

Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

November 2021

Making a Budget

U.S. Markets

A strong corporate earnings season renewed investor enthusiasm for stocks and propelled the market to healthy gains in October. The Dow Jones Industrial Average advanced 5.84 percent while the Standard & Poor's 500 Index rose 6.91 percent. The Nasdaq Composite led, surging 7.27 percent.¹

Powerful One-Two Punch

After a difficult September, the markets rallied with a sense of conviction thanks to a string of positive economic reports and a strong start to earnings season. The encouraging succession of economic reports allayed investor worries about inflationary pressures and economic deceleration, while a wave of corporate earnings releases provided fresh upside surprises that suggested that American businesses had weathered the worst of the Delta variant surge.

Inside the Number

With about half of the S&P 500 constituent companies having reported earnings, more than 80 percent of them have beaten Wall Street analysts' consensus estimates. Based on these results so far, earnings are expected to come in approximately 39 percent above the third quarter last year.²

Looking Past

Nearly lost in October's rally were two important developments. First, the FOMC (Federal Open Market Committee) detailed the expected size and pace of its bond market tapering. Despite the step toward a less accommodative monetary policy, investors greeted it with a collective shrug.

Tax Uncertainty Lifting

Second, the market appeared to look past the possibility of a change in corporate tax rates to help pay for the proposed social and climate spending bill. As legislators narrowed the range of the spending bill framework, the prospect of higher corporate taxes dimmed, which may have provided an additional lift to stock prices.

MARKET INDEX	Y-T-D CHANGE	October 2021
DJIA	17.03%	5.84%
NASDAQ	20.25%	7.27%
S&P 500	22.61%	6.91%
YIELD	YTD	October 2021
10 YR TREASURY	0.64%	1.56%

Sources: Yahoo Finance, October 31, 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

"Either you run the day or the day runs you."

JIM ROHN

Tip of the Month

Remember that a major life event may mean a change in your retirement, tax, or estate planning approach.

The Monthly Riddle

When can you add two to eleven and get one as the correct answer?

Last month's riddle:

Tom's mother has four children. Each was born exactly one year and one month apart from the previous child. The first she named April, the second she named May, the third she named June. What did she name her fourth child?

Last month's answer:

Tom

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How do I start a budget?

Start a budget by gathering your bills and pay stubs. Think about how you spend money, besides paying your bills. For example, do you buy a cup of coffee every day? After a month, that coffee money could add up to an expense you might write down.

When you have your bills and pay stubs:

- Write down your expenses. An expense is money you spend
- Write down how much money you make. This is called income
- Subtract your expenses from how much money you make

If the number is less than zero, you are spending more money than you make. Look for things in your budget you can change. Maybe something you do not need, or a way to spend less. Most financial planner will encourage the use a Budget Worksheet to help you.

What if I don't get paid every month?

Some people do not get paid every month. If you expect things to be like they were last year, do this:

- Add all the money you earned last year
- Divide that number by 12. This is about how much money you will have for each month

For Example

Last year my paychecks added up to \$30,000.

$\$30,000 \div 12 = \$2,500$

I had about \$2,500 each month.

How can I use my budget?

A budget is something you use every month. A written budget will help you:

- See where you spend money
- See where you can save
- Make a plan for how to spend and save your money

Your budget can help you save money for the future. You can make savings one of your expenses. You might find ways to spend less money. Then you can put money into savings every month – maybe into a bank or credit union.

Why should I save money?

It can be hard to save money. It is very hard when your expenses go up and your income does not. Here are some reasons to try to save money even when it is not easy.

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- **Emergencies** – Saving small amounts of money now might help you later. Everyone has expenses they do not expect.
- **Expensive things** – Sometimes, we have to pay for expensive things – like a car, a trip, or a security deposit on an apartment. You will have more choices if you have money to pay for those expensive things.
- **Your goals** – You might want to pay for college classes. Maybe you need to visit family in another country. You can plan for these goals and save money. Then you might not have to use a credit card or borrow money to pay.

How else can I save money?

You can try these ways to help save money:

- For one month, write down everything you spend. Small expenses, like a cup of coffee, can add up to a lot of money. When you know where you are spending your money, you can decide what you might **not** want to buy.
- Pay with your credit card only if you can pay the full amount when the bill comes. That way, you do not pay interest on what you owe.
- Pay your bills when they are due. That way, you will not owe late fees or other charges.
- Keep the money you are saving separate from the money you spend.
- Consider opening a savings account in a bank or credit union.
- If you keep cash at home, keep the money you are saving separate from your spending money. Keep all your cash someplace safe.

For Example

What I did **not** buy this month:

Music downloads	\$5.00
Shirt	\$30.00
Movie ticket	\$10.00
Top off gas tank	\$15.00
Cups of coffee	\$12.00
What I saved this month:	\$72.00



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CITATIONS ECONOMIC SECTION:

1. WSJ.com, October 31, 2021
2. CNBC.com, October 28, 2021

CITATIONS FINANCIAL ARTICLE SECTION:

1. <https://www.consumer.gov/articles/1002-making-budget#!what-to-know2>. NerdWallet.com, April 12, 2021