above, you can come up with unique ways to build accountability, money skillsets, and communication by partnering with them on their goals.

- For example, you sit down with them to establish their goals and an immediate goal is to buy a new car that they need \$15,000 for as a down payment within 6 months. You can offer to pay \$2 for every \$1 they can save as the down payment. This requires them to save a full \$5,000 and then you'll match this accomplishment with \$10,000 so that they can accomplish their goal with your help and learn the process of saving for and accomplishing financial goals. After this is complete, you tackle the next goal until eventually, the goal shifts to saving for their own retirement, and they have the tools and comfort with money in place for you to write a \$18,000 check and know that it will go to the right place.

5. Structured Payments

- Gifts do not need to be in lump sums. You can gift a flat amount per month or even as needed for financial goals as long as you stay under the aforementioned limits. This can help with a combination of accountability, communication, and goal-setting throughout the year.

6. Tax Benefits of Low Basis Gifting

- Gifting individual stocks or exchange-traded funds (ETFs) can introduce adult children to market dynamics and investment strategies while giving you a way to give low-basis stocks that they could potentially sell at a lower tax rate than yours.

Gifting investments to adult children not only reduces the value of your estate but, if done correctly, can empower them with the knowledge and tools to manage their wealth responsibly. By incorporating these best practices, you can promote accountability, encourage continuous financial education, and support their long-term financial goals. Open communication and clear goal setting are key to making this a meaningful and impactful gesture.

Reminders

Need more help?

Contact us to inquire about professional recommendations, including CPAs.

When should you contact us outside of your annual meeting?

Anytime you have a build up of cash, change your job, make or consider a major purchase, relocate, or are concerned about the allocation of your portfolio.

Reach out anytime with questions or to schedule a meeting.

We look forward to hearing from you!

Contact Us

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