



Managing Your Money

STAN'S WORLD – MATTERING

I've enjoyed a luxury that's not available to most retirees: the chance to ease into my retirement. I've been able to work a little, 'retire' a little, and so on and so forth.

As I continue to cross a very wide threshold into full-time retirement, I've come to realize it's up to each of us to figure out how we're going to retire. I haven't mastered, for example, how to leisurely sit on my porch and read a book. I suspect my blood pressure probably goes up when I do so, because, at least subconsciously, my brain is trying to figure out what else I should be doing. I can enjoy leisure reading while away on vacation, but that's because the operative word is away. While I'm away, I don't have the ability to walk into my garage, go down to the basement, or sit at my desk and figure out what's next.

That's my problem; I know many people who are not only content to read a book during the day, but also ecstatic. They worked for a lifetime, and now it is their time to collect dividends on that investment.

The Wall Street Journal recently had an article about 'The Retirement Crisis No One Warns You About: Mattering.'¹ The article states that: "Many of us plan for our future wealth and health. Few prepare for an equally essential aspect of retirement: how to contribute to feel seen and valued." To which I reply: not so fast.

I've learned a lot about myself over the past few years as it relates to this retirement gig, and what I've learned is that it's up to each of us to figure it out. I'm sure I mentioned earlier that when Pearl retired, I asked her the same question I always asked pre-retirement clients: "I know what you're not going to do, but what are you going to do?" She told me not to treat her like a client and that she would figure it out. (Note to self: She did.)





STAN'S WORLD — MATTERING (CONT'D)

Some seniors find fulfillment in their hobbies, such as sitting on a porch to read a book or gardening. Others act as caretakers for a family member. Then there are those who enjoy volunteering, such as in a food pantry or soup kitchen. Some work part-time jobs or babysit for a grandchild. What it comes to mattering, it's an individual decision and a personal choice. Mattering is only a crisis if we want to matter but can't figure out how.

What I would reaffirm to my fellow retirees is the importance of socializing. The literature is filled with articles and studies on the benefits of being with others.

As for me, I'm still figuring things out, and that's okay. Retirement is a process, not a one-time event.

When it comes to my latest attempt at mattering, let me share with you a story about something called Swedish death cleaning. You may recall reading my last Stan's World column, the one where I committed to cleaning out my basement of 'stuff.' Well, it wasn't just some fluff piece to fill space. I'm on it. (By the way, Swedish death cleaning is a real thing. According to Wikipedia: "Swedish death cleaning (döstädning) is an intentional decluttering process aimed at simplifying your life and sparing loved ones the burden of sorting through your belongings after you pass away. It is a thoughtful, life-affirming practice of letting go, rather than a morbid or sad task.")

In the previous column, I talked about a four-drawer file cabinet in the basement that was filled with much of the detritus I had accumulated over a lifetime. (Some of us are better than others when it comes to weeding out extraneous files, papers, and things. As evidenced by what I've uncovered over the past month or so, I'm not one of the better ones.) On the plus side, the cabinet is filled no more. In fact, I think it's down to one full drawer, and that's the next one to get attacked.

So where did all my 'stuff' go? My collection of tax returns and related documentation was all scanned. Should I get audited, I have everything I previously kept in folders digitized now.

In addition, each of my daughters is getting a stack, and I mean a stack, of their 'stuff.' (They don't know yet it's their stuff.) What did I keep for each of them? What didn't I keep? I noticed lots of grade school report cards (because they're important 40 years later), letters to the tooth fairy (equally important), and all sorts of drawings, letters, transcripts, and more.

Separately, and going to my daughters, are boxes of their photo albums, accumulated during high school, college, or summer vacations. If they want to dispose of any or all of it, they're welcome to do so, but it's leaving this house.

Not only is the file cabinet about to take a journey to the conservation center (aka scrap metal), a five-shelf storage unit that held boxes is also about to get rehoused to make room for... nothing! Open space in the basement!



STAN'S WORLD — MATTERING (CONT'D)

There are still a few toys that are now too young for even our youngest grandchild to enjoy. To wit, a combination toy stove/sink found its way to the end of the driveway the other day, and Pearl said soon thereafter a mother, grandmother, and daughter gave it (and all that was inside it) a new home. Enjoy!

Suffice it to say, the difference in the garage and in the basement is visible. I'm not alleging the work is over, but I can state the process is psychologically freeing. Every day I look for more to jettison. (I even got to the Obama-era eye drops in the bathroom vanity.)

The photos I've uncovered evoke many memories, joy, and laughs. And there are many questions. ("Who's that?") It's amazing what we relegate to boxes, folders, and envelopes. Yes, pictures should be preserved, but they also should be displayed and enjoyed. And once we figure out who some of these people are, it will be time for some new wall displays.

FUN WITH CHARTS!

There are many old adages when it comes to investing. One that we like to cite is that a person's success in the market depends on their time in the market, as opposed to timing the market. As we've pointed out on numerous occasions, trying to time the market – buy and sell when you believe the market will go up or down – is often a fool's errand. Rather, the time that one stays invested in the market, through market highs and lows, will ultimately dictate success.

While we can control how long we'll keep our funds invested in the market, we don't get to control when markets will go up or down. In other words, there is an investment risk that revolves around the sequence of returns.

After saving for a lifetime, will the market do well the year you start retirement? And what happens if it doesn't? Are some retirees more fortunate than others when it comes to the sequence of returns? The answer is yes.

While the sequence of returns is real and can significantly impact the quality of one's retirement by impacting the quantity of one's portfolio, there's little you can do about it. While you can work longer to save more money (and delay withdrawals), you can't predict the next great 10 years of market returns.



FUN WITH CHARTS! (CONT'D)

As the chart below² shows, outsized investment returns (i.e., higher-than-average) when a person begins retirement can pay off handsomely.

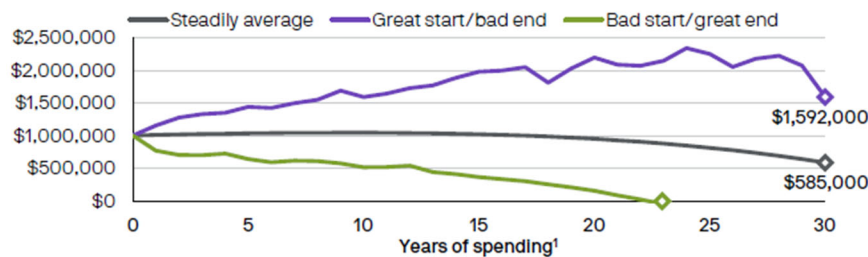
The purple line, (the Great Start/Bad End scenario) starts with an initial investment of \$1,000,000. After 30 years, to include 4% annual withdrawals adjusted for inflation, the balance is \$1,592,000.

In contrast, note the green line (Bad Start/Great End scenario). Not only does the market drop during the early years, but the market drop, coupled with annual 4% withdrawal rates (adjusted for inflation), results in the portfolio running out of money less than 25 years after spending and withdrawals begin.

Sequence of return risk: Retirement spending

GTR 27

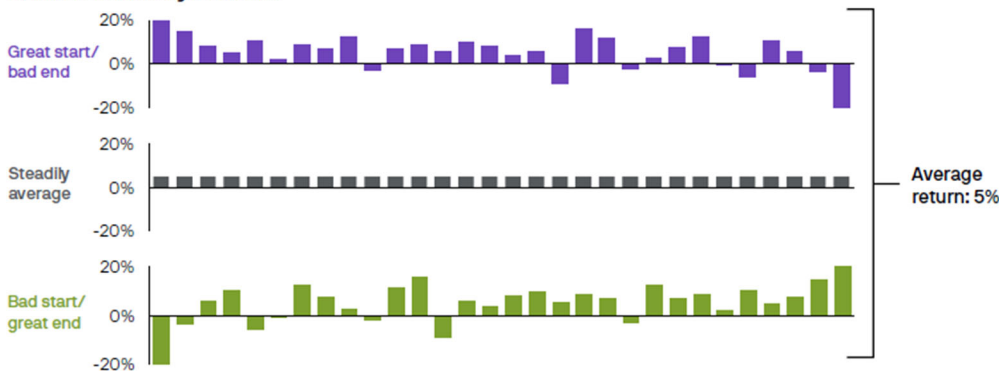
Spending: Portfolio values assuming various return sequence scenarios



The greatest risk is when wealth is greatest

Funding spending from your portfolio can add a layer of risk that is not present when saving for retirement. And relatively small percentage declines in value may add up to relatively large absolute dollar losses when your wealth is at its peak.

Annual returns by scenario



¹Years of spending assumes an initial \$1,000,000 and a 4% withdrawal adjusted annually for 2.5% inflation. Source: J.P. Morgan Asset Management. Hypothetical return scenarios are for illustrative purposes only and are not meant to represent an actual asset allocation.

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What doesn't work when it comes to sequence of returns, is to run away and hide when markets turn south. Selling and moving to the sidelines is not a viable option. Sometimes, the cost of doing so can be significant.



FUN WITH CHARTS! (CONT'D)

First, there is the cost of missed opportunities, such as missing the days when markets have extraordinary returns. Second, there is often also a cost to selling existing investments, especially in a taxable brokerage account.

If you sell appreciated equities in a taxable account to convert your portfolio to 'safe' cash, you are likely to incur taxes on capital gains. When investments gain but are not sold, they're not taxed because the gains are not realized. As soon as an investor sells appreciated investments in a taxable account, however, those gains are realized and taxed. (When investments are sold in a tax-deferred account, such as an IRA or 401k, those gains or losses are not reported on a tax return. Only withdrawals from tax-deferred accounts are taxable, not trading within those accounts.)

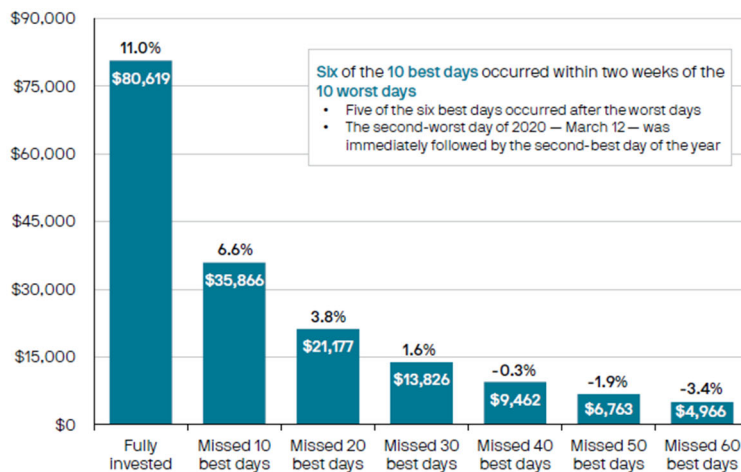
As shown below³, being out of the stock market and missing the market's best-performing days can prove very costly. Over the period 2006-2025, if an investor stayed fully invested in the market - through the good times and bad - his/her portfolio would have achieved an annualized return of 11.0%. If that investor was out of the market during its 10 best days over that 20-year period, the annualized return would have dropped to 6.6%. That's an extraordinary difference.

Impact of being out of the market

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Returns of the S&P 500

Performance of a \$10,000 investment between January 2, 2006 and December 31, 2025



Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking "control" by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2025. Source: J.P. Morgan Asset Management using data from Bloomberg.

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Also worth noting: "Six of the 10 best days occurred within two weeks of the 10 worst days," demonstrating, once again, time in, is more important than timing.



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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.

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1 Breheny Wallace, Jennifer. "The Retirement Crisis No One Warns You About: Mattering." The Wall Street Journal, 16 Jan. 2026.

2 "Sequence of return risk – Retirement spending," Slide 27, Guide to Retirement, J.P. Morgan. December 31, 2025.

3 "Impact of being out of the market," Slide 41, Guide to Retirement, J.P. Morgan. December 31, 2025.



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