

Cape Ann Savings

Financial Advisors



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Businesses That Built America

As America celebrates its 250th birthday, here's a look at a few American companies that were founded before the Declaration of Independence was signed in 1776. These remarkably resilient businesses helped build and support the new nation and have been operating continuously ever since. So if you want to read a newspaper that reported on the Boston Tea Party, buy a shovel from the manufacturer that supplied them to Revolutionary War soldiers, or even sample George Washington's signature scent from the company that produced it, you can.



1705 The John Stevens Shop  Stone carving	1732 The Rowland Company  Tools/industrial products	1752 Caswell-Massey  Fragrances/personal care products
1764 The Hartford Courant  Newspaper publishing	1765 Baker's Chocolate  Chocolate products	1774 The AMES Companies  Tool manufacturing

Sources: Business News Daily, 2026; Oldest.org, 2026

Phased Retirement Can Help Smooth the Transition

Two-thirds of Gen X and 56% of millennials would prefer to gradually decrease their hours or work a more flexible schedule as they transition to retirement. About half of baby boomers and Gen Z have similar preferences.¹

The federal government has offered a formal phased retirement program since 2014, allowing eligible full-time employees to collect half their pensions while working half time. Typically, at least 20% of their remaining work hours must be spent mentoring younger workers. And their pensions continue to grow based on part-time work.²

Private industry has been slower to adopt formal programs. Only 16% of employers, mostly larger companies, have regular phased retirement programs. However, 61% of companies have some experience with phased retirement, and with strong employee interest, it's likely that more will adopt formal programs.³

Win-win-win solution

A phased retirement program can be a positive experience for employees, employers, and customers.

For older employees, a reduced schedule offers a more gradual financial transition, maintaining a steady, if reduced, income that can help delay taking Social Security benefits and/or tapping retirement savings. Trying to live on 80% of salary, for example, might also be good practice for retirement budget management. And staying engaged in the workplace can offer mental and psychological benefits.

For employers, older workers provide experience and institutional knowledge that can help maintain and improve current quality while mentoring younger workers to help ensure a smoother transition.

For customers, older workers can provide dependability and continuity. In some cases, customers are also older, and long-time relationships can help maintain customer comfort levels.

Build your own program

If your company does not offer such a program, you might suggest an arrangement. Emphasize what you can continue to contribute and how it could help the company in the present and the future. But also be sure that the program will work for you. Here are some ideas to keep in mind.

- Make sure you understand the effect of reduced hours on your benefits, such as health insurance and employer pension or retirement plan contributions.
- If you cannot live on your reduced wages, you may have to use other sources of income, but you probably would not have to tap them as much as if you retired completely.

Valuing Older Employees

Percentage of employers who agree completely or somewhat with the following statements.

- 77%** Older employees' company knowledge is crucial to our business's success.
- 69%** We want to keep good employees as long as possible but struggle to find ways to continually advance their career path.
- 67%** We have plans for how employees nearing retirement can transfer knowledge to our business before they leave.
- 62%** We are concerned with our employees' career development.
- 55%** We have hired people who had previously retired from another company.
- 55%** We have asked employees who want to retire from full-time work to stay on part time.
- 47%** We have asked employees who have retired from our business to come back for a specific need (temporary work).
- 44%** We have asked employees who have retired to come back on a full- or part-time basis for the long term.

Source: The Principal Financial Well-Being Index, 2024 (most recent data)

- One of the greatest benefits of phased retirement is that you could delay claiming Social Security, with your benefit increasing 8% annually after full retirement age (FRA), up to age 70. However, if you do claim Social Security before FRA and continue to work, you will receive a permanently reduced benefit for claiming early and be subject to the retirement earnings test, which may temporarily reduce your benefit payments until you reach FRA. Once you have reached FRA, the lost benefits from the earnings test will be added to your benefit amount.

If you phase out of your current job, make sure you don't end up trying to do all of your former work in fewer hours. This could be especially problematic for salaried workers in project-oriented positions. Be sure you and your supervisor are clear on the requirements of your reduced workload.

1) Kiplinger, January 7, 2026

2) U.S. Office of Personnel Management, August 7, 2014

3) *Fortune*, March 22, 2024 (most recent data)

The Employment Situation: A Closely Watched Report

Among all the economic indicators released each month, the Employment Situation is one of the most watched. Each monthly report is highly anticipated and can move the markets.

What is the Employment Situation?

Each month, the Bureau of Labor Statistics (BLS) publishes the Employment Situation Summary (commonly known as the "jobs report") based on information from the prior month. The data for the report is derived primarily from two sources: (1) a survey of approximately 60,000 households, or about 110,000 individuals (household survey), and (2) an establishment survey of over 650,000 worksites. The information contained in each report includes the total number of employed and unemployed people, the unemployment rate, the number of people working full time or part time, average hourly and weekly earnings, and average hours worked per week. The report on private payroll excludes government workers. Because it is released by the BLS on the first Friday of every month, it provides the first comprehensive status check of the U.S. economy for the preceding month.

What should you look for within the report?

There's plenty of important data within each report. The labor force includes all people age 16 and older who are classified as either employed or unemployed. Conceptually, the labor force level is the number of people who are either working or actively looking for work. The unemployed includes people who are not employed as of the date of the particular survey, are available for work, and made an unsuccessful attempt to find a job within the four weeks preceding the date of the survey. The unemployment rate represents the number of unemployed people as a percentage of the labor force. The information contained in this report can have an impact on the stock market as it relates to interest rate expectations, consumer spending, and corporate earnings.

Why is it important?

According to the Bureau of Labor Statistics, when workers are unemployed, their families and the country can be negatively impacted. Workers and their families lose wages, and the country loses the goods or services that could have been produced. In addition, the purchasing power of these workers is lost, which can lead to unemployment for even more workers.

The data in this report can provide useful information to investors. For instance, a rising unemployment rate may indicate a slowing economy. In this scenario, stock values may decline with falling corporate profits, while bond prices may rise as yields fall in response to lower interest rates. Slower wage growth may be a sign of lower inflation, declining interest rates, and

reduced economic productivity.

Conversely, a declining unemployment rate may indicate a growing economy and potentially rising interest rates. In this scenario, stock values may increase with expanding corporate profits, while bond prices may fall for fear of rising interest rates.

Advancing wages may also be a sign of higher inflation and advancing interest rates, as well as greater economic productivity. But if the report is too strong relative to expectations, investors may fear more tightening by the Federal Reserve.

The employment data can influence consumer spending. More people with jobs generally means more disposable income, which should translate to higher sales for retail, tech, and travel companies. Job losses or stagnant wages may signal a future drop-off in spending, which could lead to lower corporate earnings. Even if interest rates stay low, a significant drop in jobs can cause stocks to tumble due to fears of a recession.

How does the jobs report influence the Federal Reserve?

The Federal Reserve's dual mandate is maximum employment and stable prices. The Employment Situation is the main gauge of the first mandate and an important factor in inflation risk. If the jobs report is stronger than expected during a period of rising inflation, the Fed may assume a more hawkish stance, either delaying interest rate cuts or hiking rates. A weaker-than-expected report with moderating inflation can lead to interest rate cuts. In general, the Fed rarely reacts to a single report, instead making policy moves based on a sequence of strong or weak jobs data.

Other Important Economic Indicators



- **Unemployment Insurance Weekly Claims Report** — provides data on new claims filed, total claims paid, and the unemployment rate



- **Consumer Price Index** — measures changes in the average price of goods and services purchased by consumers



- **Federal Reserve's monthly industrial production index** — measures monthly and annual changes in output in manufacturing, mining, and utilities

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Estimates are based on current conditions, are subject to change, and may not come to pass.

Travel Tips for Globetrotters

About 76% of Americans surveyed by Pew Research Center said they have traveled outside of the United States at least once; 50% have visited one to four countries, while 26% have been to five or more. Nearly one-fourth of respondents (23%) have never traveled internationally.¹

If you're planning a foreign vacation, here are some suggestions to help keep your trip on track.

Obtain required documents. A passport (or in some cases a passport card) is required to enter and return from all foreign countries, including Canada and Mexico. Your passport should have at least six months of validity beyond the dates of your trip. It can take several months to obtain or renew a passport, so procrastinating on this task could put you in a serious bind and/or force you to pay costly rush fees. U.S. citizens can travel to many foreign countries without obtaining a visa, but be sure to follow the rules for all countries on your itinerary. Some countries require travelers to complete an electronic pre-screening process prior to entry.

Alert your bank and credit card company. Financial institutions monitor international transactions, so it's wise to inform them that you will be traveling and ask about applicable fees. Carry at least two cards: a debit card that will allow you to withdraw money from foreign ATMs and a chip-enhanced credit card with a PIN set up before you leave. Although the credit card may only

require a signature in the United States, it might require a PIN overseas.

Pay like a local. Know the exchange rate to convert dollars to local currency, and vice versa. Foreign bank ATMs may offer better exchange rates than a currency exchange, but be aware of fees wherever you exchange money. Merchants, restaurants, and hotels might accept payment or quote prices in U.S. dollars, but you will typically get a better price if you pay in the local currency, whether using cash or a credit card.

Consider your health needs and coverage. Some countries may recommend, or in some cases require, vaccinations for diseases that are rare in the United States (such as typhoid, yellow fever, and polio). To help protect your health and your finances, you should be aware of the public health situation in any country you visit and determine whether your medical insurance will cover you overseas. If not, consider purchasing a short-term travel policy. Bring enough prescription medicine, plus extras, in original labeled containers in your carry-on luggage. A note from your doctor listing medications may be helpful.

For in-depth information on foreign travel, including passports and visas, visit travel.state.gov. For health guidelines and country-specific public health information, see cdc.gov/travel.

1) Pew Research Center, December 6, 2023 (percentages rounded to the nearest whole number)

Investments purchased through the Cape Ann Savings Financial Advisors are not FDIC insured, not FDIC guaranteed, not bank guaranteed and may lose principal value.