SilverStar Insights

for your wealth

SILVERSTAR WEALTH MANAGEMENT
Plan • Invest • Guide

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The strong economic rebound is continuing with strong demand for some goods and services, which is driving some inflationary fears, but the Feds do not appear to be overly concerned. Although inflation has shot past the Fed's goal of 2%, they feel this is a transitory period of inflation created by the pent-up demand from the Covid recession and the $5.3 trillion of stimulus injected into our economy since the crisis.

Please RSVP for our upcoming webinar on **Managing Health Care Expenses in Retirement - Get to Know Medicare.**

Market View

2021 Performance of Capital Markets	
S&P 500 - The S&P 500 (Standard & Poor's Index) is a stock market index containing the stocks of 500 American corporations with large market capitalization that are considered to be widely held.	**18.41%**
MSCI EAFE – The MSCI EAFE serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia.	**8.98%**
Barclays U.S. Aggregate Bond – The Barclays U.S. Aggregate Bond Index is an index of U.S. dollar-denominated, investment-grade U.S. corporate, government and mortgage-backed securities.	**-0.75%**
10-Year Treasury Yield Rate (as of 03/31/21)	**1.45%**

Sources: Morningstar (Performance from 1/1/2021 to 06/30/2021)
Treasury.gov (As of 06/30/2021)

Stocks continue their upward solid trend while bonds recovered slightly with the drop in the 10-Year Treasury Yield from 1.74% on 3/31/21 to 1.45% on 6/30/21. Remember that bonds values have an inverse relationship with interest rates. The big question remains how long before the Fed begins raising interest rates?

Inflationary fears are continuing, but the Feds are committed to staying the course and keeping interest rates low for the foreseeable future. Federal Reserve Board Chairman Jerome Powell addressed a Senate committee where he stated, "This is a shock going through the system associated with reopening of the economy, and it has driven inflation well above 2%."[1] Powell's assessment is that this spike in inflation is transitory and will work itself out. While we are in a long-term period of global disinflationary pressures including the decrease in labor unions, technical revolution, Amazon, and aging demographics, Powell may be correct. Time will tell.

1 Nick Timiraos, "Fed's Powell Concedes Anxiety About Higher Inflation but Resist Policy Shift," The Wall Street Journal, July 15, 2021.

8 Ways to Stay on Track for Your Retirement Goals

Are you on track to retire comfortably? Do you have a plan to help you achieve your retirement income goals? How much income will you need to generate each month when you have retired? What risks could upset your plans and how do you address them?

According to a CNBC and Acorn survey, **75% of Americans reject financial help, and that can spell disaster. Only 17% use a financial advisor.**[2]

Below are excellent reminders of what keeps you on the path toward financial independence.

1. **Set goals**. Too many people guess what they will need in retirement, and many do not have a written plan to reach what goals they have set. Others simply do not have any goals. If you do not know where you are going, how are you going to get there? And, the sooner you start the planning, the more options you have.

2. **Create a comprehensive and holistic financial plan**. Having a roadmap to get you from where you are today to where you want to be consists of a well, thought-out plan covering many aspects of wealth management, including investing, risk management, tax management, retirement income design, and estate planning which can help you see the whole picture. Minimizing risk and taxes can be very beneficial in helping you reach your goals.

3. **Manage debt wisely.** Pay off the high-interest consumer debt quickly by doubling up on payments when possible. Paying off low-interest rate mortgages may not make financial sense, depending on your risk tolerance and if expected return on investments may exceed the mortgage rate. If so, these funds may be better used if invested for numerous potential tax strategies.

4. **Play catch-up if you are age 50 or over.** Individual and group retirement plans allow participants who are age 50 or older to contribute an additional "catch-up" contribution. IRAs allow for an additional $1,000, and 401(k)s and 403(b)s allow for an additional $6,500 per year in catch-up contributions.

5. **Invest beyond your retirement plans.** Some people think you only need to contribute to retirement plans and never start investing with after-tax dollars in non-retirement accounts, which can provide enormous tax planning strategies. We certainly want to take advantage of pre-tax and after-tax (Roth) retirement accounts, but make sure to take advantage of other investments as well, and their tax advantages, which can include capital gain treatment, low taxation retirement income allowing for potential Roth conversions, as well as stepped-up cost basis at death.

6. **Understand the importance of asset allocation and diversification**. Avoid the chasing performance syndrome by staying properly allocated and diversified.
   Asset allocation is one tool to help manage investment risk by allocating the portfolio into numerous asset classes that may be non-correlated—behave differently. Just as a good pecan pie recipe incorporates many different ingredients that taste bad individually, they produce a great-tasting pie collectively.

   A more advanced asset allocation strategy is to place certain types of accounts that are taxed differently within specific asset classes for better tax efficiency.

2 Jessica Dickler, "75 Percent of Americans are Winging it When it Comes to Their Financial Future," CNBC.com, April 2, 2019.

Diversification is having numerous companies within each asset class, so we do not have all our eggs in one basket.

7. **Identify and address the risk that could upset your plan.** Risk is present in many areas of life and investing. The key is to manage and reduce risk when possible. The best time to do this is BEFORE the risk event…not afterward. Proper insurance coverages allow us to protect dollars (benefits) with pennies (premiums) by sharing risk with other insureds.

   Risk management is also very important in investing as we often misjudge the quality of investments by the performance numbers only. We must understand the risk aspects as well!

8. **Understand your Social Security options**. Social Security was never designed to be sufficient for one's retirement income but can provide a significant source of retirement income, especially by selecting the best option for you. Allow us to run a Social Security report to help you make an informed decision regarding your options.

Our goal is to help you replace a substantial portion of your income when you leave the workforce. How much will depend on your goals and what you may want to do in retirement. But we firmly believe that these ideas are a great place to start, keeping you on track for your retirement.

Remember, Forward-Thinking is Good Planning!

Upcoming Webinars

Managing Health Care Expenses in Retirement - Get to Know Medicare

Guest speaker, Denise Burleigh with Insurance of All Ages, LLC will join us in presenting your many options for Medicare

At this webinar you will learn:

- How Medicare enrollment periods work—and what you need to do to avoid late-enrollment penalties
- How much you can expect to pay in health care costs after going onto Medicare
- How Medicare works with private insurance to provide comprehensive coverage
- Why most people pay too much for private insurance and how you can avoid excess costs
- Do I need Medicare if I work past age 65?

Tuesday, September 28, 2021, at 6:00 pm. A replay will be available to all who RSVP.

RVSP by calling 281-477-3847 or visit www.Silverstarwealth.com.

Humor Matters

A dying, wealthy man with no family called three of his most trusted friends to his bedside. One was a minister, one was a school principal, and the other was an attorney. He told them he had heard that you could not take your wealth with you when you die but stated he was determined to do just that. He asked his three friends if they would help him, and they agreed.

The dying man liquidated his estate to cash and divided it three ways with instructions for each of his friends to put their third in his coffin at his funeral. Later the man dies as expected. The funeral was a small one, but all three men were in attendance. The three men placed each of their packages in the coffin before it was closed and buried.

The three friends later met for the luncheon. The first person to speak was the pastor. He confessed that due to significant community needs, he did withhold some cash to help those in need but did place most of the money in the coffin.

The principal spoke up and stated that he was glad that the pastor had confessed because several needs within the school district were not being met, including new desks, athletic equipment, and scholarship funds. The principal admitted that he, too, had withheld some of the funds but placed the majority in the coffin.

The attorney spoke up and stated, "I cannot believe you two broke a promise to our dear friend on his death bed. I left a check for the full amount in his coffin."

Thank you, Sharon P. for providing this joke!
Please send us your favorite joke and if we use it, we will send you a gift certificate to your favorite restaurant.

Words of Wisdom

"If you fail to plan, you are planning to fail!"
--Ben Franklin

Please call us if you have any questions, would like to review your portfolio, update your financial plan, or if we can help you in any other way.

The SilverStar Team

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