



INSURANCE NEWSNET

**THIS ISSUE:
2025 TAX CHANGES**

Life Insurance • Health/Benefits/
Annuities • Financial Services
DECEMBER 2024/JANUARY 2025

2025: Taxing decisions

Riding the 'long tail'
of opportunity
with AmeriLife's
Brian Peterson

PAGE 6

Most of the **2017 Tax Cuts and Jobs Act** is set to expire at the end of 2025. In particular, the estate tax exemption will return to pre-2017 levels.

Will Congress act first?

PAGE 16

Three mistakes
annuity owners
should avoid
PAGE 30

What's next
for retirement
income security?
PAGE 40



PLUS
*People
to Watch in
2025 Special
Section*

PAGE 12

Redhawk Wealth Advisors: Leading the Way in Balancing Market Growth and Risk Mitigation

Proprietary process captures market growth while mitigating against financial downturns

In today's unpredictable financial landscape, the age-old dynamic of fear and greed plays an even more prominent role in shaping investor behavior. For financial advisors, the challenge lies in creating strategies that leverage market opportunities while minimizing clients' risk from catastrophic losses. As **Dan Hunt**, CEO of Redhawk Wealth Advisors, aptly puts it, "Everyone wants to avoid missing the next boat as long as it's not the Titanic." This careful balancing act between managing risk and pursuing growth has never been more important as we navigate a market defined by historic highs and lingering uncertainty.

In a recent interview, Hunt discussed the strategies that Redhawk Wealth Advisors uses to help clients achieve long-term financial stability, focusing on growth while mitigating risks. The key to success, he explains, lies in a combination of active management, transparency, and a process-driven approach that prioritizes both opportunity and defense during market drawdowns.

The Art of Balancing Growth and Risk

To provide clients with both growth potential and a strong defense, Redhawk Wealth Advisors employs a proprietary process called Risk-Guard™, a multi-phase algorithmic strategy designed to dynamically manage investment portfolios. As Hunt explains, "Risk-Guard™ tells us when it's time to be fully invested in the market and when we need to take a more defensive position." This approach helps ensure that clients can capitalize on market growth while minimizing exposure to downturns.

Risk-Guard™ operates in three distinct phases:

1. Risk On (Offense): When the market is calm, the portfolio is fully invested in equities based on the client's risk objectives. This phase focuses on maximizing growth by allocating assets to high-performing sectors such as large-cap growth, technology, or small-cap companies.

2. Risk Watch (Defense): During periods of volatility and uncertainty, the system reduces equity exposure and shifts to more defensive assets like utilities, healthcare, precious metals, and short-term Treasuries. In this phase, portfolios may reduce equity exposure by up to 85% to mitigate market drawdowns.



Dan Hunt

3. Risk Off (Maintaining): When the market experiences significant turbulence, Risk-Guard™ focuses on maintaining capital by moving into Treasuries and money market funds, while waiting for the market to stabilize.

This active management process allows Redhawk to create value by adjusting portfolios based on real-time market conditions, helping clients avoid the pitfalls of market timing. "The goal of Risk-Guard™ isn't to time the market perfectly," Hunt emphasizes. "It's to avoid the kind of severe losses that can cripple long-term financial goals, like the 35% drop we saw in 2020 during the COVID-19 pandemic."

Predicting vs. Preparing: Building Client Trust

One of the greatest challenges for financial advisors is helping clients feel confident about their investments without over-promising outcomes. Given the inherent unpredictability of the markets, Hunt advocates for transparency and simplicity in communication. "An effective way to build trust is by having a process that is easy to understand and that clients can explain back to you," he advises. "If clients

"People often don't realize how much risk they're taking until the market turns. Our job is to make sure they have a realistic understanding of their ability and willingness to stomach large swings in portfolio value."



see that you're following the same approach for your own family, it reinforces confidence."

This philosophy extends to helping clients understand their risk tolerance. Redhawk uses technology to provide clients with a clear picture of their risk exposure, aiming to align portfolios with both their financial goals and emotional comfort levels. "People often don't realize how much risk they're taking until the market turns," says Hunt. "Our job is to make sure they have a realistic understanding of their ability and willingness to stomach large swings in portfolio value."

By focusing on risk management rather than chasing returns, Hunt believes advisors can avoid the common mistake of over-promising and under-delivering. The Risk-Guard™ process is designed to limit portfolios from extreme volatility without constantly shifting in response to minor market fluctuations. This approach, Hunt says, "gives clients the peace of mind that they're avoiding major downturns without sacrificing long-term growth potential."

Capturing the Next Big Growth Opportunity

As the global economy evolves, Hunt sees significant opportunities in the rise of artificial intelligence (AI) and other technological advancements. "The trends in AI are mind-boggling," he says. "The market is experiencing a boom fueled by breakthroughs in computational power, and companies like Nvidia are leading the charge."

According to Hunt, AI will continue to drive unprecedented market growth over the next few decades, creating new opportunities for investors. However, he cautions that the real value lies not just in tech giants like Nvidia, but in identifying downstream companies that will benefit from these technological advancements. "Just like the industrial revolution transformed standards of living, the AI revolution will bring a wave of change that offers endless opportunities for investors," he explains.

For financial advisors, the key to success in this environment is maintaining a long-term perspective while ensuring that clients are positioned to capitalize on these opportunities. Redhawk's strategy combines tactical asset allocation with the flexibility to adjust portfolios as new trends emerge, ensuring that clients can benefit from market growth without taking unnecessary risks.

Managing Emotional Investing: The Fear and Greed Dynamic

One of the most challenging aspects of financial advising is managing the emotional side of investing. Fear and greed can drive irrational decisions that undermine long-term success. "The biggest mistake clients make when driven by greed is focusing too much on the now," Hunt explains. "They hear about friends getting great returns and want to chase those gains, but that's when mistakes happen."

To combat this, Hunt emphasizes the importance of sticking to a disciplined, process-driven approach like Risk-Guard™. "No one gets a short-cut investment pitch with us," he says. "We follow our process to a "T" every time, ensuring that clients are making decisions based on their long-term goals rather than short-term emotions."

Preparing for the Future

Looking ahead, Hunt is optimistic about the convergence of traditional financial planning and emerging technologies. Redhawk is excited about its integrated financial planning system, which allows clients to view all their managed investments, insurance products, and held-away accounts in one place. This level of transparency and participation helps clients feel more involved in their financial planning, further building trust and confidence in their advisor's recommendations.

As the market continues to evolve, Hunt believes that the future is bright for investors who stay disciplined, stick to a risk-managed strategy, and capitalize on emerging opportunities. "If you can manage risk effectively and keep your eye on the long-term, the possibilities are endless," he says.

For financial advisors, the key takeaway is clear: success in today's market requires a combination of offense and defense. By leveraging processes like Risk-Guard™ and staying focused on clients' long-term goals, advisors can help clients navigate the complexities of the market with confidence and peace of mind. ■



Find out more

Redhawk Wealth Advisors is committed to helping clients navigate the complexities of the market with confidence. Their proprietary Risk-Guard™ process is designed to balance growth and risk, ensuring clients achieve their financial goals. To learn more, visit www.RedhawkFreedom.com to download a free digital copy of *Freedom to Soar* and discover how Redhawk's passion for client success can guide you toward a prosperous financial future.