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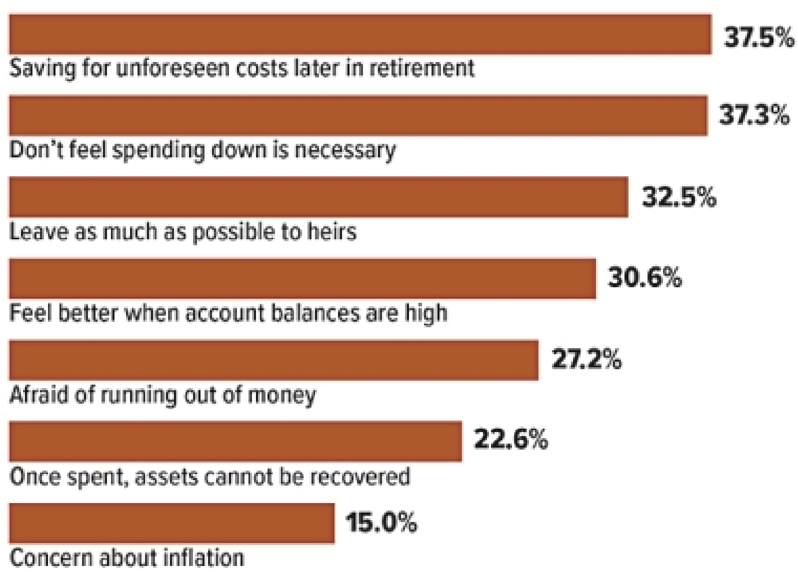
Don't forget to read John Stewart's article, "Jobs Weak, Inflation Hot, Taper On".

To Spend or Not to Spend?

About 77% of retirees between the ages of 62 and 75 plan to spend down at least some of their retirement assets. The top reasons cited include lifestyle, medical expenses and health insurance, housing expenses, and discretionary spending. The remaining 23% intend to maintain or grow their assets. Why would retirees not want to spend down the assets they've worked so hard to save? Here are the reasons they gave.



Source: Employee Benefit Research Institute, 2021 (multiple responses allowed)

Jobs Weak, Inflation Hot, Taper On

The September payrolls report was released last Friday and it wasn't pretty. It was expected that September would bring about an influx of workers back into the job market since expanded unemployment benefits ran out at the beginning of the month. Instead more people LEFT the labor force! Just 194,000 jobs were added in September versus an expectation for 500,000. Meanwhile, the labor force declined by 183,000 people – mostly due either to retirements or people who decided to stop looking for work. Not exactly encouraging news given the continued labor shortage that is clearly evident to anyone who's been paying attention. It's no coincidence, therefore, that inflationary pressures continue to be an issue. Supply problems, including the supply of labor, are sending prices up at the fastest rate in 30 years. Consumer prices for September, released earlier this week, rose 0.4% versus an expectation of a 0.3% rise. On a year-over-year basis, prices increased by 5.4%. Given the persistence of the inflationary pressures we've seen, the Federal Reserve has stated that it will likely taper the pace of its monetary stimulus starting in mid-November. So far, the markets seem to be taking this news in stride despite some modest volatility in the past few weeks.

It's finally time to see how the macroeconomics of labor markets and inflation are playing into what really matters for stocks – corporate earnings. Companies began reporting their results for the quarter ending September 30th this past week, and expectations are running rather high. Overall S&P 500 earnings are expected to be 25% higher in the third quarter of 2021 than they were in the third quarter of last year. They'll actually probably be closer to 30% higher when they're finished being reported. Sounds like good news, right? Well, not so fast. The third quarter is already in the history books. What really matters for the stock market is whether management's guidance for the next two quarters is higher or lower than what analysts currently expect. Will companies start to offer more cautious guidance as supply chain issues and labor shortages start to crimp sales and profit margins? The early reports are showing signs that this may in fact be the case. We'll have to wait and see as to whether or not a broader trend develops.

Given all the cross currents that are evident in the macroeconomic picture and their ultimate effect on corporate earnings prospects, having large exposures to any one sector or style factor (growth, value, cyclical, defensive, etc.) is likely a substantial risk. In other words, now is not the time to have all your eggs in one basket. For the time being, investors should be focusing on diversification across sectors, styles, and geographies in order to protect against the inevitable volatility that a less accommodative Fed is likely to bring about.

Women Face Challenges in a Post-Pandemic World

The COVID-19 economic crisis tested the mettle of all Americans, particularly working mothers. Research shows that the pandemic's impacts on women have been far-reaching and potentially long-lasting. Now that the U.S. economy is picking up steam, it may be more important than ever for women to re-examine their retirement planning strategies.

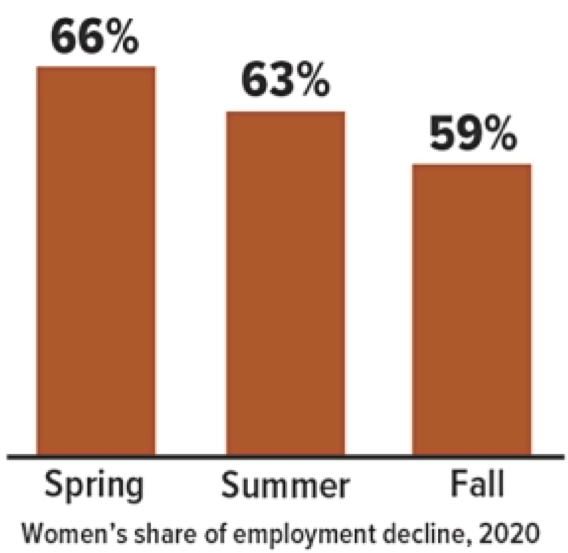
Effects of the COVID-19 Economy

The COVID-19 recession had a disproportionate impact on working women because sectors that typically employ them — including retail, hospitality, and health care — were hit harder than others. As noted in a paper released by the National Bureau of Economic Research, "Employment fell more for women compared to men at every stage during the pandemic, with the biggest gender differences estimated for married women with children." Many women were forced to cut work hours or leave jobs entirely to care for family members and supervise remote schooling activities when day cares and schools shut down.[1]

In a Pew Research study, 64% of women said they or someone in their household lost a job or took a pay cut during the pandemic, and nearly a quarter took unpaid time off for personal, family, or medical reasons. Half of women ranked their personal financial situation as "only fair" or "poor."[2]

More Than Their Share of Job Losses

Prior to the pandemic, women made up 52% of the population. Yet they represented a larger proportion of the employment decline during the spring, summer, and fall seasons of 2020.



Source: National Bureau of Economic Research, 2021

Retirement at Risk?

When it comes to retirement savings, unmarried women have the most ground to cover, according to an Employee Benefit Research Institute survey. Nearly six in 10 have less than $50,000 set aside for retirement; 31% have saved less than $1,000.[3]

Couple these statistics with the retirement planning challenges women faced even prior to the pandemic — longer life spans and lower earnings and Social Security benefits, on average — and it's apparent that women need a carefully considered retirement strategy that will help them pursue their goals.

Making Up Lost Ground

If you or a loved one need to make up lost ground, consider the following tips.

1. Save as much as possible in tax-advantaged investment vehicles, such as employer-based retirement plans and IRAs. In 2021, you can contribute up to $19,500 to 401(k) and similar plans and $6,000 to IRAs. Those figures jump to $26,000 and $7,000, respectively, if you are age 50 or older. If your employer offers a match, be sure to contribute at least enough to take full advantage of it. If you have no income but you're married and file a joint income tax return, you can still contribute to a spousal IRA in your name, provided your spouse earns at least as much as you contribute.

2. Familiarize yourself with basic investing principles: dollar-cost averaging, diversification, and asset allocation. Dollar-cost averaging involves continuous investments in securities regardless of fluctuating prices and can be an effective way to accumulate shares to help meet long-term goals; however, you should consider your financial ability to continue making purchases during periods of low and high price levels. (If you contribute to an employer-based plan, you're already using dollar-cost averaging.) Diversification and asset allocation are methods used to help manage investment risk while building a portfolio appropriate for your needs. Note that all investment involves risk, and none of these strategies guarantees a profit or protects against investment loss.

3. Seek guidance from your financial professional, who can provide an objective opinion during challenging times and may be able to help you find ways to reduce costs and save more. Although there is no assurance that working with a financial professional will improve investment results, a professional can evaluate your objectives and available resources and help you consider appropriate long-term financial strategies.

Sources: 1) National Bureau of Economic Research, 2021; 2) Pew Research Center, 2021; 3) Employee Benefit Research Institute, 2021

Usage-Based Auto Insurance Might Provide Savings

Like everything else, the pandemic greatly impacted driving habits. Workers who once had long commutes and drove to work every day suddenly found themselves working remotely. Others were spending more time at home as the result of a job loss or reduction in hours. In fact, there was a 55% decrease in the average number of miles driven in 2020. That, coupled with a record unemployment rate, resulted in a surge in auto insurance shopping, driven by consumers looking to change their coverage or find better rates.[1]

If you are driving less than you used to, you might consider switching to a usage-based auto insurance policy that could save you money on your premiums. Usage-based policies use apps or tracking devices (telematics) to collect and monitor mileage and driving habits (e.g., speeding, acceleration, hard braking, cell phone use) to help determine rates. Usage-based policies typically provide a discount for signing up or upon policy renewal, and additional discounts are given based on safe driving performance.

If you have privacy concerns and find this type of monitoring too invasive, another option is a pay-per-mile policy, which only monitors your mileage. Pay-per-mile policies usually have a base rate and then charge an additional amount for each mile driven. In addition, you can also check with your current insurer to see if it offers a low-mileage discount, which typically only requires you to provide your car's odometer readings or maintenance records to obtain a discount.

If you are looking for other ways to save money on your insurance, consider the following additional cost-saving options.

Raise your deductible. Generally, the higher your deductible, the lower your premiums. Before you raise your deductible, though, be sure you can cover the out-of-pocket expense should an accident occur.

Take advantage of discounts. You may be eligible for one or more auto insurance discounts. For example, your insurer might provide discounts to individuals with a safe driving record, teens with good grades, or when bundling your auto policy with your homeowners insurance.

Drop unnecessary coverage. If you have an older car with limited value, it might make sense to drop your collision and comprehensive coverage, since a claim paid by your insurance company may be minimal and might not exceed what you would pay in premiums and deductibles.

Shop around. Auto insurance rates vary from company to company — sometimes significantly. Compare the various rates offered by different insurers.

1) J.D. Power, 2021

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