



OUR MISSION IS TO CHANGE LIVES. ONE "HEMINGTON" AT A TIME.

HEMINGTON NEWSLETTER

QUARTER 1, 2025

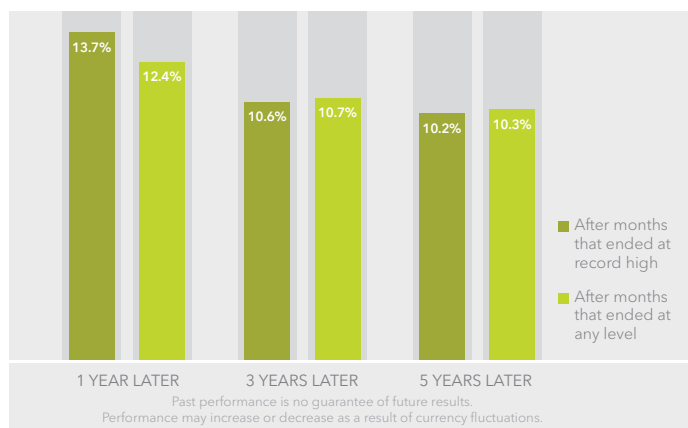
It's Been Two Great Years in the Market: Is Now a Good Time to Invest?

By: Eileen O'Connor, CFP, MBA

Investors who ask this question may assume the stock market's current level offers insight into its future direction. And why wouldn't they, citing often "what goes up must come down." The S&P 500 returned 24.2% in 2023 and 23.3% in 2024—a great run indeed. Amazingly, it also reached 57 new all-time highs last year alone. Yet, research shows that stock returns are unpredictable. Making decisions based on the market's current condition or recent performance is a form of market timing, and this approach can pose problems for investors.

- » Market timing requires two correct decisions: when to get out and when to return.
- » Leaving the stock market for cash lowers an investor's expected return.
- » Average returns are similar following a new market high, after a 10% or greater market decline, or when it closed at any level.
- » Research offers little evidence that market timing or other types of prediction work consistently.
- » The stress of being out of the market can be just as great as the stress of being in the market.

S&P 500 Index: Average Annualized Compound Returns, 1926–2022



STAYING IN YOUR SEAT

The stock market can unexpectedly deliver large returns in short windows of time. Investors who leave the market remove themselves from participating in the potential gains. This is comparable to leaving a seat at a sporting event just before a scoring play. To catch the action, investors must stay in their seats.

FEAR OF MISSING OUT

During a market downturn, some investors think they can ease their stress by leaving the market. But when the rebound begins, they feel the stress of being out of the market and missing the early gains. With market timing, investors often trade one form of anxiety for another.

IS NOW A GOOD TIME TO INVEST?

Investors often ask this question when markets are near all-time highs. But when looking at historical returns since 1926, the S&P 500 Index has delivered similar average annualized returns 1-, 3- and 5-years following a record high compared to months that closed at any level.

Regardless of current conditions, the capital markets offer a positive expected return every day and have rewarded disciplined investors over time. As we often say at Hemington, every day is a great day to be invested.



INVESTMENT COMMITTEE CORNER

At Hemington, our Investment Committee continually researches investment opportunities to ensure we are applying evidence-based strategies in our client portfolios. By staying ahead of industry developments, we deliver tailored solutions that help our clients achieve their financial goals. Our dedicated team conducts thorough analysis to ensure that every strategy meets our rigorous standards for quality and performance and aligns with our investment philosophy.

In 2024, we added Exchange Traded Funds (ETFs) as our preferred fund line up, replacing mutual funds for most of our asset classes, with the exception of “US All Cap Vector,” which was not yet available. In late 2024, however, a new ETF integrating exposure to size, value and profitability became available and we added it to our fund line up. This strategy is designed to maximize diversification while also emphasizing stocks with smaller market capitalization, lower relative prices, and higher profitability.

As a reminder, ETFs offer considerable benefits over mutual funds, including greater tax efficiency and no trading fees.

Items to Note for 2025

In addition to the increases outlined in the table below, please note the **new catch-up levels for those aged 60-63.**

The annual gift tax exclusion, or the amount an individual can give to any other individual without filing a gift tax return, increases to **\$19,000.**

The deadline for 2024 IRA contributions is **April 15, 2025.**

TAX CORNER

Maximum Contribution Limits: Each year, the IRS reassesses the maximum amount that may be contributed to retirement accounts, based on cost-of-living adjustments in the tax code. For workplace retirement accounts, check with your HR department and increase your periodic contributions, if possible.

	2024	50+ Catch-up	2025	50+ Catch-up
IRA/Roth IRA	\$7,000	\$1,000	\$7,000	\$1,000
SEP IRA	\$69,000	Not Permitted	\$70,000	Not Permitted
401(k) / 403(b) / 457(b) / TSP Elective Deferrals	\$23,000	\$7,500	\$23,500	\$7,500 (age 50-59) \$11,250 (age 60-63)
Defined Contribution Plan maximum contribution (including employer contributions)	\$69,000	\$7,500	\$70,000	\$7,500 (age 50-59) \$11,250 (age 60-63)

* Contribution limits may be lower, depending on your circumstances.



WHAT'S NEW AT HEMINGTON?

AWARDS & RECOGNITION

No compensation has been provided directly or indirectly by the advisor in connection with obtaining or using a third-party rating, ranking or award. Third-party rankings and awards are no guarantee of future performance or success.



Financial Planning Best RIAs to Work For

Hemington ranked #4 on Financial Planning magazine's inaugural list of 52 outstanding registered investment advisors. RIAs from around the country were surveyed and evaluated to identify the best firms where employees say it's a pleasure to come into work each day.

Announced on 12/3/24 for the 2024 calendar year. FP Magazine compiled a ranking of eligible firms after surveying financial professionals and evaluating workplace policies, benefit programs, philosophy, systems, and demographics. An overall score was calculated using all measurements listed.



Five Star Wealth Manager Award

The Five Star Wealth Manager award once again recognized Eileen, Jen, Mike, Amy and Paige for being committed to excellence and providing quality services to their clients. This is Jen's 10th year of recognition and Eileen's 7th.

Issued on 10/1/24 (Chicago) and 10/16/24 (Washington DC) for the time period 1/9/24 through 8/9/24. FSP reviews peer and firm nominations to identify and verify candidates and conduct regulatory reviews.

Speaking Events for Lawyers in 2024

Thanks to the lawyer leaders in 2024 who invited Jen Dawson to speak to various organizations and women's groups. Jen shared resources and strategies for how to become more financially competent and confident.

- » Holland & Knight Women's Group
- » Lady Lawyers Who Lunch
- » Ice Miller Women's Group
- » Levenfeld Pearlstein: Networking, Advancement and Business Development for Lawyers
- » Latham Watkins: Women Lawyers, Parent Lawyers and First Generational Professional Lawyers



SPEAKER SPOTLIGHT

Bret Caling Presented at Dimensional's Practice Management Symposium

Hemington's Chief Operating Officer, Bret Caling, recently spoke at Dimensional's Practice Management Symposium in Charlotte, NC.

Bret presented on the topic, "**Tech Stack - Driving Integration and Workflows Forward,**" where he shared his expertise in leveraging technology to enhance efficiency, collaboration, and innovation for RIA firms.





Hemington Holidays



Lauren, Kate, Steven, Ivana and Jen celebrated the holidays at The Palm Court at the Drake Hotel in downtown Chicago.



Bret, Kelsey, Zack, Karen, Cole, Paige, Carrie, Amy, Eileen and Mike celebrated the holidays with lunch at Nostos Restaurant in Vienna, VA.

Thanksgiving Chili Cook Off

Instead of a traditional turkey meal, the Virginia office opted to have a chili cook off! The competition was fierce and delicious. Congratulations to Mike for his winning recipe!



About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

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