

## NEWSLETTER SPRING 2025

INVESTMENTS | ANNUITIES | ESTATE PLANNING | IRA'S | RETIREMENT  
403(b) PLANS | ROLLOVERS | INSURANCE



### The Current State of Social Security

Ever since Social Security started paying out retirement benefits in 1940, it has been a stable source of income for most retirees in the United States. However, in recent years you've likely heard that Social Security is running out of money. There is a lot of fear-mongering around Social Security in the news today, which is why it's a great time to look under the hood and see exactly what is going on with the current state of Social Security.

The Social Security Trust Fund, also called The Old-Age and Survivors Insurance (OASI) Trust Fund, acts as a saving account for the Social Security program. Between 1940 and 2010, the Social Security administration collected more taxes than they paid in benefits and put the excess money into their trust fund. In 2010, the Social Security program began paying out more in benefits than they received in tax revenue, meaning they had to dip into the trust fund reserves to pay out the proper benefits to recipients. Since 2010, the administration needed to access money in their trust fund every year to adequately cover what they pay out.

Based on current projections, the trust fund is scheduled to run out of money in 2033 or 2035 depending on what estimates you look at. Worst case scenario, if the Social Security trust fund does run out of money, it doesn't mean that Social Security will go away entirely, rather

we would just see a reduction in benefits that are paid out. If no action is taken by congress before the trust fund runs out of money, Social Security will be able to pay out 83% of benefits with the money they collect in payroll taxes each year. Only 17% of what the program pays out in benefits comes from their trust fund reserves.

Any politician or political party knows it would be career suicide if they or their party were responsible for recipients seeing a 17% cut to their Social Security Benefits. The great news is there are many proposals that can strengthen Social Security before their trust fund runs dry. Some proposed changes that are likely on the horizon include raising the Full Retirement Age, increasing or eliminating the payroll tax cap (\$176,100 in 2025) and increasing the payroll tax rate (currently 6.2%). These are just a few of the proposals congress can implement in the coming years to strengthen the Social Security administration finances so recipients don't have to see a reduction in their benefits.

### Plan. Protect. Invest.

Securities offered through Cadaret, Grant & Co., Inc., member FINRA/SIPC. Advisory services offered through Sgroi Wealth Advisory Group LLC, an SEC Registered Investment Advisor. Sgroi Wealth Advisory Group LLC, Sgroi Lawley Group LLC, and Cadaret, Grant & Co., Inc. are separate entities.

# Understanding Personal Insurance Market Conditions

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While the personal insurance market continues to face multiple challenges, one can have an optimistic outlook as we go through 2025.

## CATASTROPHIC EVENTS

Extreme weather events—such as hurricanes, tornados, hailstorms, and wildfires—continue to make headlines as they become increasingly devastating, costly, and impact homeowners across the United States. These catastrophic events have been linked to inflation and rising costs, including interest rates, and supply chain issues, which further impact overall insurance costs.

To understand the magnitude of weather and climate disasters, in 2024, there was over 20 weather and climate disasters in the United States where losses exceeded or were expected to exceed \$1 billion. These disasters included one severe wildfire, four hurricanes, two severe winter storms, and seventeen severe storm events. As these catastrophes become more frequent, the insurance industry must keep up with weather-related losses.

## INCREASE OF PROPERTY VALUES/ NON-RENEWALS

There has been a continued increase in demand which has driven up property values. Not only are costs increasing, but several insurance companies have decided to pull out of high-risk markets altogether due to catastrophic losses thereby increasing the cost for insurance in these markets.



For a more thorough review of your insurance or to discuss your coverage options, visit [www.lawleyinsurance.com](http://www.lawleyinsurance.com) or call 716.849.8618

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## REINSURANCE

Despite an optimistic market outlook, there are concerns from reinsurers that rate increases in 2024 have not been sufficient to address rising loss costs, especially given catastrophic (CAT) loss trends.

## GEOPOLITICAL UPHEAVAL

Additionally, geopolitical conflicts can disrupt global supply chains and reignite inflationary pressures, impacting claim costs and insurance rates. Disruptions like these have global consequences that can affect the price, availability, and quality of products. In some instances, replacement items or construction materials are harder and more expensive to come by, which can significantly increase replacement costs.

Based on the above factors, below outlines the trends you can expect based on line of coverages in 2025:

- **Personal Property Insurance: Non-CAT:**  
Flat To +10%, CAT-Exposed: +10% To +50%
- **Personal Auto Insurance Rate Change:**  
+12% To +15%
- **Excess Liability Rate Change:**  
+10% Or More
- **Marine/Yachts: Rate Change:**  
+10% To +25%

Content provided by Zywave, 2025 Personal Insurance Market Outlook. \*Information as of December 2024

Lawley | MEDICARE SOLUTIONS



Join Lawley Medicare Solutions and Sgroi Lawley for an educational session

Learn about Medicare insurance and how Social Security works!

PRIOR REGISTRATION NEEDED  
CALL THE OP CHAMBER TO REGISTER



May 21<sup>st</sup> or May 28<sup>th</sup>  
at 5:30pm

Orchard Park Chamber of Commerce  
6524 E. Quaker St,  
Orchard Park, NY 14127

716.662.3366



## Sgroi Lawley Recognized as 2025 Business of the Year

We're honored to share that Sgroi Lawley has been recognized as the 2025 Business of the Year by the West Seneca Chamber of Commerce. We extend our gratitude to our dedicated team, valued clients, and the community for their continued support. Congratulations to each of this year's honorees on their well-deserved recognition.



### A letter from our Partners

Our industry is going through a time of change, and those changes have certainly not circumvented us over the past few years. First, TD Ameritrade was purchased by Charles Schwab in late 2023. Next, we merged with Lawley last October. Now, we are faced with the next change for our firm: our long-time broker-dealer Cadaret Grant was purchased in 2024 by LPL Financial, and we will be brought in under their umbrella in the coming months.

Much like the TD Ameritrade to Charles Schwab transition, we at Sgroi Lawley are not ignorant that this may be a significant change for some of you, especially those who have worked along side us with Cadaret Grant for over three decades. It cannot be stressed that we did not blindly follow Cadaret Grant to LPL Financial, but after many conversations with LPL Financial and other potential broker-dealers, we feel confident that moving with Cadaret Grant to LPL Financial is the best decision for you, our clients.

It is our steadfast commitment to you, our valued clients, to do everything we can to make this transition as easy and productive for you as possible. For more details, please read the article in this newsletter that will shine more light on the potential impacts to you and the timeframe for the transition.

If you have any other questions, please reach out to your adviser. As always, we thank you for continuing to put your trust in Sgroi Lawley.

Sincerely,



**Patrick Sgroi,**  
*Partner*



**John Clouden,**  
*Partner*

\*The West Seneca Business of the Year is a recognition awarded by the West Seneca Chamber of Commerce. Honorees are selected by the Chamber board members based on their positive impact on the West Seneca community, as well as their perceived future impact. The recognition should not be construed as a recommendation or endorsement by the West Seneca Chamber of Commerce. Nominees do not pay a fee to be considered for the award and are nominated by community members or board members. The recognition is not indicative of the firm's future performance. Working with honorees is no guarantee as to future investment success. Recognition based on the calendar year 2024 and presented on February 12, 2025.



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## Transition to LPL Financial

Over the past several years there has been a lot of consolidation in the financial services industry. Along those lines Cadaret Grant & Co., Sgroi Lawley's broker-dealer for over thirty years, sold to LPL Financial in the winter of 2024 and will begin operating as LPL Financial starting on August 1, 2025. As a long-time partner with Cadaret Grant, this came as somewhat of a surprise to us at Sgroi Lawley and created a bit of uncertainty that we have not, as a firm, dealt with since the late 1980's.

In the days and months that followed, we spoke with a number of other broker-dealers in order to determine whether or not remaining with LPL Financial, or going a different route, would best suit the needs of you the client. After those conversations, and especially after continued conversations with LPL Financial, we at Sgroi Lawley felt that the best choice moving forward for you would be to transition with Cadaret Grant to LPL Financial.

This decision was not made lightly, and while, at the end of the day, a change was going to be necessary, we at Sgroi Lawley felt this transition from Cadaret Grant to LPL Financial would be the easiest for you, as well as provide you with all the benefits that a partnership with LPL Financial can provide. LPL Financial is considered the largest independent broker-dealer in the United States, which will open more doors for us, your advisers, and for you, the investor, that we as a firm are incredibly excited about.

### So what do you need to know?

If your assets are invested with us through one of our model portfolios at Charles Schwab, this transition will not impact you at all. Assets invested in our portfolios through Charles Schwab are separate from assets currently held through Cadaret Grant and will not be affected by this transition.

If some or all of your assets are held at Cadaret Grant, you will be receiving a negative consent letter from LPL Financial in May 2025. If you do not object to transferring your assets to LPL Financial you do not need to sign the form or take any action. If for some reason you are considering not transferring your accounts to LPL Financial, please contact your adviser so they can help address any concerns you may have. You would have until June 20, 2025 to opt out. Outside of the negative consent letter there will be no change to your account numbers or statements from the various fund companies where your money is invested.

In the end, we understand that you may have questions, comments, or concerns about the transition from Cadaret Grant to LPL Financial, and we want to address them all because, ultimately, this is a change for us as well and we want to navigate it together with you. However, despite the change, we cannot stress enough that we made the decision to transition with Cadaret Grant over to LPL Financial because we truly believe it is the best decision for you.



**If you have any questions, comments or concerns, please address them with your Sgroi Lawley representative via email or by calling the office at 716.674.6700.**

**Thank You,**  
The Team at Sgroi Lawley





# Market Letter Q1 2025

Coming into the new year, even after posting two years of plus 25% returns, many investors were positive about the stock market. With pro-growth policies coming out of Washington and the possibility of the extension of the Tax Cuts & Jobs Act (TCJA), it was believed this year could once again deliver double-digit returns and extend the bull market. Then, after posting another record high on February 19<sup>th</sup>, volatility spiked, and the S&P 500 fell over 10.50% in just 16 trading days, sending it into a correction, or falling over 10% from the previous market high. All in all, the S&P 500 closed the 1<sup>st</sup> quarter down 4.27%, its worst 1st quarter since 2022. The Nasdaq, which has a large overweight to the technology sector, fell 10.26%, and the Dow, which has an overweight to value stocks, lost 0.87%. Policy uncertainty was the main driver of this volatility, with tariff and trade war headlines outshining generally healthy economic fundamentals here in the US. President Trump is set to announce reciprocal tariffs on April 2<sup>nd</sup>, and if the tariffs are not too onerous and give investors some clarity, all this uncertainty should start to improve and with it, the stock market.

Not all was negative to start 2025 however, as investors found gains in pockets of the market.

Value Stocks, or companies with stable cash flows, and

recent weakness in the data, and still questions about where interest rates are heading, it would not be surprising to see continued choppiness in the markets for the time being. It is also important to know that timing the market is nearly impossible, as no one knows when the top and/or the bottom is, and moving to cash or reducing risk within your portfolio is typically when the market recovers, and you can miss out on substantial gains. Stocks do tend to perform well after corrections (10% drop) that occur within a bull market. There have been 27 bull market corrections in the S&P since 1943, and history shows us that in the next 3 months stock gain on average around 8%, around 13% in the next 6 months, and over 18% in the next 12 months.

Although volatility can be alarming at times, it is a common and healthy thing for corrections to happen and in the long run, is beneficial for markets. All of this is the ticket to entry when investing in the stock market and with data going back to 1942, a decline of 5% or more happens around 3 times per year, a 10% decline about every 16 months, 15% or more about every 3 years and 20% or more every 5.5 years. Markets cannot rise forever, and no investing chart is a straight line upward, all of this is just a normal market environment.



## Volatility is the Price of Admission

- Morgan Housel

mature business models gained 2.15%, while the international markets rose 5.40%. Fixed Income became that non-correlated asset class we are accustomed to, with the Barclays Aggregate Bond Index rising 2.80%. Diversification was crucial to help limit downside risk, which is why having exposure to “other” parts of the market, although seemingly not needed at times, is a mainstay in portfolio construction.

Higher policy uncertainty tends to weigh on stocks, while a fall in uncertainty leads to market gains. If tariffs are not as bad as feared and we get full insight into what they will be, stocks can recover from here. Given some

To close, in our portfolios here, we do have allocations to those “other” areas of the market, not just the S&P 500 and the Magnificent 7 stocks, we believe in diversification, as it can temper volatility and reduce risk overall within a portfolio. We are closely monitoring different data points and will act accordingly if we believe a shift is needed and will take on a more defensive stance if the time calls for it. We appreciate all the trust you have put into Sgroi Lawley through the years and as always, please do not hesitate to reach out to your adviser if any questions or concerns arise.

We hope everyone has a great Spring and gets time to enjoy the (hopefully) nice weather outside with family and friends!

SGROI  Lawley



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## CONGRATULATIONS TO THE CLOUDEN FAMILY!

We're happy to share that Matthew and Mandy Clouden welcomed their second child, Beckett Jon, this past February! Wishing them a happy and healthy start to this new chapter as a family of four.



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check out our blog page on:  
**[www.sgroilawley.com](http://www.sgroilawley.com)**

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### Vol. 15 No. 5 SPRING 2025

The Sgroi Lawley Financial Newsletter  
is the quarterly newsletter of

**SGROI**  **Lawley**

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