LET'S TALK MONEY®

July/August 2025

Dollar-Cost Averaging

Trying to predict the market isn't usually a recipe for success. In contrast, a slow and steady investing approach may help you use market fluctuations to your advantage as you invest for long-term financial goals. Dollar-cost averaging* can play a part in this approach.

Disciplined Investing

Dollar-cost averaging is as much about discipline as it is an investing technique. When you use dollar-cost averaging, you contribute the same amount of money to the same investment portfolio on a regular schedule.

For example, you might contribute $100 twice a month to your retirement account, putting $50 into equity investments and $50 into fixed income. If each share were, say, $1, then you would buy 50 shares of one asset and 50 of the other.

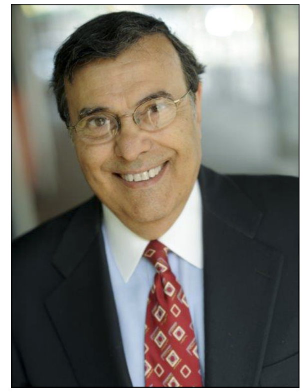
Buying the same dollar amount of any investment doesn't, however, mean you are buying the same amount of each investment's shares each period. When stock prices rise, you get fewer shares for your $50. So, if stock prices double to $2 per share, you would buy 25 shares. And if fixed income shares declined to 75 cents a share, your $50 would buy almost 67 shares. In other words, you buy more securities with declining prices and fewer whose price has increased.

Emotionless Investing

Why does this matter? If you were making investment decisions on a daily basis, it would be easy to be influenced by what is happening in the markets now — not in the future. As a result, some investors tend to make decisions after the fact, buying when prices are high and selling when they're low.

Dollar-cost averaging takes the emotion out of investing, providing a way to maintain a consistent investing approach regardless of short-term volatility, with an eye on long-term goals.

** Investing regular amounts steadily over time (dollar-cost averaging) may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets. Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.*



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Develop Healthy Spending Habits

Developing and maintaining healthy spending habits seems easy in theory, but prove harder in practice. From the time we earn that first paycheck to receipt of our first retirement check, financial goals change, but smart spending habits hold true. Consider practicing these habits through the times of your life:

Young Adults

There is no better time to learn and practice healthy spending habits than in our early adult years. But today's Millennials are swamped with 24/7 sales messages on their electronic devices, television and in print. At any age, start by using your head and putting your heart in cold storage when shopping. When you hear "buy, buy, buy" answer the question "why, why, why?" before spending a dime.

Learn to curb your buying impulses. Ask questions. Do you really need to buy a new smartphone when your old one works just fine and is paid off? Do you know how those designer lattes add up each month, each year? Understand your total expenses and learn to differentiate between needs and wants.

Once you take the emotion out of buying, put your new spending plan in writing. Detail your income and expenses, and build an occasional indulgence into your budget. Ultimately, you'll appreciate the healthier financial life that you'll gain by consistently being disciplined.

Midlife Reset

Even the most disciplined savers can fall back into poor spending habits and see their debt levels rise. If this sounds like you, consider the following:

1. Forgive yourself. Everyone makes mistakes;
2. Review your budget and strategize for better spending health;
3. Pay your credit card balances with the highest rates first, until they're paid in full;
4. If you use your cards again, pay off balances in full each month;
5. Strive to buy with cash instead; and
6. Put the extra cash you saved toward long-term goals.

Near Retirement

The younger you are, the easier it may be to correct poor spending habits. But no time is more important to nail this financial aspect than when you're near retirement. Because this time of your life may include less income than when you worked, it's important to start by lowering your expenses.

Healthy spending habits near and in retirement may start and end with reducing your major expenses. Downsizing your living arrangements could provide the biggest boost to your disposable income. Paying off credit card debt is a must and planning for unexpected expenses should be a priority.

Know, for example, that a home you own will need maintenance at some point, so plan for its costs. Carry the insurance needed to pay for health, disability and long-term care. Revisit your spending plan regularly to account for changes in your life.

Leaving the Nest

When young adults leave the nest, they will confront a number of financial challenges for the first time in their lives, but there are some things they can do to ensure a successful experience.

Practice Good Debt Management
Credit cards are not free money, and balances for young adults often come with high interest rates. Paying any balance in full each month will keep the interest charges at bay.

Start a Regular Savings Regimen
Children watching parents save regularly tend to develop similarly good financial habits early in life.

Protect Belongings
Insure your student's belongings against a loss due to fire, theft and other perils.

Today's students own expensive items such as a car, computer, monitor, cell phone, television and gaming devices. Also, cover basics including clothing and bedding.

Prepare for Almost Anything

Even the most prepared people can't predict when an expensive surprise will come their way or how much it will cost. You can, however, prepare financially for the unexpected by creating an emergency fund to help meet surprise expenses.

Financial Emergencies
We have all experienced the shock of a big expense. For example:

- The car won't start and you learn it needs $800 worth of work.
- The furnace breaks down and you have to choose between a $5,000 replacement or a cold winter.
- Your company is struggling financially, and you find yourself in the unemployment line.

Unanticipated surprises like these can affect your budget in varying ways. An emergency fund may help you get through the rough spots.

Funding the Fund
There are two basic ways to accumulate an emergency fund. First, deposit any financial windfall into the fund. If you receive a bonus from your employer, an unexpected commission or a tax refund, sock it away in the emergency fund. You won't miss what you didn't have before.

Second, in lieu of a windfall, find a little bit of money to save regularly and put it away. Aim for three to six months of expenses as a target. This discipline can help you build your emergency fund sooner than you might think.

Too Good to be True

As college debt soars, so do the number of scams trying to separate you from your money. The Federal Trade Commission (FTC) reports a sharp uptick in scam complaints since late 2024 when payments resumed after pandemic pauses and Biden's forgiveness plan causing confusion. If you have student loans it pays to beware.

Know Their Tricks
Scammers can duplicate government seals, making their emails look official. Among their false promises is their claim of fast loan forgiveness if you pay an upfront fee ranging from $500 to $1,500 – illegal under federal law – plus demands for sensitive information like Federal Student Aid logins.

Understand that no one can offer immediate loan forgiveness. So, make sure any debt-relief offers are legitimate before taking action. Delete the emails and hang up on phone calls from pretenders. Lenders offer ways to make paying back student debt easier.

Mid-Year Investment Checkup

You see a doctor for a health checkup and a mechanic to keep your vehicle in top shape. Likewise, it is important to work with a financial professional to conduct a review of your investment strategy, making sure it evolves as your life changes.

Look Inward

Before you review your investments, examine where you are in your life. Births and deaths, new jobs and lost jobs, marriage and divorce, and injury and illness can all change your investment strategies.

Then review your financial goals. Have they changed? For example, you might want to retire earlier than planned, which may mean you need to put away more money or change your investment strategy. Or you could have encountered health problems, which may have temporarily slowed how much you invest.

Look Outward

Next, look at the big picture. Are you invested appropriately, given your risk tolerance and time horizon? Economic and market conditions can alter even the most thorough investment strategies. Should you invest more in a workplace retirement account or consider supplemental investment vehicles like an IRA or a Health Savings Account? Will you soon experience a life change that will alter your investment strategy?

Finally, review your portfolio. Is it still addressing concerns you may have had about inflation and interest rates? Have your investments shown any style drift or do they follow the same strategies? How have your investments performed in relationship to their benchmarks? How much have taxes affected your portfolio's returns? How much do you pay in fees?

Get Answers

By knowing which questions to ask, you can work with your financial professional to make the necessary adjustments. If you know you own an investment that has drifted from its original strategy, look for a replacement that better addresses your challenges. If you see a big increase in an investment's fees, you might compare them to those of a similar investment.

Or you may want to explore options to increase your potential net income once you reach your goals, such as a Roth IRA. Put these and other concerns in writing so you are prepared to ask the questions that are essential in any investment review.

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