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Written by Strata Financial Group, LLC

Market Overview

Another month, more all-time highs for the markets. Per Morningstar, the S&P 500 was the top performer in July (+2.38%), followed closely by the Dow (+1.34%) and NASDAQ (+1.19%). The Russell 2000 continued its slide after a strong start to the year, down -3.61% for the month.

After a slight pullback mid-July, stocks rebounded as more than one third of the S&P 500 reported earnings during the last week of the month, including the four largest companies in the U.S. (Apple (AAPL), Microsoft (MSFT), Amazon (AMZN), and Alphabet (GOOGL)). Earnings were extremely strong across the board due to 1) increased consumer spending supported by government stimulus, and 2) record-breaking YOY quarterly growth compared to last year's quarter at the height of the pandemic. This week is another busy earnings week and analysts are optimistic that the pattern of strong earnings will continue.

On the other side of the spectrum, we have the highly contagious Delta variant of the coronavirus wreaking havoc in parts of the world and U.S., an increasing inflation rate, and China's tech crackdown threatening the positive momentum of the markets. If any of these catalysts intensifies and/or remains prolonged, we would definitely expect to see some volatility in the market.

For now, however, as long as earnings continue to beat expectations, they should provide a nice tailwind for stocks in the short-term.

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 07/30/2021

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

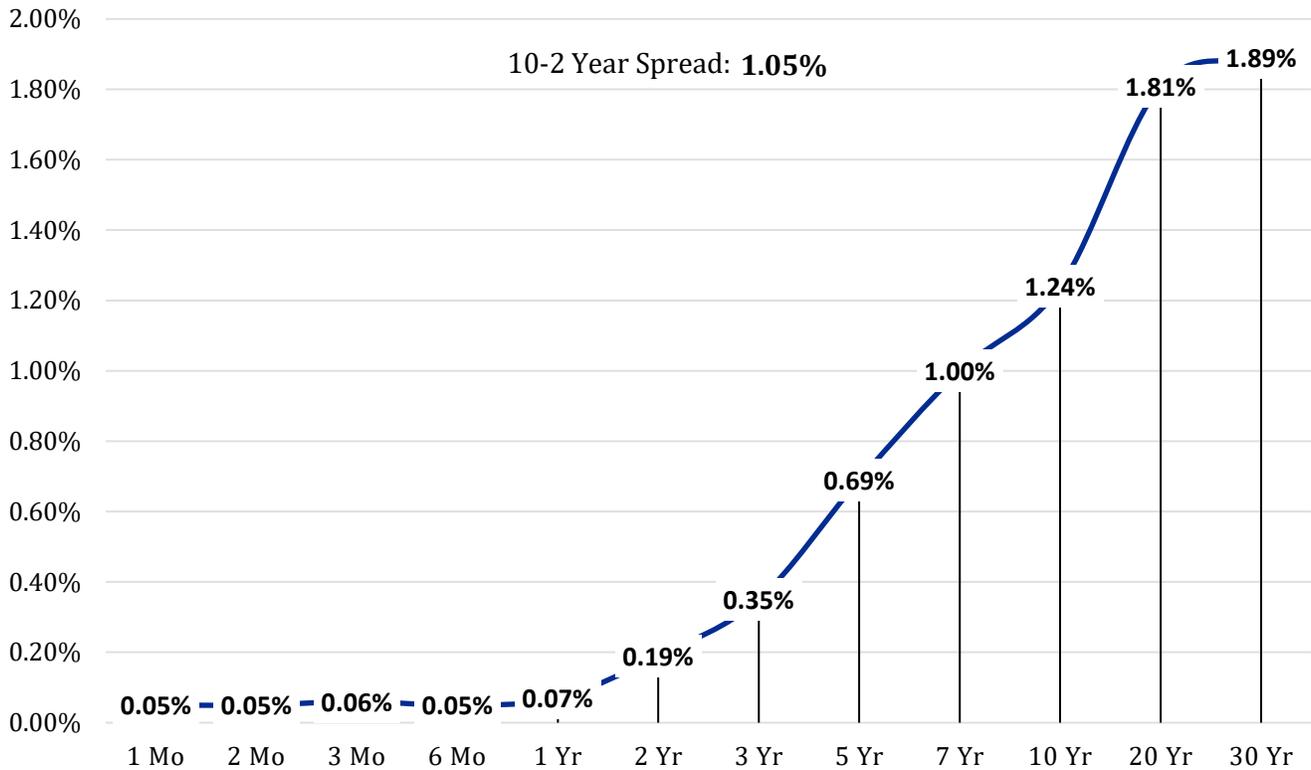
Index	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
MSCI ACWI	13.08%	33.18%	13.70%	13.81%	10.15%	7.60%
MSCI ex US	7.36%	27.78%	7.92%	9.65%	5.42%	4.67%
S&P 500	17.99%	36.45%	18.16%	17.35%	15.35%	10.86%
NASDAQ	14.26%	37.53%	25.31%	24.49%	19.53%	15.05%
DJIA	15.31%	34.79%	13.72%	16.30%	13.88%	10.64%
Russell 2000	13.29%	51.97%	11.49%	14.28%	12.34%	9.49%
Barclays US Bond	-0.50%	-0.70%	5.73%	3.13%	3.35%	4.41%

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.



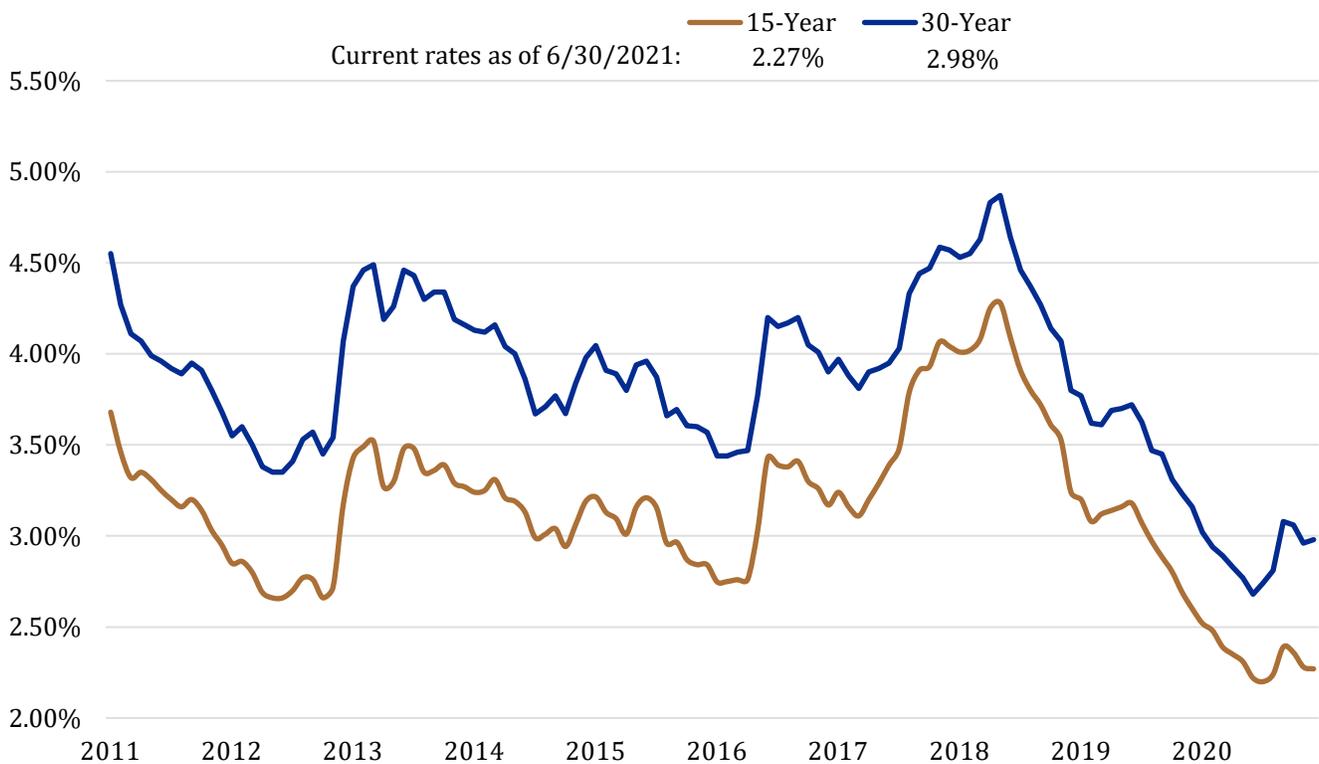
Treasury Yield Curve

Source: U.S. Department of the Treasury
Rates as of 07/30/2021



Mortgage Rates

Source: Freddie Mac
10-Year rolling monthly rates



Featured Article

Take The Lump Sum Or The Monthly Pension?

7/26/2021 – Joel Johnson (Click [here](#) for the link to the article online)

Companies that have been severely impacted by the pandemic have turned to early retirement offers as a way to reduce their workforce. If your employer has a defined benefit pension plan, your offer may include the option of selecting a monthly pension paid throughout your lifetime or a single lump sum distribution of approximately the same value. Employers typically prefer that workers take lump sum payouts to lower the company's future pension obligations. But the choice for employees is not so clear-cut.

I advise clients in this situation not to base their decision solely on financial considerations. There are also significant emotional and behavioral factors to think about. Getting to the heart of the matter requires asking yourself questions like those below and coming up with honest answers.

1. Will I need the money right away for income?

If you know you will need monthly retirement income above and beyond your Social Security benefit and earnings from personal savings, then a monthly pension may fit the bill. With this option, your employer promises to pay you the same amount of money per month for the rest of your life. Usually, that monthly income is fixed and will not change, which is a plus because it eliminates surprises. But there's a downside too: some pensions provide no cost of living increases that will help preserve your purchasing power in the face of inflation.

If the combination of Social Security and individual savings will provide all the income you need, then you may benefit more by rolling over a lump sum directly into an IRA. A direct rollover lets you continue investing the money on a tax-deferred basis, with the option to tap it when and if you need it. By owning growth-oriented investments within the IRA account your nest egg has the potential to keep up with rising costs during several decades of retirement.

2. Am I responsible with money?

Are you dreaming of using that lump sum to pay off a mountain of credit card debt? Or for writing checks to your children and grandchildren? If the answer is yes, then consider whether you really have the self-discipline necessary to take a lump sum distribution.

If you've a proven saver (and not a spendthrift), you may be able to preserve the money. But many people who start out with good intentions don't succeed. A 2017 research study commissioned by MetLife study showed that 1 in 5 people (21%) who took a lump sum from their workplace retirement plan depleted the money within 5.5 years.

3. Can I invest a lump sum wisely or do I know someone trustworthy who can help me?

Managing a lump sum distribution successfully requires a knowledgeable investor. If you're a novice, the do-it-yourself approach can be daunting, and poor choices can jeopardize your retirement security.

If you don't have the know-how yourself, you will want help from a trustworthy person. It's rarely wise to base important financial decisions on the advice of friends or family members. Consider working with a professional financial advisor who is trained in retirement planning and experienced in working with pre-retirees like you.

Keep in mind that knowledge and skill aren't all the necessary qualifications for do-it-yourselfers. Creating and managing an investment portfolio requires a significant commitment of time. While you may be up to the challenge right now, the demands can become a burden as you age.

4. How will the decision impact the people I love?

Most pension payments stop after the death of the employee or the death of a surviving spouse, and there's no opportunity to designate beneficiaries. If leaving a legacy is a priority for you, consider the benefits of a lump sum distribution with a direct IRA rollover. With an IRA, you can designate beneficiaries, including individuals or institutions, so you dictate the distribute of your assets.

In making your decision, be aware that the promised duration and amount of future payments is contingent upon the solvency of the pension plan. If you have concerns about the financial stability of your employer's plan, you'll want to investigate the details thoroughly.

Here is another important point to remember: There's no changing your mind after you submit the required paperwork. The election is irrevocable, which means you have only one chance to get it right. Seeking professional financial advice early in the decision-making process can result in a confident choice.



Strata News

Welcome to the team, Hannah Dohnenko!



She may have already greeted you at the office or talked with you on the phone, but we are thrilled to *officially* announce the addition of Hannah Dohnenko to the Strata Team. Hannah has taken on the role of Business Operations Associate & Advisor Assistant in the Sheffield Village office. She has been in the customer service industry for 10 years, most recently working as an administrative assistant and contract creator before coming to Strata. Hannah was born and raised in Ohio and currently resides in Lorain with her husband Aleksander. And yes, for those of you who are wondering, Hannah is the sister-in-law of our Office Manager, Emily Dohnenko. Welcome to the team, Hannah!

Community Service

We put our community service initiative on hold for July as we prepared for our inaugural Strata Family Day. Team members and their families met at Rocky River Reservation and enjoyed an all-day picnic filled with plenty of food, games, and water balloons.

We couldn't help ourselves, we also cleaned up some trash around the park in between cornhole and Spike Ball games.

A big congratulations goes out to Lynnae and Devan for winning the water balloon toss!

From our family to yours, we hope you are enjoying your summer and THANK YOU for being a part of our Strata Family.



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Disclosures

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