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Market Overview

Written by Strata Financial Group, LLC

September has historically been one of the worst months for stocks. It was true last year, and it is true this year. After months of record highs, the stock market retreated in September, essentially wiping out all gains for the third quarter. Per Morningstar, the NASDAQ was the biggest loser for the month, falling -4.00%, followed by the S&P 500 (-3.15%). Here are some reasons for the decline:

Revised Earnings Estimates – Companies in almost every industry are experiencing short-term supply chain constraints. Companies can't keep up with continued strong demand from customers, which can create higher costs and put pressure on profit margins for some companies. Because of this, companies have been revising their earnings estimates *downward* for the upcoming quarters.

Rising Interest Rates – The last week of September saw an increase in the 10-year treasury yield in response to Fed tapering and an interest rate hike in the coming months. Investors are anticipating higher future bond rates as the Fed backs off on their large asset purchase programs. In the short-term, as interest rates move up, this can affect the earnings multiples of companies, namely tech stocks and other high growth names.

Possible Government Shutdown – This has been a top headline over the last few weeks, but there have been many threats or occurrences of government shutdowns, which rarely have had dramatic long-term effects on the financial markets. In the short-term, the government has voted to pass a spending bill as of 09/30/2021 to avert complete shutdown. The government is continuing to work on talks for an infrastructure bill, economically supportive spending bills, and most importantly, raising or suspending the debt ceiling by mid-October. We will continue to monitor the negotiations of these talks over the coming weeks.

With everything going on currently, we would just like to remind our clients to stay focused on your long-term goals and personal planning situation. Investing always has its ups and downs, so just make sure to stay invested and stick to your long-term plans. We are always here for you if you ever have any questions or concerns!

Visit our website to view our blog posts, past newsletters, and learn more about our company and team members.

www.stratafinancial.com



Market Indices

Source: Morningstar
Percent annualized total return rates as of 09/30/2021

Index Descriptions

Global (including US)
International
500 largest US stocks
Tech-weighted US index
30 large blue-chip US stocks
US small cap stocks
US intermediate BBB+ bonds

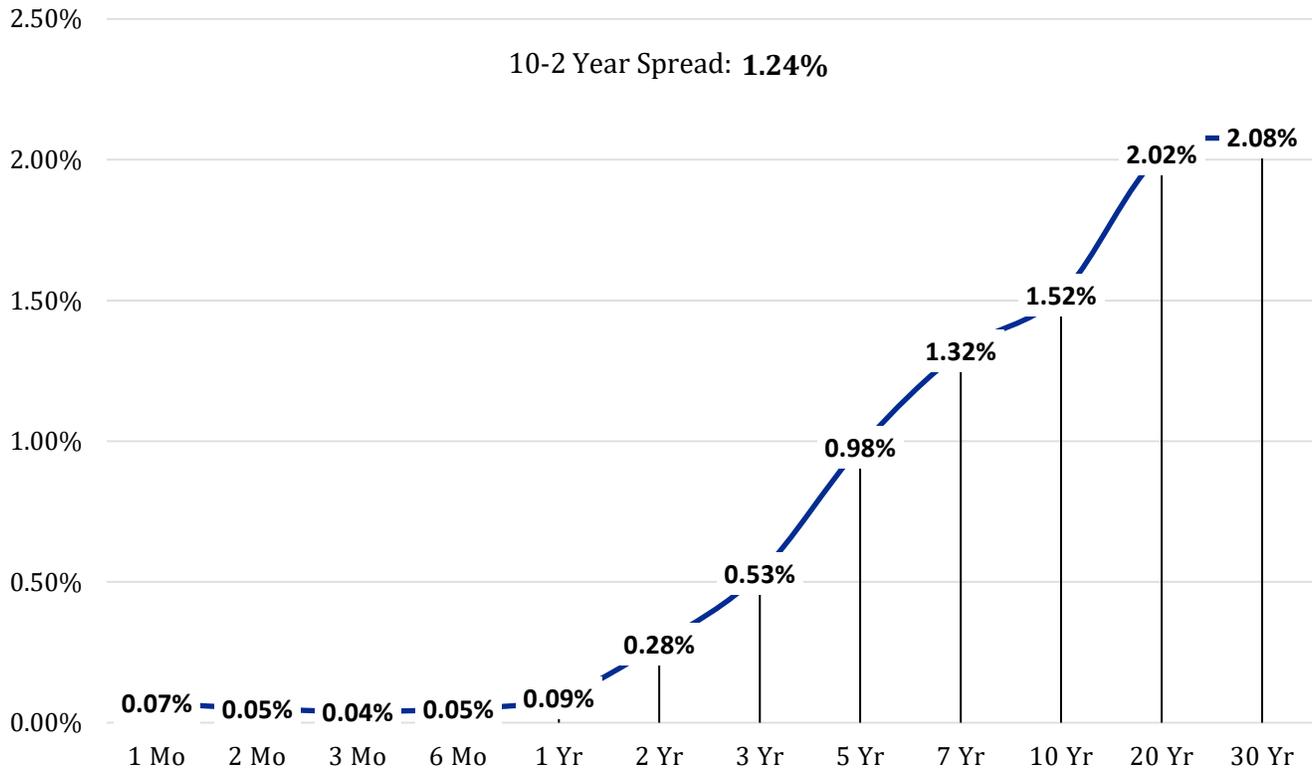
Index	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
MSCI ACWI	11.12%	27.44%	12.58%	13.20%	11.90%	7.21%
MSCI ex US	5.90%	23.92%	8.03%	8.94%	7.48%	4.38%
S&P 500	15.92%	30.00%	15.99%	16.90%	16.63%	10.37%
NASDAQ	12.66%	30.26%	22.67%	23.37%	20.93%	14.34%
DJIA	12.12%	24.15%	11.00%	15.68%	14.72%	10.09%
Russell 2000	12.41%	47.68%	10.54%	13.45%	14.63%	9.16%
Barclays US Bond	-1.55%	-0.90%	5.36%	2.94%	3.01%	4.17%

Indices cannot be invested in directly, are unmanaged, and do not incur management fees, costs, and expenses. Past performance is not a guarantee of future results.



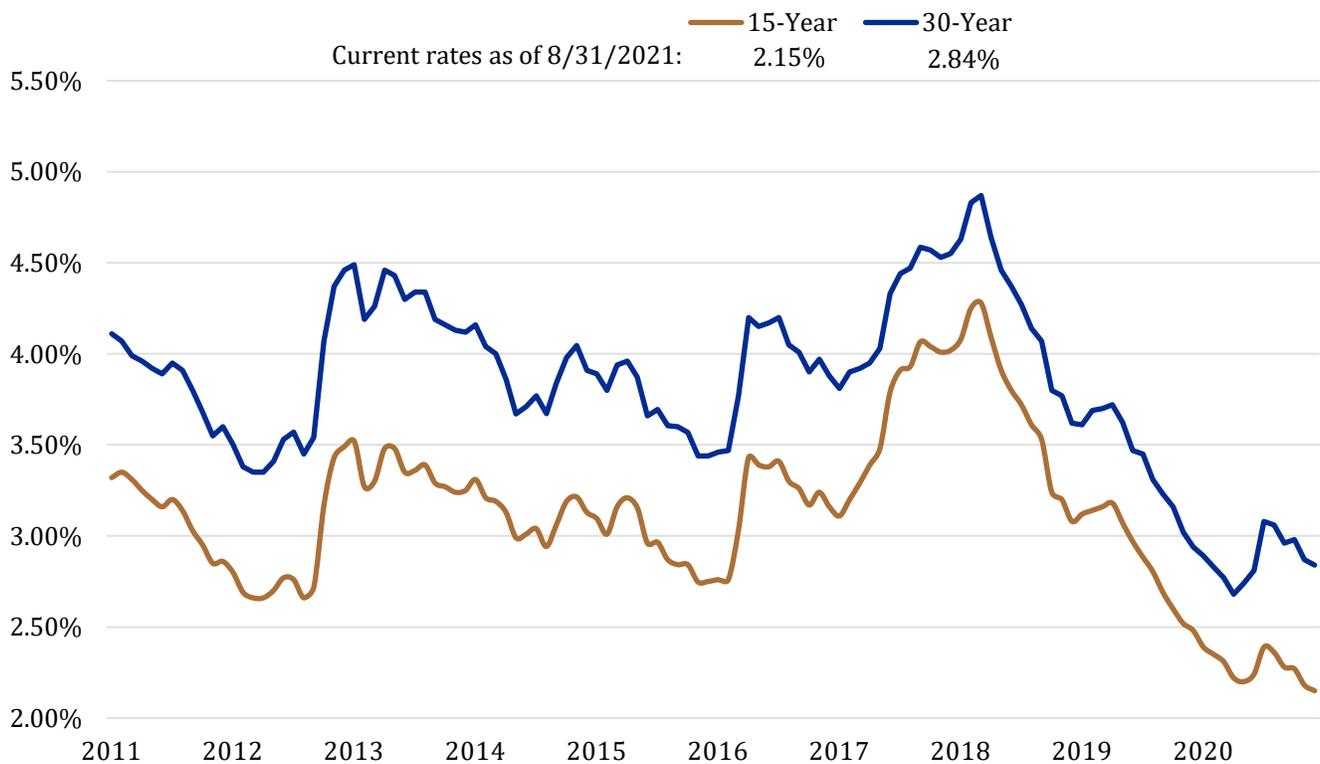
Treasury Yield Curve

Source: U.S. Department of the Treasury
Rates as of 09/30/2021



Mortgage Rates

Source: Freddie Mac
10-Year rolling monthly rates



Featured Article

The big decision every retiree has to make is when to start taking their Social Security benefits. Here are five things to think about as you weigh your options.

5 Key Points to Consider Before You Claim Social Security

9/16/2021 – Brett Gottlieb, Investment Advisor Representative (Click [here](#) for the link to the article online)

When you hit your 60s, it's time for you and Social Security to come to a reckoning.

After all, it's likely you have been paying into Social Security for decades, and now you have a choice to make: Claim your benefit early, claim it right on schedule, or postpone claiming it.

Unfortunately, no perfect answer exists to make this easy. What's best for your neighbor may be different from what's best for your cousin, which in turn may be different for what's best for you.

You can claim Social Security as early as age 62, but there's a catch. The amount of your monthly checks will be reduced, and that reduction is for life. To qualify for your full benefit, you need to postpone claiming until your [full retirement age](#), which for most people is between 66 and 67.

But there also is a benefit to waiting until you are 70, because you are rewarded with an even larger monthly check if you do.

As you ponder this momentous decision, here are five key points to keep in mind:

Earnings test

Would you like to continue to work even after you start drawing Social Security? You can, but be aware: There's [a limit to how much you can earn](#) if you haven't reached full retirement age. If you earn more than what's allowed for the year, your benefit is reduced by \$1 for every \$2 you go over the maximum. This rule begins to ease up in the year when you reach full retirement age. During that year, the benefit is reduced by \$1 for every \$3 you earn over an increased maximum. Those earnings limits are adjusted for inflation each year, so make sure you are up to date. Once you finally reach full retirement age, you can work and earn all you want. There's no limit.

Tax impact

Your Social Security benefit could be taxed if you continue to work or have other sources of income. Your entire benefit is never taxed, though; instead, taxes owed are based on a percentage of your total benefits. If you file federal taxes as an individual and your [provisional income](#) is between \$25,000 and \$34,000, you may have to pay income taxes on 50% of your Social Security benefit. If your income is more than \$34,000, up to 85% of your benefit could be taxable. Married couples filing jointly may be taxed on 50% of their benefit if their income is between \$32,000 and \$44,000. They may be taxed on up to 85% of their benefit if their income is more than \$44,000.

Longevity

People are living longer, and that could play a role in when you decide to claim your Social Security benefit. Consider how healthy you are and how long you think you might live. If you anticipate living into your 80s or 90s and you have other sources of income to hold you over, you might want to delay taking Social Security until you are 70 to get the maximum benefit. That larger monthly check could be especially important if, over time, your retirement savings start to run out.

Pensions

A pension could affect your Social Security benefit, depending on whether it's a government pension or a private pension. This is because some federal employees and employees of state and local governments receive pensions based on earnings that they didn't pay Social Security taxes on. Let's say that, although you didn't pay Social Security taxes with your government job, you are eligible for Social Security benefits because of another job where you did pay the tax. In that case, your benefit amount may be reduced, and the Windfall Elimination Provision will help determine how much your benefit actually is.

Here's an added twist: If you are eligible for Social Security based on your spouse's record, and you also have a pension not covered by Social Security, the Government Pension Offset determines whether your benefit on your spouse's record will be affected.

Impact on spouse

Marital status is another factor that can affect when you take Social Security. For example, married people are eligible for benefits based on their spouse's work history. This [spousal benefit](#) is 50% of the working spouse's earned benefit, but for you to claim this the working spouse must be at least 62 and already have filed for benefits. [If you are divorced](#), you may be eligible for spousal benefits based on your ex-spouse's work history. Naturally, there are rules related to that: Your marriage must have lasted at least 10 years, you must be divorced for at least two years, and you must still be single. Also, you need to be at least 62 and not eligible for higher benefits based on your own work record. But unlike spousal benefits for married people, your ex-spouse does not need to have filed for benefits for you to claim them.

These are just a few factors to think about as you decide when to take Social Security benefits. The decision is a significant one, and getting it wrong could prove costly. Consider talking to a financial professional to help you navigate the often-confusing rules before making any decisions regarding when to start benefits.

You earned that Social Security benefit. You want to make sure you use it to your best advantage.

Strata News

We are gearing up for our 2nd Annual “401(K)anned Food Drive!”

Last year we were amazed at the generosity of our clients, friends, families, and community as we collected 754 pounds of food as well as \$200 in monetary donations. We hope to collect even more this year to benefit [Goodwill of Lorain County](#).

If you need to make more room in your pantry this Fall for soups and pumpkin spices, this is the perfect opportunity for a “pantry cleanse” for a great cause!

The food drive will run for 2 weeks – **Monday, November 1st through Monday, November 15th**. Mark your calendars and keep your eyes peeled for BOGO deals while you are shopping at the supermarket!

*More details to come in next month’s newsletter.

Community Service

Pediatric cancer is the leading cause of death by disease for children under the age of 14. With September being National Childhood Cancer Awareness Month, Strata made a donation to the University of Massachusetts Amherst lacrosse team “[Vs. Cancer](#)” campaign, benefitting the [Pediatric Brain Tumor Foundation](#). We were able to help one of our summer interns and UMass goalie, Dominic Elmo, exceed his personal fundraising goal of \$300. The proceeds for this fundraiser will be used to support families in local children’s hospitals as well as fund life-saving pediatric brain tumor research. Thanks to Dominic and the entire UMass Lacrosse team for taking a stand against childhood cancer!



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