

# Commerce Concepts

Market Updates, Asset Allocation, and Investment Education for Plan Participants and Individuals

## How and Why to Build an Emergency Fund

Life is unpredictable. A sudden car repair, an unexpected medical bill, or even a job loss can disrupt your finances overnight. That’s why one of the most important steps toward financial stability is building an emergency fund — a dedicated pool of money set aside to handle life’s surprises without derailing your long-term goals.

### How much do you need?

Financial experts often recommend building up your account until it holds three to six months’ worth of essential expenses. This may sound overwhelming when you’re starting out, but the key is to begin small and build gradually. Even \$500 can make a meaningful difference. Start with a target that feels reasonable and motivating. When you reach that goal, you can reassess and set a new one.

The “right” number is going to be different for each household. Health, family demographics, other financial factors, and even emotions around risk and money, will all impact the amount that makes a good safety net for you and your loved ones. Review the table below for examples of factors that might impact your savings target.

Financial factor	May increase your emergency savings needs	May decrease your emergency savings needs
Job security	low	high
Income variability	tends to fluctuate	stable and predictable
Job skills	highly specialized	generalized
Insurance coverage	less	more
Ability to borrow if needed	difficult or expensive	easy and inexpensive
Household income earners	one	multiple
Supporting dependents	yes	no
Expense flexibility	low	high
Family support	low	high

### Getting Started

Three important features of an emergency account are that it should be separate from your regular spending money, reasonably safe from fluctuations in value, and quickly accessible (within a few business days at most) if needed. Dedicated high-yield savings accounts and money market funds are popular and appropriate choices. You can open an account with your regular bank for maximum convenience and accessibility, or you might seek a higher interest rate or yield by shopping around to other financial institutions.

Once you have your account set up, how do you go about funding it? It can feel challenging to get started, and it’s easy to be discouraged if your balance grows more slowly than you’d like. Rest assured, even a dollar at a time is progress that you’ll be happy to have made when the unexpected arises. Here are some ways to create savings momentum.

- **Automate it:** Ask your employer if you can have a certain amount of each paycheck deposited directly to your emergency account, with the remainder of the check then deposited as normal. Alternatively, set up an automatic transfer with your bank to move a set amount from checking to savings one to two business days after each payday.
- **Rounding:** Many accounts offer a feature that automatically rounds your debit card transactions up to the nearest dollar, moving the difference from checking to savings. This is a great way to create a stream of small but steady deposits.

*continued on page 4...*

## WIN A \$25 GIFT CARD

to your choice of Starbucks or Powell’s! (See page 2 for details)

Congratulations to our most recent winner:

Hayden M. of Milwaukee Electronics

Visit [thecommco.com/commerce-concepts](http://thecommco.com/commerce-concepts) for the answer to last issue’s question.



Indexes are unmanaged and cannot be invested in directly. Past results are not predictive of future results. Individual results will vary. The trailing returns shown include dividends. See page four for index definitions.

Source:  
Raymond James Financial Services

## Market Update

Through March 31, 2026		Trailing Returns			
		3 mos	12 mos	5 yrs	10 yrs
Blue Chip US Stocks	Dow Jones Industrial Average	-3.19%	12.23%	9.11%	12.49%
Large Company US Stocks	S&P 500	-4.33%	17.80%	12.06%	14.16%
Small Company US Stocks	Russell 2000	0.89%	25.72%	3.77%	9.88%
Non-US Stocks	MSCI EAFE (Gross Div)	-1.12%	21.88%	8.45%	8.91%
US Bonds	Bloomberg US Aggregate	-0.05%	4.35%	0.31%	1.70%
Cash Alternatives	ICE B of A 3 Month US Tsy Bill	0.85%	4.00%	3.34%	2.26%

## Economic Snapshot

### Gross Domestic Product (GDP)

Economic growth should reaccelerate after a weak 4Q25, with the economy settling closer to its long-term trend rather than moving toward recession.

### Employment

The labor market has been cooling down, but we expect it to stabilize and for the unemployment rate to remain relatively stable.

### Manufacturing

With continued investment in advanced manufacturing, the sector is expected to support a continued gradual improvement through the year.

### Housing and Construction

High mortgage rates, rising construction costs, and tariffs will keep this sector of the economy in the red. Meanwhile, the low supply of homes will keep upward pressure on prices and reduce the number of potential home buyers.

### Monetary Policy

The Federal Reserve has a challenge ahead, with inflation rising again while the administration calls for much lower interest rates.

### Inflation

Inflation is expected to accelerate during the quarter as tariffs and higher oil prices unsettle an otherwise disinflationary trend.

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## March Market Review

- All eyes were turned toward the Middle East throughout the month of March, with the US and Israel's ongoing conflict with Iran causing energy prices to surge. The closure of the Strait of Hormuz, alongside damage to energy infrastructure across the gulf region and fears of a worsening situation, caused crude to rise above \$100 a barrel for the first time since 2022.
- Equity markets were notably resilient early in the conflict, but by the end of the month showed increased concern for prolonged global energy turmoil. The major US indices ended the month down, in their first major pullback of the year. Looking ahead, the markets are likely to follow the headlines and remain volatile until some clarity emerges regarding the endgame for the current hostilities.
- With gas prices on the rise and inflation likely to follow, last month's disappointing employment numbers from the Bureau of Labor Statistics present a serious policy challenge to the Federal Reserve. Its dual mandate of minimizing both inflation and unemployment is further complicated when both are on the rise. A negotiated settlement of the conflict with Iran, leading to lower oil prices and cooling inflationary pressure, would provide the most optimal resolution.

To be entered into a drawing to win a **\$25 GIFT CARD**, email [free@thecommc.com](mailto:free@thecommc.com) with the answer to this question:

What are three important features of an emergency account?

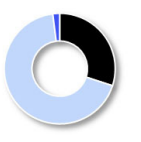



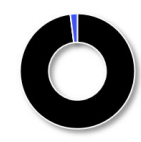
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For additional asset allocation and disclosure information, please [click here](#) or visit the Resources section of our website at [thecommc.com](http://thecommc.com)

The investment profile is hypothetical, and the asset allocations are presented only as examples and are not intended as investment advice. Asset allocation and diversification do not assure a profit or protect against loss. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in small- and mid-cap stocks generally involves greater risks, and therefore may not be appropriate for every investor. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. High-yield bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Real estate investments can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

## Strategic Asset Allocation Models

As of April 2026

					
	Conservative	Moderate	Balanced	Growth	Aggressive
<b>Equity</b>	<b>30%</b>	<b>48%</b>	<b>65%</b>	<b>80%</b>	<b>98%</b>
<i>Equity allocation comprises:</i>					
U.S. Large Cap Blend	21%	23%	26%	33%	43%
U.S. Large Cap Growth	0%	3%	7%	9%	10%
U.S. Large Cap Value	0%	3%	7%	9%	10%
U.S. Mid Cap Equity	4%	6%	8%	10%	12%
U.S. Small Cap Equity	0%	2%	4%	5%	6%
Non-U.S. Developed Market Equity	5%	11%	9%	10%	12%
Non-U.S. Emerging Market Equity	0%	0%	4%	4%	5%
<b>Fixed Income</b>	<b>68%</b>	<b>50%</b>	<b>33%</b>	<b>18%</b>	<b>0%</b>
<i>Fixed income allocation comprises:</i>					
Investment Grade Intermediate Maturity	58%	41%	29%	18%	0%
Investment Grade Short Maturity	0%	0%	0%	0%	0%
Non-Investment Grade (High Yield)	7%	6%	4%	0%	0%
Non-U.S. Fixed Income	0%	0%	0%	0%	0%
Multi-Sector Fixed Income	3%	3%	0%	0%	0%
<b>Alternative Investments</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Cash &amp; Cash Alternatives</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

These asset allocation targets are based on our changing views of the risk and return in the various asset classes, looking out over three or more years. The models assume fully allocated portfolios and do not take into account outside assets, additional cash reserves held independent of these models, or any actual investor's unique circumstances. Investors should consult their financial advisor to decide how these models might assist in the development of their individual portfolios. Material is provided for informational purposes only and does not constitute a recommendation.

*Index definitions: The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The ICE BofAML 3-Month US Treasury Bill index consists of a single issue that is purchased at the beginning of the month and held for a full month. At month's end, that issue is sold and rolled into a newly selected issue, which is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. The selected issue must have settled on or before the month-end rebalancing date. Past performance may not be indicative of future results. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns.*



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- **Replace an expense:** See if you can eliminate one recurring expense and save that amount instead. For example, cancel one streaming service and then immediately set up an automatic transfer from checking to savings for the same amount. That money was already being spent, so there's no impact to your monthly bottom line, but now instead of just being gone it will accumulate to protect your future self.
- **Boost with windfalls:** Make a rule for yourself that a portion of any "extra" dollars go straight to your emergency account. For example, if you get a tax refund, bonus, or financial gift, direct half of that money to your emergency fund before deciding how to enjoy the other half.

### When should you use it?

Maintaining an emergency fund requires discipline, and it's important to resist the temptation to use it for non-emergencies. A true emergency is something unexpected, necessary, and urgent — such as a medical expense, essential home repair, or sudden loss of income. Murphy's Law dictates that if you surrender to the temptation to use this account for something that doesn't really qualify, that's just when a true financial crisis will arise. If you find yourself tapping into your emergency fund for infrequent but predictable bills, such as a semi-annual insurance premium, this might signal a need to review your regular budget and set aside some money each month to plan ahead and be ready for when these periodic expenses come due.

Of course, there may be times when you do need to dip into your emergency savings. When that happens, don't be discouraged. That's exactly what the fund is there for. Once the situation is resolved, make it a priority to replenish the account as soon as possible so that you'll be prepared for the next unexpected event.

In the end, establishing an emergency fund requires consistency, not perfection. You don't need to save thousands of dollars overnight to make progress. By setting realistic goals, automating your savings, and staying committed, you can gradually build a financial buffer that protects you from life's uncertainties. If you'd like some help to create your emergency fund plan, email us at [newsletter@thecommco.com](mailto:newsletter@thecommco.com) to start the conversation.

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