

# Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

March 2021

## Moving Forward in Uncertain Times *Resetting your goals*

### U.S. Markets

Stocks notched a solid gain in February thanks to growing optimism surrounding the economic recovery and decreasing number of COVID-19 infections.

The Dow Jones Industrial Average led, picking up 3.17 percent. The Standard & Poor's 500 Index rose 2.61 percent, while the Nasdaq Composite added 0.93 percent.<sup>1</sup>

### Singular Focus

Investors focused on fundamentals during the month as the U.S. presidential election and a social media trading frenzy moved to the background.

Attention was centered on three key inputs: corporate earnings, economic data, and interest rates—all three of which influence longer-term stock valuations.

### Corporate Earnings

With the fourth quarter earnings season coming to a close, many companies surprised analysts. Of the 83 percent of S&P 500 companies that delivered reports, 79 percent of those reported results that exceeded Wall Street expectations. Upon closer evaluation the companies, on average, reported earnings that are 14.6 percent above estimates, which are substantially above the 6.3 percent five-year average.<sup>2</sup>

Communication Services and Information Technology were the sectors that lead the reporting of positive earnings surprises. Real Estate, Energy, and Utilities lagged in beating earnings estimates.<sup>3</sup>

MARKET INDEX	Y-T-D CHANGE	February 2021
DJIA	3.17%	1.06%
NASDAQ	2.36%	0.93%
S&P 500	1.47%	2.61%
YIELD	YTD	February 2021
10 YR TREASURY	0.54%	1.46%

Sources: Yahoo Finance, February 28, 2021

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid.

### Monthly Quote

"Listen to ideas that make you think hard, not just opinions that make you feel good."

ADAM GRANT

### Tip of the Month

Too many people put a majority of their assets into a single stock (usually a company stock). Remember the merits of diversification. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

### The Monthly Riddle

Some months have 30 days, others 31. How many have 28?

### Last month's riddle:

If an electric train is going south and the wind is blowing north, what direction is the smoke going?

### Last month's answer:

Electric trains do not produce smoke.

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## *Moving Forward in Uncertain Times*

# Resetting your goals

Financial setbacks can happen to almost anyone. We're here to help you work through these challenging times — because your current financial situation doesn't have to be your future financial situation.

### Overcoming challenging times starts with evaluating where you currently stand



#### **Think about these budget and savings strategies**

- Adjust your long-term and short-term goals if you need to.
- Reduce your monthly expenses by refinancing your mortgage, switching insurance carriers, changing cell phone providers or replacing cable with streaming services.
- Cut spending on things like entertainment, vacations and clothing for now.
- See if there are ways to reduce, consolidate or pay off any debt.



#### **Develop a game plan to reduce debt**

- Create and stick to a budget.
- Don't add to your credit card balances.
- Make more than the minimum payment whenever possible.



#### **Investing during uncertain times**

- It may be wise to stay invested instead of timing the market.
- Keeping your portfolio diversified may soften negative impacts.
- Before making investment changes, consider the long-term effects.
- Remember that your retirement savings are intended to be a long-term investment
- Think about letting investment professionals manage your retirement investments.



#### **Start or rebuild your emergency savings when you can**

- Emergency savings provide a great way to get through tough times or to pay for unexpected expenses when they come up.
- Save a little from each paycheck. It really does start to add up. Saving just \$50 a week adds up to \$2,600 in one year.
- Financial professionals recommend having enough in savings to cover three to six months of expenses.

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CITATIONS ECONOMIC SECTION:

1. The Wall Street Journal, February 28, 2021
2. FactSet Research, February 19, 2021
3. FactSet Research, February 19, 2021. "Earnings Insights"

CITATIONS FINANCIAL ARTICLE SECTION:

All hypothetical examples assume an 8% average annual return compounded monthly and a 4% annual withdrawal rate after the accumulation period. These are point-in-time views and as such do not take into account any growth or loss during retirement. Without investment growth/ loss during retirement, a 4% annual withdrawal rate would deplete retirement savings in 25 years. Examples are for illustrative purposes only and do not reflect the results of any particular investment, which may differ, or taxes that may be owed on tax-deferred contributions, including a potential 10% penalty for withdrawals taken before age 59½. Regular investing does not ensure a profit or protect against loss in a declining market.

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