

# GREEN WEALTH MANAGEMENT

Year-End Letter



Greetings from Green Wealth Management Group. We all hope that you and your family are well and that 2025 brings you many blessings.

## **2025 and Beyond - A Historical Analogue?**

A favorite pastime of ours these days is listening to podcasts about the markets, financial industry, current events, or even fitness. Many of the market related podcasts this year have compared the 2020s to the Roaring 1920s and 1990s. With Artificial Intelligence proliferating, we are certainly experiencing a change in technology that is leading to enhanced productivity. The question is whether this enhanced productivity can continue to power earnings and the markets higher? Investors must also consider what impacts government policy will have on innovation, inflation, and immigration. Therefore, we thought you'd enjoy a quick look back to 1924 to see what occurred then. Perhaps by better understanding the history from 100 years ago, we might see patterns of what is likely to occur in the future.

Like 2024, 1924 was also a period of innovation. In communications technology, a Scottish inventor, John Logie Baird demonstrated the first working television. The radio, perhaps one or two steps ahead of the TV, became commercially available with the Atwater Kent Model 20. This commercially available radio allowed for a much broader distribution of news, music and entertainment. In transportation, the Model T continued to change transportation from horses to cars. Additionally, the airplane was advancing rapidly, and in 1924, the U.S. Army Air Service team flew the first "round the world" flight. Finally, in medicine, insulin was becoming widely used to treat diabetes.

In politics, Calvin Coolidge was president and served from 1923 to 1929 (elected Vice President under Warren Harding in 1920, he assumed the presidency in 1923 after Harding's death). During the election of 1924, Coolidge pushed pro-business policies and limited government intervention. The phrase "the business of America *is* business" is

attributed to President Coolidge. Coolidge was known for his quiet demeanor and *laissez-faire* management of the economy.

In 1924, President Coolidge supported significant tax cuts and signed the Revenue Act of 1924 (aka the Mellon tax bill after US Secretary of the Treasury Andrew Mellon). Andrew Mellon pushed for these tax cuts, noting that the government had run a budget surplus over the past two years.

The Revenue Act of 1924 reduced the top marginal tax rate from 58% to 46% and reduced the number of brackets. It also lowered the corporate tax rate from 12% to 11% and raised the exemption limit for estate and gift taxes. Finally, this act gave the House Ways and Means Committee the power to obtain the records for any taxpayer, which interestingly enough ties into recent events, as Congress used this act to compel President Trump to release his tax returns.

In 1924 President Coolidge also signed the Johnson-Reed Act, also known as The Immigration Act of 1924, which effectively reduced the number of immigrants each year and all but stopped immigration from Asia. By establishing quotas of “2% of the total number of people of each nationality in the United States as of the 1890 national census” the law favored immigrants from northern and Western Europe and attempted to preserve the homogeneity of the nation.

Finally, 1924 marked a period of low inflation. Coming after World War I, and a period of deflation, inflation bounced between slightly negative and slightly positive for much of the 1920s. Like 2024 where the S&P 500 rose approximately 24%, The Dow Jones Industrial Average (a more popular index at the time) was up approximately 26% in 1924.

So, what were the approximate returns of the Dow Jones Average for the rest of the 1920s?

- 1925 → +30%
- 1926 → +0.34%
- 1927 → +28%
- 1928 → +48%
- 1929 ended the year -17% to start the “Great Crash” which was followed by the Great Depression.

While all of this makes for interesting history, it is no prediction of the future direction of the market we are experiencing today. We often tell clients that our crystal ball is cracked and foggy. Therefore, instead of trying to predict the future, we start with financial planning and focus on each client’s unique goals. From there we determine the proper investment allocation, identify insurance need, make suggestions to update legal documents, or

collaborate with their CPA. We will continue to do more of this in 2025 by following our process, which we call the **PIMIA Difference (Planning, Investment Management, Insurance, Advocacy)**.

## Thank You!

Green Wealth experienced another strong year of growth in 2024. We appreciate our clients' trust and confidence and thank those of you who have introduced us to your family and friends- almost all our growth is due to word-of-mouth referrals. Due to our growth trajectory, we have added additional, relevant capabilities and services to further benefit our clients. In 2024, we were pleased to welcome Gordon Brown to the team, our first Insurance Advisor. Gordon's role is to integrate with our financial planning process to solve life, disability, long-term care, and annuity needs. Gordon has now met with many of you, and we know you would agree that he adds valuable knowledge in today's complex insurance environment. One of Gordon's best tools is to assist with reviewing a current, in-force policy to understand how it applies to today's needs and if there have been any significant changes to the policy's structure.

## GWMG Out and About

One of the core values of Green Wealth is "Building Community". Our goal is to be a good neighbor and provide valuable resources to the community. Here are some of the notable events that GWMG participated in, or hosted, during 2024:

- Drew Heatley and Team hosted an educational dinner on Long Term Care and Estate Planning.
- The Team hosted a small dinner, discussing aspects of private equity, including growth equity and venture capital
- Lori and Eva hosted a Girls Night Out at Onyx Jewelers in Woodbury, CT.
- Alan and Team played a major role in facilitating the 1<sup>st</sup> ever Glow Ball Golf Tournament for the Southbury Middlebury Scholarship Foundation <https://smsfct.org/>. The proceeds of this event went to support local high school students by making it easier (not easy) to afford college or trade school. Gordon, Lori, Dave, and David all participated in this great event.
- GWMG loves working with the owners of manufacturing businesses and giving back to that community. In addition to sponsoring their annual golf tournament, Lori and Drew strengthened our involvement with the Smaller Manufacturers Association of CT, with Lori taking a board seat and the role of Treasurer. Drew continued to serve as co-chair of the SMA(rt)'s (SMA's under-45 rising leaders group) steering committee.

- GWMG was a Platinum sponsor for the Southbury Women’s Club’s 14th annual Turkey Trot in November-<https://southburywomensclub.org/southbury-turkey-trot> - where proceeds supported the Southbury Food Bank, Southbury Fuel Bank, and the Southbury Needy Fund. Each of these essential organizations helped with relief for those affected by the historic flooding in August. The Kania and Green families even braved the rain and tackled the 5k course before enjoying their Thanksgiving meals.
- The Team developed and delivered a retirement planning presentation for clients, like-minded professionals (CPAs, attorneys) and prospective clients. We had 80 attendees join us between the lunch and dinner presentations.

## GWMG Honored

The Waterbury Regional Chamber has aided many businesses, helping them reach a tipping point to success. Our team is appreciative of their resources and has enjoyed being active members in support of their mission. It was quite to our surprise and delight then to be acknowledged during the 2024 Harold Webster Smith Awards, when we were named the **Small Business of the Year**. It was a thrill to be presented with the award by our friend-President and CEO of the Waterbury Chamber- Lynn Ward.



Alan and Lori were even invited onto the public radio airwaves, doing a spot with WATR, to discuss the award, what sets us apart, and how we make a difference for our clients.

In reflection, 2024 was quite a year, and as we begin 2025, we wish the broader GWMG community peace, good health, and prosperity. Please reach out with any questions and Happy New Year to all!

Sincerely,

**The Team at Green Wealth Management Group**

