



WEEKLY MARKET COMMENTARY

For the Week of March 22, 2021

The Markets

The Dow Jones and the S&P 500 fell Friday after the Federal Reserve decided not to extend a pandemic rule, which relaxed banks' supplementary leverage ratio, allowing them to hold less capital against Treasuries and other holdings. For the week, the Dow fell 0.45 percent to close at 32,627.97. The S&P lost 0.74 percent to finish at 3,913.10, and the NASDAQ dropped 0.77 percent to end the week at 13,215.24.

Returns Through 3/19/20	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.45	7.12	65.98	12.41	15.84
NASDAQ Composite (TR)	-0.77	2.70	86.32	22.84	23.77
S&P 500 (TR)	-0.74	4.55	65.25	15.16	16.06
Barclays US Agg Bond (TR)	-0.28	-3.61	4.26	4.75	3.17
MSCI EAFE (TR)	0.59	4.29	65.00	5.96	8.96

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond, NASDAQ and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. (TR) indicates total return. MSCI EAFE returns stated in U.S. dollars.

Blame the Pandemic — Total exports of goods and services by American corporations in calendar year 2020 were \$2.13 trillion, down 16 percent from the year before and the smallest total recorded nationwide since 2010 (source: Bureau of Economic Analysis, BTN Research).

Adding to Cash — Money market funds in the United States, including retail and institutional funds, both taxable and tax-free, have increased \$615 billion (to \$4.39 trillion) over the last 12 months through Friday, March 12, an average increase of \$12 billion a week (source: Investment Company Institute, BTN Research).

Since Then — President Trump declared the coronavirus pandemic a national emergency on Friday, March 13, 2020. Over the one year since that announcement, the S&P 500 had gained 48 percent (total return), in spite of a horrible 12 percent loss (total return) on Monday, March 16, 2020 (source: BTN Research).



WEEKLY FOCUS – Don't Let Unexpected Expenses Derail Your Retirement

While it's natural to look ahead to a leisurely retirement, it's prudent to prepare for expenses that catch many retirees by surprise. In a recent survey, nearly one-third of retirees reported they faced at least four unforeseen expenses during retirement. Some of the most common include:

Inflation: Inflation rates have been low since the 2008-2009 recession. But even subtle increases can add up over time. For example, \$100 in June 2009 had the same buying power as \$119.52 in June 2020.¹ Unless that \$100 was invested and grew, it effectively lost 20 percent of its value in just 11 years. And there is no guarantee inflation will remain low. It's important to retain some investments that will grow your money to keep your retirement funds from losing their purchasing power over time.

Home Expenses: If the value of your home dramatically increases, so will your property taxes. On the flip side, if the value of your house declines dramatically, you may not be able to sell it without a loss. And there are repairs and maintenance to consider. Some financial professionals suggest setting aside 10 percent of your monthly payment, property taxes, and homeowner's insurance for repairs and maintenance. Paying off your mortgage or downsizing can reduce monthly expenses and allow you to hold on to your home until reduced prices rebound.

Social Security and Other Taxes: If you're like most recipients, you'll pay income tax on your Social Security benefits. Individuals with total gross income (including benefits) of \$25,000 may pay taxes on up to 50 percent of their Social Security benefits. Up to 85 percent of benefits are taxable for individuals with a combined gross income more than \$34,000.

And all that pretax money you put into your 401(k) or traditional IRA is taxed at your top ordinary-income tax rate when you withdraw those funds. To mitigate the impact of taxes, consider withdrawing from those accounts earlier or putting money into a Roth IRA, which has no required minimum withdrawals and can be tapped without paying taxes.

Retirement is something most of us look forward to. Ensure your plans aren't derailed by these unexpected expenses and others. Make sure you're on the right track. Contact our office for a review of your financial situation and an evaluation of your goals.

Securities America and its representatives do not provide tax advice; therefore it is important to coordinate with your tax advisor regarding your specific situation.

¹ https://www.bls.gov/data/inflation_calculator.htm

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*The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright March 2021. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 3502313.1