



**KINSEY**  
WEALTH MANAGEMENT  
OF SC3F WEALTH MANAGEMENT GROUP

# The Kinsey Report

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The markets again climbed through 2024, providing us the second straight year of recovery since the 2022 lows. Even as we have experienced many political related events over the last year, in our opinion, the market seems relatively unphased.

## THE MARKET

The S&P 500 finished 2023 at 4769.83\* and finished 2024 at 5881.63\*, up approximately 23.3%\* for the year. We have experienced two consecutive years of more than 20% gains for the index. That being said, it has moved so high, so quickly, that we expect a more choppy ride in the coming months. In our opinion, valuations are higher than normal which causes us to be cautious, but still optimistic as we enter 2025.

\*Source: Standard & Poor's Financial Services Company rate of return does not include reinvested dividends

## THE ECONOMY

According to the U.S. Labor Department in a statement released December 11, 2024, the Consumer Price Index (CPI) rose 2.7%, in November over the last 12 months before seasonal adjustment. The "core" CPI, which does not include food and energy, was up 3.3% vs. a year ago, according to the Labor Department.

The energy index decreased 3.2% over the past 12 months while the food index increased 2.4%. Indexes that increased include shelter, airline fares, apparel and recreation— with the leader overall being Motor Vehicle Insurance at 12.7% increase. The largest contributor to the lower inflation was by far energy, specifically Fuel Oil (-19.5%) according to the Labor department. Therefore, for those with low levels of fuel and energy usage, inflation may feel more painful than those with larger fuel consumption when reviewing their overall budget.

That being said, we believe inflation will continue over the next few years, but we hope we are wrong.

## AT THE FED

The Federal Open Market Committee (FOMC) released a statement December 18th, lowering the Fed Funds target rate at 4.25%-4.50%. This rate has been cut from 5.25%-5.50% target over 3 different cuts throughout 2024. Additionally, they seek to achieve maximum employment and inflation at the rate of 2% over the longer term. In our opinion, the Fed's added language of "the Fed will consider the extent and timing of additional adjustments to interest rates" were meant as a signal of slower pace of cuts moving forward.



Throughout 2024, we have felt the economic situation is improving, but we feel many areas of the economy are still somewhat overheated. The FED's enormous challenge to manage inflation while maintaining a 'soft landing' with the economy, is not a job we envy.

We hope recession will be avoided, but we remain smart enough to know, that we are not smart enough to know.

## INVESTMENT COMMENTS

In the newsletter towards the beginning of this year, we referenced the markets taking off like a 1st grader at recess this year, but we expected them to take a rest and be quiet at some point. Well, this "some point" did not come in 2024. In our opinion, markets continue to thrive without much consideration for the political environment and world wide geopolitical issues that have taken place in 2024.

With the combination of increasing stock valuations and current interest rate movements, we believe asset allocation continues to be essential. Gradual allocation shifts will continue to be a focus as we enter the new year.

We are scheduling review meetings each week, but as always...

**Please call us at 309-683-8951 if you have any questions.**

*Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.*

## IRA- RMD Rules

Over the last handful of years, we have seen many changes around the rules of Required Minimum Distributions for those who own their own IRA, as well as an inherited or beneficiary IRA. We just wanted to take a moment to provide an update to these rules.

### Traditional IRAs

For many years, Traditional IRAs began Required Minimum Distributions (RMD) at age 70 1/2. In recent years, these rules have changed. If you are born before 1960, you will begin to have a RMD the year you turn age 73. If you are born in 1960 or later, you will not be required to take a RMD until the year to turn 75.

### Qualified Charitable Distribution

If you are over age 70 1/2, you may be eligible to utilize a QCD, in which a distribution is made direction from your IRA to a 501(c)(3) non profit with no federal income tax consequences.

### Roth IRAs

Roth IRAs do not have any RMDs at this time, which can create these advantages for some investors planning to reduce their future retirement income.

### Inherited or Beneficiary IRAs

Distributions have different rules if the deceased individual passed before 2020 or after. Beginning in 2020, owners of inherited IRAs of individuals passing in 2020 or later, would now generally be required to distribute the IRA over a 10 year period (Exceptions to this general rule do apply).

Beginning in 2024, these beneficiaries also have a Required Minimum Distribution they will need to do each year.

As a reminder— RMDs can be taken at any time throughout the calendar year for 2025, but must be taken out by December 31st.

*Please call with any questions!*

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**Happy Investing!  
May God Bless!**

*The Consumer Price Index (CPI) is a measure of the cost of goods purchased by average U.S. household. It is calculated by the U.S. government's Bureau of Labor Statistics.*

*The S&P 500 index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.*

*Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The opinions expressed in this report are those of the authors and are not necessarily those of Wells Fargo Advisors Financial Network or its affiliates. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy.*

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# The Kinsey Report



## The Christmas Story

by Kristen Kinsey-Gordon

With Oliver (Ollie) being 4 and Tobias (Tobbe) being 2 this year, this Christmas season has truly been one of joy. Both boys began the season being timid around Santa and preferring to tell Santa what they would like for Christmas from about 5 feet away. This all changed mid-December.

Oliver has started pre-school this year and attends a program at the Illinois Valley Central High school in Chillicothe, where he has “high school teachers” in addition to his preschool teacher. The program led by a teacher who is not only teaching pre-school, but also teaching high school students about education and teaching in a classroom. Oliver’s “high school teachers” are assigned specific children to mentor throughout the semester. In addition, the “high school teachers” take turns teaching circle time or leading a craft or project. Ollie loves when he runs into his “high school teachers” around town and at the grocery store. He even got to wave to one on the homecoming floats! :)

On the last school day of the year, Santa came for a visit during their Christmas party. He was very brave and not only walked up to Santa, but sat on his lap and handed him his letter! Even though I was not there to witness this, we were provided pictures as proof that this actually happened! He was very excited to share his big news as I picked him up that day.

I’d like to begin the next portion of the story by apologizing to my parents for all the times I asked the “hard questions” as a child during the Christmas season. Thank you to them and all parents for staying strong and answering the tough life questions of the curious kids of about 4-9 years old.

As we drove away, Ollie said, “Hey mom, where did Santa park his sleigh?” This was the moment I began to panic slightly. He has never really asked questions about Santa before, so this was a new “mom experience”. I began to say “he must have parked on the other side of the school”. Ollie replied, “That must be it, because the elves could not have brought him”.

Now, me thinking I’m in the clear, responded “You’re right buddy, the Elves are busy building toys”. Ollie replies, “No they aren’t mom, they can’t make toys until Jesus is born.” At this point, I’m stumped. We have now woven the 2 stories together. And he moves on to ask, “ So mom, when Jesus is born this year, does he just get born again next year?” I answered these tough life questions of the 4-year old and I think he understood. But truthfully, all I can say is I am thankful that preschool is only 4 blocks away from daycare where he was distracted by getting to see his friends. And I could take a minute to chuckle to myself.

## An Eye on the Future!

By Keith Kinsey

Just prior to Halloween, my right eye, which has been a bit of a challenge for a number of years, landed with a cornea perforation. This left me a week later, on election day, with a full cornea transplant. A week in-it was healing well, but about a month in-a turn occurred. We all face rejection from time to time, but this time my body decided to begin rejecting the transplant. After exhausting the options the outstanding team at IL Eye Center - to include 5 ophthalmologists involved to date, referred me to the Cornea Specialists at the University of Iowa Hospital Eye Clinic - one of the top in the nation.

The first visit to ‘Dr. G’ was December 19th. After the initial exam, ‘Dr. G’ looked at me and said “You are very interesting to me. You don’t want to be very interesting to me.” As a teaching hospital, he then called in 3 other doctors including ‘Dr. T’, to have them take a look at my unique issue. The goal became to save the eye and he told me there was no way to predict the outcome at that point. ‘Dr. T’ then replaced a couple of stitches and glued the failing cornea transplant perimeter. Immediately they put me on many strong medications to include 4 eyedrops that had to be administered every hour - 24 hours per day - for the first couple of days. The next day, we again made the 3-hour trek to Iowa City for a follow up. I was thankful when on day three the drops remained every hour, but only once overnight. My driver, Karen, has now made the trip to Iowa City with me 4 times, New Year’s Eve being our most recent. Nothing like a New Year’s Eve dinner at the Iowa 80 truck stop Taco Bell! Thankfully, things have improved. ‘Dr. G’ suggests it will be a while, but the transplant will need to be redone. We will head back to ‘Dr. G’ in Iowa City next week and hopefully gain a bit more clarity on when and what will happen next.

As I wouldn’t call this experience entertaining in any way, I am extremely thankful to the team here in Peoria and their care level being above and beyond what anyone could expect. I am even more thankful that we have the specialists at the University of Iowa, less than 3 hours away. Prayers are appreciated! *Suffice it to say, I have ‘An Eye on the Future!’*

## Team Thanks!

I have to take a minute and thank - Kristen for leading this practice. Additionally, Christina, Brandon, Stephanie, Louisa and “Intern Sean” for all they do, and all they have done through this experience. In my 40 years, I have been blessed with many wonderful team members, but this group is far and above the best team I have ever been able to work with! **Thank you all!**

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