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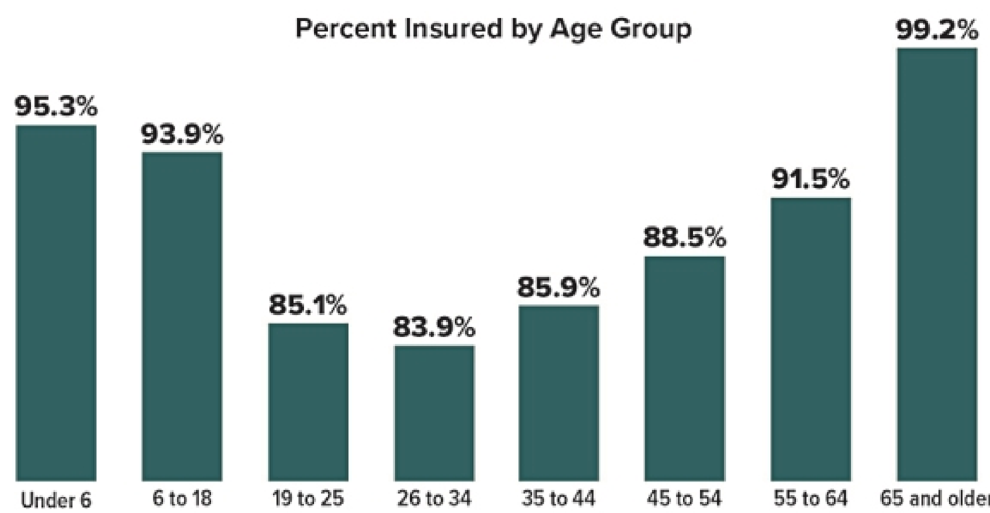
Please make sure to read John Stewart's article "Meme Stocks Make a Comeback" below.

Young Adults Are More Likely to Lack Health Coverage

Children are often covered by a parent's health plan or by public health insurance such as the Children's Health Insurance Program (CHIP). But young adults generally lose eligibility for CHIP at age 19 and for coverage under a parent's health plan at age 26. Before they transition into employer-sponsored health plans or buy private health insurance, young adults are more likely to be uninsured than other age groups.



Source: American Community Survey, U.S. Census Bureau, 2020

Meme Stocks Make a Comeback

The so-called “meme stocks”, as they have come to be known, originated with the GameStop rebellion of small traders banding together to drive up the price of heavily shorted stocks earlier this year. While GameStop shares continue to see explosive daily moves (in both directions) and trade at a market valuation that defies logic, many other stocks have been joining the fray. Pandemic-ravaged movie theater AMC is up more than 300 percent in the past month while shares of old-school mobile device maker BlackBerry are up nearly 100 percent over the same time frame. There are many others I could mention as well. So what does all this mean? It shouldn’t mean much to the average investor – please keep in mind that there is a difference between trading and long-term investing. I would strongly caution the majority of investors to steer clear of this fad, which has had the side effect of pushing smaller stocks to levels that are likely unsustainable based on their underlying business fundamentals.

Many investors seek to find ways to earn an attractive rate of return while taking less risk than the overall stock market. Options may be one solution to this problem. Despite the connotation that options are risky, they can in fact be used as a tool to both enhance a portfolio’s overall yield while reducing its overall risk at the same time. By selling options on stocks you already own, or on assets you’re interested in purchasing, you effectively put in place a mechanism to buy low and sell high – all while getting paid a cash sum for the privilege of doing so. Keep in mind, however, that options are sophisticated instruments that must be managed with care – using them effectively requires proper education and experience.

There is another Federal Reserve meeting occurring this week with no changes expected by those in charge of setting U.S. monetary policy. Investors will be laser focused on any hint of the Fed scaling back its bond purchases, which currently amount to a whopping $120 billion per month. These massive liquidity injections have continued to support asset prices including the stock market of course, and a change in policy could create some near-term volatility. Make no mistake, however, the ultimate path forward for markets will be driven by the economy’s ability to keep corporate earnings expectations rising – for now, they continue to do just that.

Decisions, Decisions: Weighing the Pros and Cons of an IRA Rollover

If you lose a job, switch employers, or step into retirement, you might consider rolling your retirement plan savings into an IRA. But this isn't your only option; it could make more sense to keep the money in your previous employer's plan or move it to your new employer's plan (if allowed by the plan).

You could also cash out, but that's rarely a good idea. Withdrawals from tax-deferred retirement accounts are taxed as ordinary income, and you could be hit with a 10% tax penalty if you are younger than 59½, unless an exception applies.

Some employer plans permit in-service distributions, which allow employees to take a partial distribution from the plan and roll the money into an IRA. When deciding what to do with your retirement assets, be aware that IRAs are subject to different rules and restrictions than employer plans such as 401(k)s.

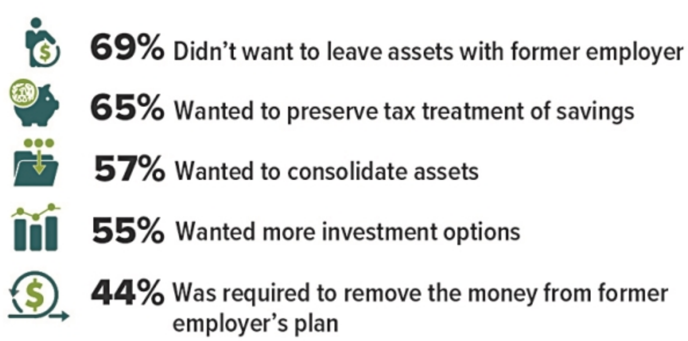
What IRAs Have to Offer

There are many reasons to consider an IRA rollover.

Investment choice. The universe of investment options in an IRA is typically much larger than the selection offered by most employer plans. An IRA can include individual securities and alternative investments as well.

Retirement income. Some employer plans may require you to take a lump-sum distribution when you reach the plan's retirement age, and your distribution options could be limited if you can leave your assets in the plan. With an IRA, it's likely that there will be more possibilities for generating income, and the timing and amount of distributions are generally your decision [until you must start taking required minimum distributions (RMDs) at age 72].

Top Reasons for Most Recent IRA Rollover



Source: Investment Company Institute, 2021 (more than one reason allowed per respondent)

Account consolidation. Consolidating your investments into a single IRA may provide a clearer picture of your portfolio's asset allocation. This could make it easier to adjust your holdings as needed and calculate RMDs.

Different exceptions. There are circumstances when IRA owners may be able to withdraw money penalty-free prior to age 59½, options that are not available to employer plan participants. First-time homebuyers (including those who haven't owned a home in the previous two years) may be able to withdraw up to $10,000 (lifetime limit) toward the purchase of a home. IRA funds can also be withdrawn to pay qualified higher-education expenses for yourself, a spouse, children, or grandchildren. IRA funds can even be used to pay for health insurance premiums if you are unemployed.

When to Think Twice

For some people, there may be advantages to leaving the money in an employer plan.

Specific investment options. Your employer's plan may offer investments that are not available in an IRA, and/or the costs for the investments offered in the plan may be lower than those offered in an IRA.

Stronger creditor protection. Most qualified employer plans receive virtually unlimited protection from creditors under federal law. Your creditors cannot attach your plan funds to satisfy any of your debts and obligations, regardless of whether you've declared bankruptcy. On the other hand, IRAs are generally protected under federal law (up to $1,362,800) only if you declare bankruptcy. Any additional protection will depend on your state's laws.

The opportunity to borrow from yourself. Many employer plans offer loan provisions, but you cannot borrow money from an IRA. The maximum amount that employer plan participants may borrow is 50% of their vested account balance or $50,000, whichever is less.

Penalty exception for separation from service. Distributions from your employer plan won't be subject to the 10% tax penalty if you retire during the year you reach age 55 or later (age 50 for qualified public safety employees). There is no such exception for IRAs.

Postponement of RMDs. If you work past age 72, are still participating in your employer plan, and are not a 5% owner, you can delay your first RMD from that plan until April 1 following the year in which you retire.

A Steady Strategy

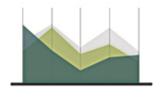
One of the most fundamental truths of investing is that you can't time the market. As legendary investor and economist Bernard Baruch put it, "Don't try to buy at the bottom and sell at the top. It can't be done except by liars."[1]

Even so, it's natural to wince a little when you buy an investment only to see the price drop, or sell only to see the price rise. And no matter how much you try to make objective decisions, you may be tempted to guess at market movements. One approach that might help alleviate some of your concerns is *dollar-cost averaging.*

Regular Investments

Dollar-cost averaging involves investing a fixed amount on a regular basis, regardless of share prices and market conditions. Theoretically, when the share price falls, you would purchase more shares for the same fixed investment. This may provide a greater opportunity to benefit when share prices rise and could result in a lower average cost per share over time.

If you are investing in a workplace retirement plan through regular payroll deductions, you are already practicing dollar-cost averaging. If you want to follow this strategy outside of the workplace, you may be able to set up automatic contributions to an IRA or another investment account. Or you could make manual investments on a regular basis, perhaps choosing a specific day of the month.



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You might also use a similar approach when shifting funds between investments. For example, let's say you want to shift a certain percentage of your stock investments to more conservative fixed-income investments as you approach retirement. You could execute this in a series of regular transactions over a period of months or years, regardless of market movements.

Dollar-cost averaging does not ensure a profit or prevent a loss, and it involves continuous investments in securities regardless of fluctuating prices. You should consider your financial ability to continue making purchases during periods of low and high price levels. However, this can be an effective way to accumulate shares to help meet long-term goals.

Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. All investments are subject to market fluctuation, risk, and loss of principal. When sold, they may be worth more or less than their original cost.

1) BrainyQuote, 2021

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