



S.F. EHRLICH  
ASSOCIATES, INC.



August 15, 2025

# Managing Your Money

## STAN'S WORLD — THE PROOF IS IN THE PUDDING

To some degree, the stock market almost always experiences volatility. While there have been periods that have been calmer than others, there's usually some economic, political, or world event that influences its performance.

Extreme volatility (i.e., a large drop in the stock market) can lead to investor anxiety. Prolonged periods of volatility may make investors wary and often lead to discussions regarding safety. Nobody wants to lose money; when markets fall, investors want to preserve what they have. After all, who among us doesn't remember how high their portfolio was at its highest point? That's the number we want to preserve (until, of course, it goes even higher).

Occasionally, a client will read an article and raise the issue of annuities, especially if they read that they're safer than the stock market. Or have guaranteed returns. The subject of annuities, however, is somewhat complex, so I'll try to keep it simple while answering the real question: Should you consider one?

It's probably a good bet that most fee-only financial advisors view annuities as a "four-letter word," and not the good kind of four-letter word. While we've never ruled out the potential role an annuity might play in a portfolio, rarely have we ever told a client he/she should go out and buy one. (Full disclosure: we don't sell annuities or any other insurance products.)

There are primarily two types of annuities: fixed and variable. As noted by their titles, a fixed annuity pays the account holder the same rate of return every year, while a variable annuity has a fluctuating account value, often based on the performance of the stock market. As these are insurance contracts, access to the funds you invest is limited, and sometimes the entire amount invested cannot be withdrawn. It's not the type of product that you can just buy and sell.

The sales pitch for fixed annuities, as often presented by an interested salesperson, may start with: "You won't lose money." While not as attractive as "You had me at hello," not losing money certainly has a certain cachet to it. But if you're not going to lose money, what are you giving up? What's the catch?





## STAN'S WORLD — THE PROOF IS IN THE PUDDING (CONT'D)

At their core, annuities function as investor insurance, designed to protect against the emotional and financial pain that can accompany market downturns. While fixed annuities may offer a fixed rate of return for the life of the policy (or the annuitant's life), they generally do not adjust in response to inflationary pressures. The amount you receive each year remains the same.

Historically, annuities have been guilty of hefty fees (some we've reviewed range from 2% or more), and limited upside (via a performance cap). While the term 'hefty fees' doesn't require further explanation, limited upside means annual returns are often capped, even if it's a variable annuity. (The value of a variable annuity depends upon the underlying investments in its portfolio.)

For argument's sake, let's assume the annuity includes a cap of 6%. If the underlying assets in the annuity are invested in the S&P 500 Index, for example, and that index goes up 12% in a year, a 6% cap means the annuity holder will see a return of 6%. The insurance company retains the excess gain...for themselves. On the other hand, when markets fall, the annuity will lose 0%, thus retaining its value from the preceding year. And therein lies the safety aspect; you don't lose money. Lest we forget, however, markets go up more years than they go down (an average of 11% per year for the S&P 500 since 1990).

Some annuities are pitched as having no fee, but one must look under the hood to see that there may be some sleight of hand at work. After all, who is paying the salesperson? And what about the back office that underwrites the policies? Even if a fee is not readily apparent, it's tucked in there somewhere. For example, a management fee may be deducted from the underlying investments. Alternatively, it may be classified as an administrative expense rather than a fee.

The "proof is in the pudding" is an old proverb that essentially means the ultimate test lies in the results. Whether or not someone should put their hard-earned money into an annuity is partially, if not mostly, dictated by where they can achieve the best results. For purposes of this discussion, John ran a model comparing a \$100,000 portfolio managed by an investment advisor (with fees deducted) vs an annuity with a 6% cap. (The assumption is 100% of all funds are invested in the S&P 500 Index.) Pay attention to the ending value for both columns.



## STAN'S WORLD — THE PROOF IS IN THE PUDDING (CONT'D)

Year	S&P 500 TR (%)	Advisory (Net of 1%)	Indexed Annuity (6% Cap)
2005	4.91	103,910	104,910
2006	15.79	119,278	111,205
2007	5.49	124,634	117,310
2008	-37.00	77,273	117,310
2009	26.46	96,947	124,348
2010	15.06	110,577	131,809
2011	2.11	111,805	134,590
2012	16.00	128,576	142,666
2013	32.39	168,935	151,226
2014	13.69	190,373	160,299
2015	1.38	191,097	162,511
2016	11.96	212,041	172,262
2017	21.83	256,209	182,598
2018	-4.38	242,425	182,598
2019	31.49	316,340	193,554
2020	18.40	371,384	205,167
2021	28.71	474,294	217,477
2022	-18.11	383,656	217,477
2023	26.29	480,683	230,526
2024	10.00	523,945	244,357
<b>Ending Value</b>		<b>523,945</b>	<b>244,357</b>

*Calculations available upon request. Please see important disclosures at the end of the newsletter.*

While protection against loss certainly sounds appealing, the inability to profit from outsize gains above a certain cap can be deflating. Using this hypothetical example, anyone who purchased the annuity 20 years ago with a 6% cap, had a little over 46% of the amount they would have had by investing in the S&P 500 Index outside of the annuity. That's a high price for peace of mind. (Taxes are not considered in this hypothetical, and neither are any ancillary fees charged by the annuity company; the ending values for the annuity are gross numbers.)

If you're willing to forego upside to gain protection on the downside, then an annuity becomes a consideration. For those willing to deal with market risk and volatility, join me in the "proof is in the pudding" crowd.



## LAID OFF—IN CHARTS

Over the years, many clients have shared the challenges they've faced after being laid off later in life. One by one, they came to realize that it's a lot tougher to land a job in their 50s than it was when they were younger.

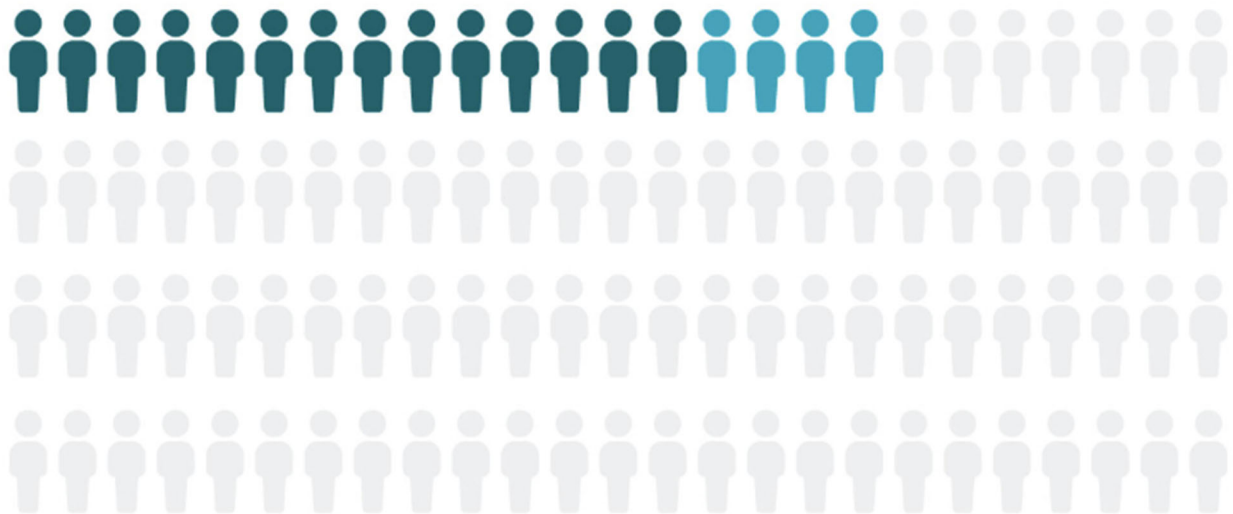
The Wall Street Journal<sup>1</sup> recently reported on data collected by the Center for Retirement Research at Boston College, and the numbers on getting laid off later in life are sobering. "People in their 50s and 60s take longer to find new jobs, while others retire earlier than planned."

Five charts tell a compelling story for anyone who is laid off later in their career, which, unfortunately, is not uncommon. Among people aged 50 to 65, 14% had been laid off once, while 4% had been laid off more than once. Among those laid off at least once, 24% were unable to find a new job.

### Among people ages 50 to 65...

14% were laid off once...

...4% were laid off more than once



### Among those laid off at least once between the ages of 50 and 65...

24% did not find a new job



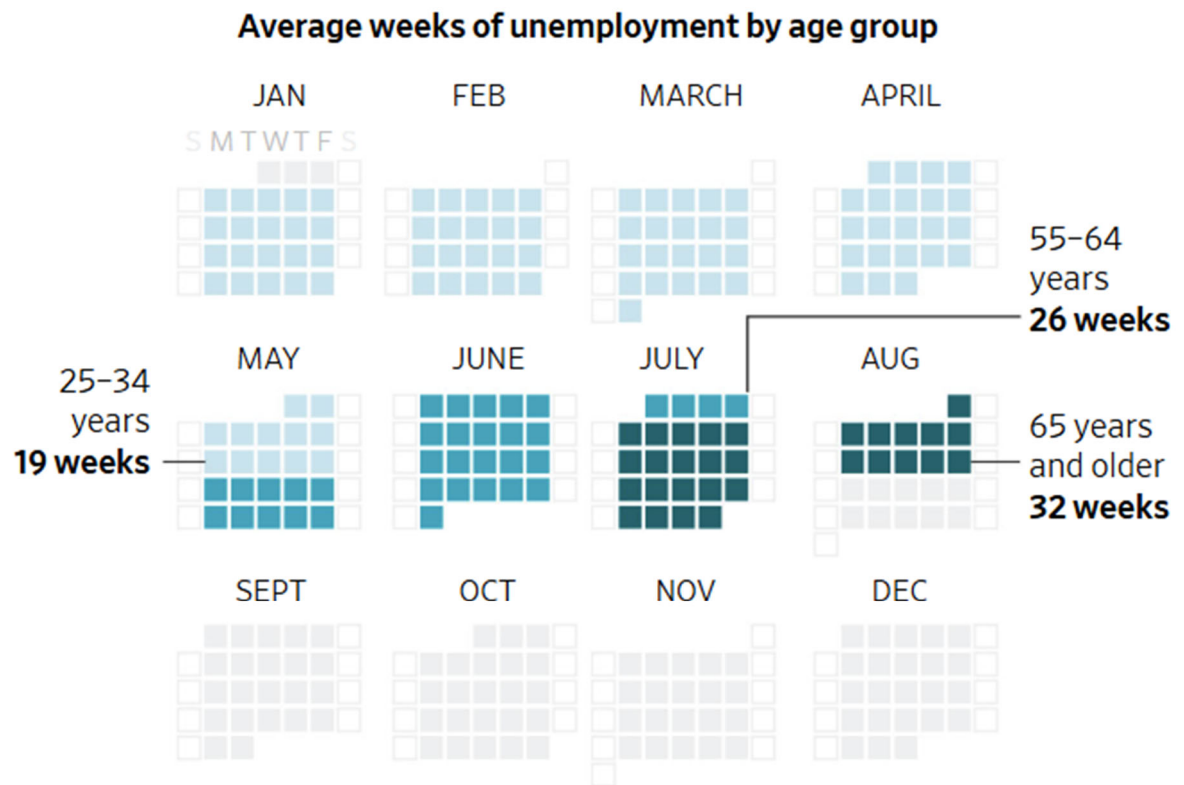
Note: Data is for ages 60 to 65 in 2022, who experienced a layoff in the prior 10 years.

Source: Center for Retirement Research at Boston College calculations using the Health and Retirement Study (2012–22)



## LAI D OFF—IN CHARTS (CONT'D)

“The average weeks of unemployment for persons 55-64 who were laid off was 26 weeks, and 32 weeks for those 65 and older. “Older career workers who find new jobs take an 11% wage cut, on average...The pay cut was 15% for men and 7% for women.”



Note: Calendar is an example based on 2025. Count starts first full week in January.

Source: Bureau of Labor Statistics

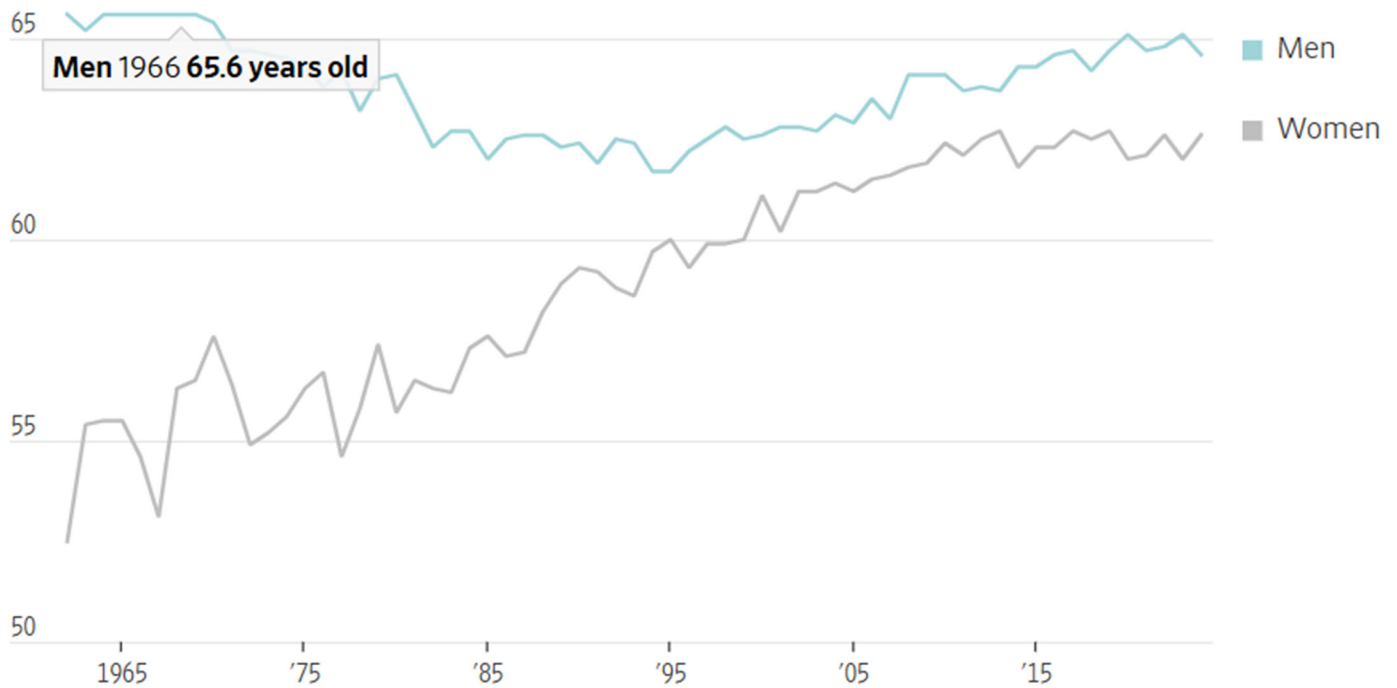


## LAI D OFF—IN CHARTS (CONT'D)

Since 1991, the average retirement age has increased by about three years, due to a substantial increase in the average retirement age for women.

### Average retirement age

70 years old



Source: Center for Retirement Research at Boston College





## LAI D OFF—IN CHARTS (CONT'D)

“Many Americans have a job at some point in their 50s and early 60s without 401(k) and health insurance benefits, according to Boston College’s Center for Retirement Research....The loss of benefits could be a sign of declining job quality for older job switchers....Those who frequently work without benefits in their 50s and 60s end up with about 25% less retirement income than workers with such benefits.”

### Older workers’ employment histories from ages 50-62

Exclusively in jobs with benefits



Mostly in jobs with benefits



Early retirement



Frequent unemployment



Mostly in jobs without benefits



Source: Center for Retirement Research at Boston College calculations using the Health and Retirement Study (1992–2016)

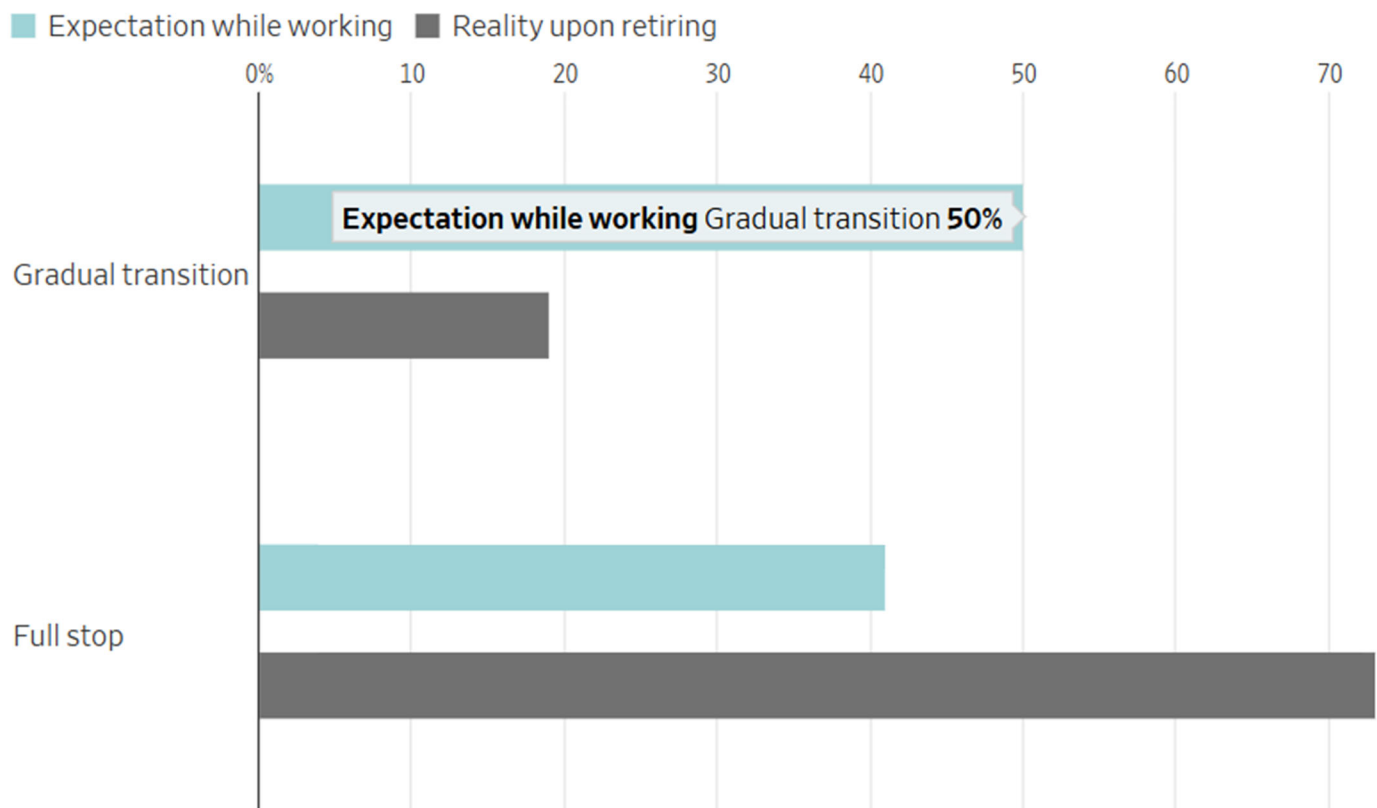


## LAID OFF—IN CHARTS (CONT'D)

“Workers need to understand that the retirement decision will not always be their choice.”

Workers believe, for example, they’ll be able to slowly transition into retirement, but the reality shows otherwise.

### Transition into retirement, expectations vs. reality



Note: Doesn't include 'Other' and 'Not sure' categories

Source: Employee Benefit Research Institute/Greenwald Research online survey of 2,767 U.S. adults over the age of 25, conducted Jan 2 through Feb 3, 2025





## SCAMMERS ARE SCAMMING: BE AFRAID

Raise your hand if you remember the “Is it live, or is it Memorex?” commercial? Change a few words, and that’s how you should consider emails you receive that ask you to enter personal information: Is it real, or is it a scam?

Of the countless emails we receive, scam and otherwise, we have selected two to illustrate what we examine when assessing the validity of an email and how to verify its authenticity. Although we’re not experts, it’s essential to follow at least a few simple steps before acting on any emails you may receive.

### Dashlane:

Below, please find an email we received from Dashlane, which is a password manager that allows you to maintain all your passwords in a single, secure location. As we’re both fans and users, imagine our concern when we received the alert below:

**From:** Dashlane<support@shopviu.com>

**Sent:** Saturday, July5, 2025 11:15PM

**To:** StanEhrlich <stan@sfehrlich.com>

**Subject:** Dashlane Security Alert: Master Password Breach Detected

Our Dark Web Monitoring service has detected that your master password has been compromised in a recent data breach. This is a critical security issue that requires immediate attention.

#### What this means:

- Your current master password is no longer secure
- Cybercriminals may have access to this password
- Your Dashlane account and stored data could be at risk

**Immediate action required:** Please change your master password immediately to secure your account and protect your sensitive information.

If you’re currently logged into Dashlane, you can change your master password directly from your account settings.

[Secure My Account](#)

This alert was generated by our Dark Web Monitoring service, which continuously scans for compromised credentials to keep your account secure. If you have any questions or need assistance, please contact our [Help Center](#).



## SCAMMERS ARE SCAMMING: BE AFRAID (CONT'D)

Read the email. Do you see anything suspicious?

Let's start with the email address of the sender, the first place you should look when you receive any official-looking email. Looking at the "From" address, was the email sent by someone at Dashlane.com?

In this instance, the return address shows "shopviu.com". That alone should alert you that the email is a fraud, and the email should be deleted. If you're still in doubt, Google "shopviu"; you'll find it's allegedly an eyewear company. This is an email from a scammer. Not only should it be deleted, but it's even questionable whether you should buy your glasses from shopviu.com.

### **PNC Bank:**

Email #2 allegedly came from our friends at PNC Bank, or did it? It's too long to include in our newsletter, but here are the key points:

- After 30 years, PNC was reaching out to confirm pertinent information about our business, including EIN number, related Social Security number(s), and our online PIN. They were also asking us to confirm account numbers and mailing addresses.
- We were to click the link in the email, which would take us to a website where we would enter the required information.
- The email even included a consequence if we didn't respond – potential account closure.

Our initial response was to declare fraud. After 30 years, PNC Bank picked that week to confirm our business information? Information they wanted us to re-enter on 'their' website? Really?

On the other hand, what if we really are required to complete a certain form lest PNC Bank puts a hold on our account? What if this is legitimate?

As we did with Dashlane, the first thing we did was check the sender's email address, which did, in fact, include "@pnc.com". That may feel compelling, but it's not conclusive, because you can falsify a sender's email address.

The email also includes a website we're instructed to visit to complete this allegedly required form. The website included the letters "pnc.com" within the address, but, at least to us, its validity was still inconclusive.



## SCAMMERS ARE SCAMMING: BE AFRAID (CONT'D)

A phone number is included in the email, which can be called for assistance. To confirm the authenticity of that number, we went to the official PNC website. When the phone number in the email did not appear on the website, our level of suspicion rose even further. (NOTE: Never click on a website link included in a suspicious email, and never call a phone number included in the body of the email. Instead, Google the company name and go directly to its official website.)

Finally, we called a PNC phone number listed on the official PNC website, where we eventually spoke to a representative in the business banking department. Lo and behold, this email was legitimate, and a PNC representative verified the phone number included in the email. She also said they've received quite a few phone calls from their business customers. Like us, those customers were all correct to call to seek verification from a trusted number. Kudos to them, and to us.

Did this process take a few minutes? Absolutely, but it's the only way to be sure you're responding to a legitimate website if/when you're requested to enter personal, or, as in our case, business information.

When it comes to emails and unsolicited phone calls, we should all follow the advice used by good carpenters: measure twice and cut once. Think twice (or more) before providing personal information on a phone call or opening unsolicited links either in an email or a pop-up on your computer. (And don't forget you can always call or email us with any questions.) The potential cost of making a mistake can be far worse than the extra few minutes it takes to confirm the integrity of the sender (or caller).



**S.F. EHRLICH  
ASSOCIATES, INC.**

S.F. Ehrlich Associates, Inc. has been providing financial advice on a fee-only, independent basis for over 25 years.

*Managing Your Money* is compiled entirely by Stanley F. Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

**Did we mention?** If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.

**CLIENTS:** Please remember to contact S.F. Ehrlich if: a) there are any changes in your financial situation or investment objectives, b) you wish to impose, add or modify any reasonable restrictions to our investment management services, or c) you've changed your permanent residence.

**S.F. Ehrlich Associates, Inc.**

-1100

stan@sfehrlich.com

John Zeltmann, CFP®, CFA  
Phone: (908) 789-1944  
jzeltmann@sfehrlich.com

Stanley F. Ehrlich  
Phone: (908) 789-1100  
stan@sfehrlich.com



<sup>1</sup> "Tergesen, Anne, and Veronica Dagher. "Here's What a Late-Career Layoff Looks Like in America, in 5 Charts." The Wall Street Journal, 19 July 2025.



## IMPORTANT DISCLOSURES

S.F. Ehrlich Associates, Inc. ("SFE") is a registered investment advisory firm in New Jersey that offers investment advisory, financial planning, and consulting services to its clients, who generally include individuals, high net worth individuals, and their affiliated trusts and estates. Additional disclosures, including a description of our services, fees, and other helpful information, can be found in our Form ADV Part 2, which is available upon request or on the SEC's website at [www.adviserinfo.sec.gov/firm/summary/121356](http://www.adviserinfo.sec.gov/firm/summary/121356).

If you are an existing client of SFE, it is your responsibility to immediately notify us if there is a change in your financial situation or investment objectives for the purpose of reviewing, evaluating or revising any of our previous recommendations and/or services.

This newsletter is for informational purposes only and is not intended to be and does not constitute specific financial, investment, tax, or legal advice. It does not consider the particular financial circumstances of any specific investor and should not be construed as a solicitation or offer to buy or sell any investment or related financial products. We urge you to consult with a qualified advisor before making financial, investment, tax, or legal decisions.

Information contained herein has been obtained from sources believed to be reliable. While we have no reason to doubt its accuracy, we make no representations or guarantees as to its accuracy. The opinions and analyses expressed herein constitute judgments as of the date of this newsletter and are subject to change at any time without notice. Any decisions you make based upon any information contained in this newsletter or otherwise are your sole responsibility.

No graph, chart, formula, or other device can, in and of itself, be used to determine which securities to buy or sell, or when to buy or sell such securities, or can assist persons in making those decisions.

Any securities mentioned in this newsletter are for illustrative purposes only and should not be construed as investment advice or a recommendation to buy or sell. There is no guarantee that a particular client's account will hold any or all of the securities mentioned in this newsletter. Additionally, from time to time, SFE's officers, directors, employees, agents, affiliates, or client accounts may hold positions or other interests in the securities mentioned in this newsletter.

Any historical index performance provided herein is for illustrative purposes and includes the reinvestment of dividends and income, but does not reflect advisory fees, brokerage commissions, and other expenses associated with managing an actual client account. An index is an unmanaged group of stocks considered to be representative of different segments of the stock market in general. Index performance does not represent actual account performance. One cannot invest directly in an index. A description of each index mentioned in this newsletter is available upon request.

Any hypothetical performance shown or discussed herein is for illustrative purposes only. Hypothetical performance results have inherent limitations, including: they are generally prepared with the benefit of hindsight; do not involve financial risk or reflect actual trading; and do not reflect the economic and market factors, such as concentration, lack of liquidity or market disruptions, trading costs, and other conditions, that might have impacted our decision-making when managing actual client accounts. Since trades have not actually been executed, hypothetical performance results may have under- or overcompensated for the impact, if any, of certain market factors.

It should not be assumed that future performance of any specific investment, investment strategy, or index (including any discussed in this presentation) will be successful or profitable or protect against loss.

Any forward-looking statements or projections herein are based on assumptions. By their nature, forward-looking statements involve a number of risks, uncertainties, and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. You should not place undue reliance on forward-looking statements, which reflect our judgment only as of the date this newsletter was published.