



# Qtr Notes

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## Social Security: New Identification Measures

Beginning March 31<sup>st</sup>, people will no longer be able to verify their identity to the Social Security Administration over the phone. If you are not able to confirm your identity online via the agency's "My Social Security" service, you will be required to visit a field office in person to complete verification.

This applies to both new applicants and existing recipients looking to make a change to their beneficiary or direct deposit information. The stated intent of this change is to create tighter identification-proving measures to reduce fraudulent claims. However, this could result in longer wait times at an in-person office for what was previously a routine phone call.

## Form ADV Annual Offer

Each year, the SEC requires that we notify clients when we have updated our disclosure brochure, known as the Form ADV Part II. You can download the updated document from our website by typing the following URL into any browser:

[firestonecapital.com/fcm-formadv-2025](http://firestonecapital.com/fcm-formadv-2025)

If you would like a copy sent to you directly, please call our office. We will be happy to mail or email you one.

## Market Outlook

The market finished down by over four percent, and heightened market volatility has sparked widespread anxiety among investors as the first quarter of 2025 comes to a close. Where do we go from here? Historically, periods of market turbulence are followed by swift recoveries as it creates opportunities for investors to enter at attractive valuations, but as ever, no assurances are guaranteed.

The road ahead is unusually uncertain. On April 2nd, major new tariffs went into effect, reinforcing the President's attempts to reshore US manufacturing and reduce our trade imbalances with other nations. We are already seeing retaliatory tariffs, and economists rightfully worry about the effects reduced free trade will have on the efficiency of the global economy at large. Right now, stock markets are nervous about the unknown. When the dust settles, what will be the impact of current policy?

The US government is implementing austerity, defined as "difficult economic conditions created by government measures to reduce a budget deficit." For a recent example of budget austerity, we are reminded of Europe in the 2010s. By 2012, most countries in the Eurozone had embarked in some series of austerity measures designed to reduce their country's deficit.

As the US attempts to hurdle over the headwinds of austerity, the odds of recession are increasing but not yet to the point of absolute certainty. Corporate executives are making plans for how to navigate an ever-changing landscape. As each industry faces unique challenges, we uphold the importance of diversification to minimize our exposure to singular risks and markets.

To date, our diversifying exposures in value stocks, international positions, real estate, and bonds have provided strong ballast against the

Index	03/31/2025	YTD
Dow Industrials	42,001.76	-0.9%
S&P 500	5,611.85	-4.3%
S&P Small-Cap	1,277.06	-8.9%
MSCI EAFE	2,400.82	7.0%
Bloomberg US Bond	2,249.91	2.9%
US Treas 10-yr yld	4.23%	

market correction that has most affected the fast-growing technology sectors. Many investors worry that the heavy-handed political actions of our government today will have affect economies for years to come.

We allow for the possibility of scarring but remain optimistic about the resilience of our nation. We are confident that Americans will aim to better their own lives. We strongly believe that corporate executives will find ways to grow profits in the years ahead to the benefit of stock investors. We have faith that the nation and economy will remain strong, and we trust that our nation will remain a force of power in the world. To quote Winston Churchill:

*"You can count on the Americans to do the right thing, after they have exhausted all the other possibilities."*

Stay the course, focus on your plan and goals, and know that we are here reviewing your portfolio to make sure we have resources in place to support you. We always welcome a call to talk through your thoughts.

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## Safety in Numbers: Signing Off

Our newsletter has always been written collaboratively – except for this column. We started this ongoing series on cybersecurity over a decade ago, and it has always been my work exclusively. I'm Louise Owen, and I will retire from Firestone later this month.

Although I grew up around computers, at that time, this meant monster mainframes such as Los Alamos Lab's Cray 1. I didn't start the IT phase of my career until the late 1990s, and had to struggle to catch up. I've tried to keep my own steep learning curve in mind every time I teach or advise.

My personal attitude towards technology has always been a mix of appreciation, exasperation, and skepticism. In the end, tech *must* make some aspects of our lives easier, or it isn't worth the hassle. It's brought us amazing tools, unexpected benefits, and an ever-growing slate of hazards. The trick is to be like the second mouse and get the cheese without getting caught in the trap.

I hope the tips, advice, warnings, and occasional wry jokes have been valuable to you! I've truly loved working here at Firestone. Stay safe, everyone! Don't click on the dodgy links, don't believe AI when it tells you to put glue on your pizza, and remember to unplug when you need a break. My best wishes to you all.

## Social Security

With Social Security finding itself smack in the middle of today's political and economic landscape, we thought it would be helpful to provide reminders and insight into the Social Security system. At a basic level, Social Security is a pay-as-you-go program, meaning workers put money in via taxes and retirees take money out via benefits.

When workers were many and retirees few, the surplus of payments into the Social Security system were saved and accumulated within a trust. Today, retirees are many, workers are few, and the resulting shortfall is supplemented by distributions from the trust. This shortfall is estimated to be roughly 20%, meaning current payments into the system only cover 80% of the benefits being distributed, and the trust pays the remaining difference.

If this shortfall is not resolved by 2035, the trust will not be able to cover the 20% difference, and that amount will instead be paid from the annual federal budget. This is not a surprise; we have known about this eventuality for 50 years. There simply is not political motivation to resolve this issue, because the solutions are not popular.

That said, a host of options are on the table to mend the insolvency issue. Policy-makers could change the cost-of-living adjustment rate, the retirement date, or the income tax rate. The most likely scenario is small doses of all of these actions over a long period of time. This scenario could ensure that Social Security will remain solvent for many years to come.

It is beyond our expertise to speculate on the current administration's plan for Social Security, but we do know the following. More than half of retirement income sources come from Social Security, and the vast majority of Americans say that Social Security should be a priority, no matter the state of the federal budget.

We are confident that ultimately our government will solve Social Security's challenges, and we believe it is *highly unlikely* that Social Security retirees will see their benefits cut.

## Firestone Capital...on the Move!

### *Literally, We're Moving, But Not Yet!*

After ten years in our current space, the lease is up, and the building is being sold. Not to worry: we are staying in the charming South Miami enclave! We have a deal in the works and we should know by mid-April where our new office will be located. Stay tuned for the official word, and the new address!

### **New Look**

Along with the move, you might see a little refresh in our branding. Firestone will always be Firestone, but you might notice a new logo and tagline to go along with the new address. We think everyone will like the updates!

### **New Tech**

Speaking of new, we are changing our primary technology platform that produces portfolio statements and client reports. It was time to take a step forward to stay on the forefront of technology. Just to be clear, nothing is changing with your accounts at Schwab. Schwab remains our custodian of choice. It's the Firestone-produced quarterly statements and the client portals that will get some improvements and enhancements. Internally, we look forward to more streamlined work flows, task management, and client follow-up.

### **And Finally...A New Face!**

David Wiley has joined the Firestone team! David hails from New York City (a genuine Manhattanite), spending his early career as a professional musician performing both on and off Broadway. After completing his graduate MBA, and marrying a local Miamian, he was drawn to South Florida and found his way into financial services. Prior to joining Firestone, David was responsible for client investment analysis for a high producing team at Northwestern Mutual. However, he has since left the insurance world and comes to Firestone as our newest wealth advisor. Don't be shy if he answers the phone! Welcome David!