

# MOULTON WEALTH MANAGEMENT INC. ***MOULTON HOT MINUTES***

***SPECIALIZING IN RETIREMENT AND TAX PLANNING***

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## May 2025

**W**hat is the best way to manage risk in your retirement accounts, when times are unprecedented?

First, to be clear, times are unprecedented. Fed Chair Powell points out that the tariffs introduced on “Liberation Day” by President Trump are the highest since before we started the income tax system. They are higher than the Smoot Hawley tariffs that ushered in the Great Depression.

One can argue they are all for show – part of the Art of the Deal – where President Trump makes outrageous demands and then settles for something less. But even at that, where does something less than “*the highest ever*” leave us?

This has the potential to be unlike any economic storm you’ve ever weathered. President Trump is attempting to rewire the world economy. In doing so, he’s purposely stepping on toes – both adversaries and allies alike. Whether you think it’s about time, or that it’s crazy, the end result is all that will matter to your retirement.

The U.S. markets have some \$24 trillion of foreign dollars invested in our stocks and bonds. It’s often said on Wall Street that money moves to where it’s treated best. If we begin to lose our position as the safe haven, as the beacon of calm in

an unpredictable world, that money will begin to look elsewhere.

Don’t believe it?

Consider what’s been happening to stocks and bonds in your tried-and-true investment allocation.

In theory, stocks are the gas pedal in your portfolio, and bonds the brakes. You need them both. Modern Portfolio Theory, followed by Wall Street for the last 50 years, espouses that stocks and bonds move inversely. When we hit turbulence that makes your stocks fall, your bonds rise, helping offset those declines. They do so in large part due to their perception as a “safe haven”. And that safe haven perception is largely driven by the U.S. being the land of laws and predictability. If that perception changes, so does the reaction to risk in your portfolio.

From President Trump’s Liberation Day announcement of historically high tariff increases through April 8<sup>th</sup>, the S&P-500 fell some -12.14%, in just 4 trading days. What did long term Treasury bonds do? Far from helping offset the decline in stocks, they added to them. The 30-year Treasury Bond Price Index fell -3.3% over the same 4 trading days. It’s gone on to fall an additional -2.3% as of the date of this writing. We’re on track for the worst April stock market since 1932, 93 years ago.

John Pease of GMO postulates why stocks and bonds have decoupled from their previous relationship. He thinks part of the problem is foreign investors moving money out of the U.S. as they question the stability and safety of our system.

Lawrence Gillum of LPL Financial points out that stocks and bonds moving in the same direction, not offsetting each other, happens when there's higher inflation. Tariffs will raise prices, by design. Whether they continue rising or eventually decline is open for debate. However, the market doesn't usually wait around for the experts to agree.

In fact, Bloomberg's John Authors points out that big investors tend to succeed by "shooting first and asking questions later". They may preach patience to clients, but they don't practice it themselves.

Waiting can be costly if we're heading into a recession. Take the 2008 Great Financial Crisis as an example. By the time the National Bureau of Economic Research (NBER) made the recession official, we'd already endured almost a year of it, combined with severe stock market declines.

He further points out that moves by large investors are self-fulfilling. If they begin to sell in earnest to protect their money, it triggers the exact

market sell-off they were concerned over. He notes that the latest survey of global fund managers by Bank of America, the first since President Trump's Liberation Day, showed a dramatic increase in fears of an economic hard landing and recession.

And it's not just them. Polymarket allows people to bet on all kinds of things, including whether we'll be hit by a recession. According to these betting markets, odds of a recession jumped to over 50%.

Maybe it explains why gold has rocketed up almost 31% this year alone, and that's after a jump of over 27% in 2024. We're happy to say our clients have enjoyed the ride. Have you?

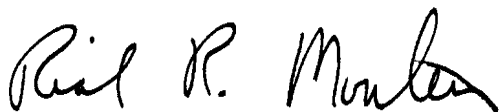
We would suggest it's a bad time to use the past 20 years as a roadmap to where we're headed. It's completely different. With valuations at extremes and uncertainty close behind, it's anyone's guess how this turns out.

If you are retired or close to retirement, guessing is not our idea of a solid risk management strategy.

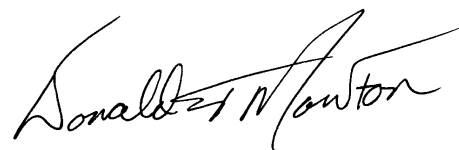
### **What is your plan?**

Attend one of our free seminars or call the office to hear about your options.

Yours truly,



**Rial R. Moulton, CFP®, CPA / PFS, RFC**  
*Certified Financial Planner™ professional*



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*Certified Financial Planner™ professional*

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please ask them to send an email with their information and permission to be added.

*The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. Yahoo! Finance is the source for any reference to the performance of an index between two specific periods. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Investments in securities do not offer a fixed rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results. Consult your financial professional before making any investment decision. You cannot invest directly in an index*

# *Unprecedented in Modern History, Tariffs Require Unprecedented Risk Management.*

## Weekly Radio Show Saturday Morning:

**8:00 AM KXLY 920 AM**  
**Spokane and Area**

**9:30 AM KFLD 870 AM**  
**Tri-Cities and Area**

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### **SPOKANE**

Hampton Inn—Valley  
*Breakfast*  
16148 E. Indiana Ave—Spokane  
**May 28th @ 9:30 AM**

### **TRI-CITIES**

Hampton Inn  
*Breakfast*  
486 Bradley Blvd—Richland  
**May 21st @ 11:00 AM**

- ◇ How employing and consistently following a defensive system could help you to a better retirement.
- ◇ The “Widow’s Tax” could be a major drain on the survivor’s spendable income!
- ◇ What happens when an economic downturn makes it difficult for companies to pay back their massive debt?
- ◇ Why Buy and Hold Investing was right for the 80’s and 90’s yet very wrong for today.
- ◇ Will inflation eat up your assets?
- ◇ How to potentially decrease taxes on your hard earned Social Security Income
- ◇ To Roth or not to Roth?

*And so much more!*

## **COMPLIMENTARY SEMINAR**

**For those 50 years old and older**

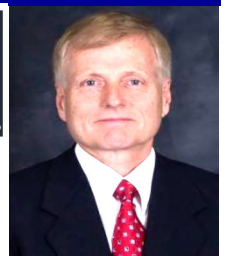


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# **Call to reserve a spot: 509-922-3110**

*Advisory services through Moulton Wealth Management, Inc., an independent Registered Investment Advisor registered with the SEC*



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***Unprecedented Risk***

# ***Unprecedented Actions!***

**Spokane**

**May 28th  
@  
9:30 AM**

*Details Inside*

*No Cost  
Seminars for  
Retirees and  
those close to  
Retirement*

**Richland**

**May 21st  
@  
11:00 AM**

*Details Inside*