Subject: Greenleaf Newsletter: Should Your Emergency Fund be $35,000? Plus, the Best May in 35 Years.
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Hello Greenleaf,
Welcome to Our Client Newsletter

In the May Issue:

- **Should Your Emergency Fund Really be $35,000?**
- **When to Change Your Will (and Other Inheritance Planning Documents).**
- **Market News: The Best May in 35 Years.**

Should Your Emergency Fund Really be $35,000?

A recent *Investopedia* analysis concluded that an emergency fund equal to six months of expenses for the average American household is about $35,000.

This total represents four main categories:

1. Medical care for a household at $11,635.
2. Utilizing two cars at $10,621.
3. Housing and utilities (energy, phone, internet, etc.) at $9,785.
4. Food (groceries only) at $3,176.

Question:

When should I change my will and other inheritance planning documents?

Answer: Although you should ideally review your legacy planning and end-of-life instructions every few years, people rarely feel compelled to revisit them so frequently.

Instead, take the time to read and update your will, your account beneficiaries, your trust,

Market News: The Best May in 35 Years

Investors love finding patterns in the stock market. "Sell in May and Go Away" has long been a popular saying.

This month, following that maxim would have been a bad move. If the S&P 500 Index holds up for the final trading day of the month, it will finish with the strongest May in 35 years with a gain of comfortably more than 6%.

As is often the case with stock market gains, the

Therefore, if you lost your job, the analysis says your household of 3 people will need $35,000 to get you through six months without job income.

However, when the median household has around $8,700 in emergency savings, $35,000 seems discouragingly high.

The **methodology** used by *Investopedia* makes sense for families with one job income, especially in this period of economic uncertainty. For others, a few small changes can tailor the approach to your circumstances. First, add up your 2024 medical, car, housing, utility, and grocery costs. Then divide by 2 and that's your **necessary** spending for six months.

Second, in the *Investopedia* study, inflation increased the cost by $2,000 from a year ago. Consequently, adding 3% to 4% to your six-month total would be a prudent move. If you are cautious by nature, use the resulting number as your emergency fund goal.

Then, adjust accordingly. If you are a two-income household, decide which income is the most at risk and assess how much of the bills that income pays. For example, if it pays most of the bills, then aim to have a reserve equal to at least 75% of your inflation-adjusted, six-month necessary spending.

For a retiree household, do the same math to determined your necessary spending, but then subtract how much you receive in Social Security and pension income over six months. The remaining amount represents a good sum to have in a savings

and your end-of-life instructions when any of the following wealth or life events occur:

Starting Retirement: As you enter your peak wealth years and you may no longer hold life insurance, this is a good time to make sure you've designed -- and implemented -- a coordinated plan for your assets and liabilities.

Relocated to a New State: If your will and trust has a former address, they are not invalid. However, if you've moved to a new state, your will needs to comply with the laws of your new resident state.

Family Events: Births, adoptions, deaths, marriages, and divorces are all common and crucial reasons for a careful review.

Passage of Time: If your will was written when your children were young and they are now legally adults (age 18 in most states), you may feel they are ready for a new role in your estate plans, such as named as executors.

In addition, older adults should carefully consider the person they've designed in their powers of attorney. If that person is not geographically close, has health concerns that my limit their abilities, or otherwise may no longer

majority of the jump occurred during just a few days. When a trade deal between the United States and the United Kingdom was announced, the market rose quickly as investors began expecting a better economy and also optimistically anticipated U.S. trade talks with China.

International stocks remain the leaders for 2025 as they, too, had a strong May. European and Latin America stocks have thrived as many countries move away from past austerity measures, instead using the U.S. economic playbook of deficit spending and interest-rate cuts. A weakening U.S. dollar has also played a key role.

Only bonds had an uphill climb in May. The credit rating of the U.S. was lowered by Moody's, while Congress passed a tax-and-spending bill that further increases the government's annual deficit. Consequently, long-term Treasury bond prices fell (and yields rose) as investors foresee that an even larger supply of Treasury bonds will be needed to cover the federal budget deficit. For the month, bonds are down just a bit -- less than 1%.

Market sayings are fun, but frequently inaccurate. Although our method of investment management is less entertaining, the building blocks of good diversification, maintaining your asset allocation, and striving to moderate risks through our choice of or money market fund.

Admittedly, this amount may not be enough if you are displaced from a tornado or are in a serious accident with medical bills, a totaled car, and a loss of employment income. Consequently, some people will wish to set aside 10% to 20% more in order to have a comfortable cushion for dire times.

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be in a position to assist you, then it's time for a new set of documents.

Property or Wealth Changes: Perhaps you've received an inheritance or sold some property that played a key role in your will.

Charitable Interests: From a legacy standpoint, including your favorite charities in your legacy plans will leave a lasting mark. Non-profit funding and grants have been widely eliminated recently, making IRA and other bequests more critical than ever.

Tax Law Changes: If you have money in Traditional IRA, Roth IRA, and non-IRA accounts, then your inheritance plans should consider the different tax treatment of each account.

We will gladly discuss the tax and beneficiary ramifications of your accounts, along with other important considerations to help you successfully plan ahead.

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investment strategies continues to prove its value.

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