Winter 2025

Financial planner

PARK PLACE WEALTH ADVISORS, INC.
DANIEL J GANNETT
· 18 ORINDA WAY ORINDA, CA 94563 ·

DAN@PARKPLACEWEALTH.COM
· ORINDA – (925) 254-7766 ·
· SUNNYVALE – (408) 733-0245 ·
· FAX: (925) 258-0591 ·

Winter 2025 Newsletter Topics

FINANCE FACT:
The 2023 national median cost of a home health aide hired through an agency was $33 an hour, up from $20 an hour in 2015. Those needing round-the-clock in-home care can expect a median cost of about $290,000, more than double the annual median cost of a private room in a nursing home and four times the cost of a private room in an assisted living facility.
-The Wall Street Journal, September 4, 2024

FED CUTS INTEREST RATES FOR FIRST TIME IN 4 YEARS: HERE'S WHAT IT MEANS FOR YOU

WHAT DO FED RATE CUTS DO? The Fed only officially controls the federal funds rate, which determines the interest charged in overnight cash reserve transactions between banks. But the central bank's rate decisions affect borrowing costs across the board, as lenders typically set rates based upon the Fed-determined range, and rate cuts will more broadly ripple throughout the economy as well. Here are some of the most tangible ways rate cuts will impact everyday Americans:

HOUSING Mortgages pose perhaps the most obvious jolt for consumers from rate cuts, as mortgage rates are tightly linked to yields for government bonds, which in turn are a reflection of the Fed's monetary policy. Mortgage rates are now 6.60% on 30-year fixed loans, as brokers brace for the impending rate cuts, and it's likely the downward descent will continue as the Fed prepares to further cut rates.

CAR LOANS Consumer loans will get cheaper with lower Fed rates, including auto loans, which sit now at their most expensive rate since 2001, up from 2021's sub5% rate for new car loans to about 8.7%. The cost of other debt like variable rate private student loans and credit card interest should also come down.

JOB MARKET Companies will also reap the benefits of more accessible credit. Lower rates are typically associated with friendlier hiring as employers' bottom lines get a boost from cheaper borrowing costs.

SAVINGS Perhaps the most materially negative change from rate cuts for Americans' finances is that the high-yield savings accounts, certificate of deposit accounts and money-market funds, which offered enticing returns for savers over the last two years, will lose some of their luster. Those are tightly linked to the federal funds rate, meaning yields for those accounts will quickly fall as the Fed cuts.

HOW RATE CUTS IMPACT STOCKS Rate cuts are typically considered a boon for stocks, as money gets pulled away from lower-yielding government bonds and money market funds, leaving investors searching for more enticing returns. The U.S. benchmark S&P 500 stock index has gained 86% of the time in the 12 months after the first rate cut in a cycle dating back to 1929, according to Charles Schwab.

CONTRA Though rates are about to come down, it's not likely the U.S. will return to the low-rate environment that became the norm. The Fed forecasts a longterm federal funds rate of 2.8%, higher than rates ever were from March 2008 to Sept. 2022, a far

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FINANCE FACT:

Seniors are frequent victims of financial fraud, and for every one reported case of elder abuse, 24 others go unreported.

According to a study cited by the National Center on Elder Abuse, The study pegs the annual losses from elder financial abuse at $28.3 billion.

-Barron's, June 14, 2024

ways from the near-zero rates set from Dec. 2008 to Dec. 2015 and March 2020 to March 2022.

SCAMMING SENIORS IS A GROWING PROBLEM. WALL STREET WANTS WASHINGTON TO STOP IT.

A bill pending in the Senate would authorize fund companies to delay redemption requests if they suspect the investor is being exploited.

A coalition of prominent financial trade groups is calling on lawmakers to advance legislation that would enable asset managers to intervene when they suspect an elderly client is being exploited.

The bill passed the House in 2023. The trade groups—the Financial Services Institute, the Investment Company Institute, the Insured Retirement Institute, and Sifma—are calling on the Senate to take up the measure and send it to President Biden to sign into law. The Senate bill, introduced in May 2023 and backed by Bill Hagerty (R., Tenn.) and Jon Tester (D., Mont.), has languished in the Banking Committee and not yet come up for a markup.

"With the increase in new technologies, including AI, financial fraudsters are growing more sophisticated in their schemes to defraud seniors," says FSI President and CEO Dale Brown. "Financial advisors often serve as the first line of defense in detecting and preventing elder financial abuse and fraud, and this legislation equips our members with the necessary tools to best protect senior clients."

The groups' appeal to lawmakers comes ahead of World Elder Abuse Awareness Day, June 15, an initiative of the International Network for the Prevention of Elder Abuse and the World Health Organization.

A growing problem. It is difficult to quantify the impact of financial schemes targeting the elderly because so many go unreported, but by any measure they appear to be on the rise as scammers become increasingly sophisticated and targets become more plentiful amid an aging population.

Last year, the FBI's Internet Crime Complaint Center (IC3) reported that Americans older than 60 suffered losses from scams of $3.4 billion, an 11% increase over reported losses in 2022. The IC3 also reported a 14% increase in complaints from elderly victims. A complaint could refer to a suspected fraud or scam that didn't necessarily result in monetary losses.

The FBI acknowledged that those data didn't capture the extent of elder abuse, as half of the 880,000 reported complaints didn't include age data of the victim.

And that was only the cases the FBI heard about. The National Center on Elder Abuse cites a study finding that for every one reported case of elder abuse, 24 others go unreported. The reasons vary widely. Some victims may feel embarrassed or ashamed, others might be dependent on the abuser or afraid that reporting that they were victimized could result in their being moved to an institution. Still others might not be able to come forward due to cognitive impairment or other limitations.

The AARP last year published a study pegging the annual losses from elder financial abuse at $28.3 billion.

The Financial Exploitation Prevention Act would require the Securities and Exchange Commission to deliver a report to Congress offering recommendations for policy changes to combat elder abuse.

It would also authorize fund companies and their agents to delay redemption requests for up to 15 days if they could demonstrate a reasonable belief that the request was the result of financial exploitation of a senior or another individual who couldn't protect their own best interests.

Under current requirements, asset managers must process redemption requests for mutual funds within seven days.

"This legislation is a helpful, additional tool in providing essential safeguards for vulnerable adults," says Sifma President and CEO Ken Bentsen. "As financial crimes against seniors continue to rise, it is imperative that we equip our industry with the tools needed to combat these increasingly sophisticated schemes."

Nine Ideas to Take Your Dream Retirement for a Test Drive

Some are easier and more affordable than others. You can start small or try a variation.

1. Start retirement-shopping early. Like the magic of compound interest, it takes time to accrue a full vision of what life after work might be like.

2. Try living on what's likely to be your fixed retirement income

3. If you are planning to age in place, spend more time at home

4. Connect with groups or other people involved in the hobbies and pastimes you plan to pursue

5. Travel to different destinations to get a sense of what retirement living there might be like. Live as you might every day, not as if you were on a luxury vacation.

6. Rent a home where you think you might wish to live

7. Considering a 55-plus community? Arrange an extended stay

8. Work a gig job or volunteer on weekends

9. Connect with retirees who are living the lifestyle you envision

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PROTECT YOUR ACCOUNTS FROM IMPERSONATION SCAMS

WHAT THESE SCAMS ARE AND HOW TO RECOGNIZE THEM

Scammers impersonate trusted companies to trick people into revealing personal information or account credentials. Their deceptive tactics include:

- **Urgent communications.** Fraudsters may contact you via phone, email, text, or social media, claiming that your account is at risk. They create a false sense of urgency, pressuring you to act quickly to click a link, call a "customer service" number, or grant them remote access. These actions can lead to stolen credentials and personal information or to malware being installed on your device.
- **Impersonating trustworthy experts.** Scammers may pose as legitimate financial advisors or investment professionals. They often use real employee names and job titles, making it seem like you're in good hands. These offers often come through unsolicited messages promoting "exclusive" investment opportunities via messaging apps or emails.
- **Fake websites.** Scammers use search engine optimization (SEO) tactics to make fraudulent websites appear at the top of search results. These fake sites look like trusted ones but are designed to capture your login credentials when you attempt to sign in. They may also display fake fraud alerts, asking you to contact the institution via fraudulent phone numbers or email addresses.

HOW TO PROTECT YOURSELF

- **Stick to official channels.** Avoid clicking links in emails, texts, or messaging apps. Access your accounts directly through the institution's official website or mobile app.
- **Verify phone numbers independently.** Don't trust caller ID—scammers can spoof legitimate contact numbers. Reach out to the real institution, using verified phone numbers from trusted sources like the official website, your account statement, or the number on the back of your credit or debit card.
- **Enable two-factor authentication.** Whenever possible, activate two-factor authentication for your accounts. This provides an extra layer of protection.
- **Bookmark official websites.** To avoid fake websites in search results, bookmark the official URLs of sites you use regularly instead of searching each time.
- **Be skeptical of urgent requests.** Fraudsters create a false sense of urgency to rush you into action. Before you act, take the time to research and verify any unexpected requests.
- **Protect your personal information.** Never share passwords, account numbers, or one-time security codes with anyone who contacts you unexpectedly.

PLANNING FOR THE END

To save our loved ones a lot of headache (and perhaps heartache), we all need to have up-to-date estate planning documents. Laws vary from state to state, but these documents may include:

- **A will and/or trust:** A will specifies what you want done with your assts after you die. It can also dictate how your children will be provided for and can designate one or more guardians for them. Some folks would do well to set up a trust, too. These documents may help your estate avoid going through probate, an affair-settling process that sometimes lengthy and costly.
- **Beneficiary designations on financial accounts:** It's vital to designate beneficiaries for your financial accounts, and to keep them updated. (You may not want assets going to someone whom you divorced or who passed away, for example).

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Daniel J Gannett

18 Orinda Way
Orinda, CA 94563
(925) 254-7766
(408) 733-0245
Fax (925) 258-0591

As always, we encourage investing with your goals in mind, keeping a reserve for emergency needs.

We are available for in person, phone or zoom reviews. Give the office a ring and we can discuss your investing goals and needs.

Estate Planning

Retirement Planning

Long Term Care Planning

Insurance

Corporate Qualified and Non-Qualified Retirement Plans -401(k)-

Educational Funding -529 Plans-

Charitable Planning

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- **A durable power of attorney:** This document designates one or more people to manage your financial and legal affairs should you become incapacitated temporarily or permanently. They may sign financial documents, pay bills and conduct transactions on your behalf.
- **A health care proxy:** This is a durable power of attorney for health care, empowering your designee to make health care decisions on your behalf if you cannot do so. They would consult with your medical team and could decide which treatments you get.
- **A living will (or advanced health care directive):** This document informs medical professionals and your health care proxy about your wishes – such as at what point you would want care to cease.
- **A HIPPA release:** Per the Health Insurance Portability and Accountability Act of 1996, this authorizes health care professionals and insurers to release protected information about your health to whomever you designate. Without it, docotrs may not be able to inform loved ones of your condition if you're in an accident or otherwise can't communicate.

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