Strata Financial Group | LLC

Monthly Newsletter

www.stratafinancial.com/newsletter December 2021

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Market Overview

Written by Strata Financial Group, LLC

November was a mixed bag. Most indices ended the month negative while the Nasdaq and bonds eked out modest gains of 1.91% and 0.30% for the month, respectively (per Morningstar). The month of November could be broken into three parts:

PART 1: Record-Breaking Momentum

November started like October ended, with the market making new highs seemingly every day. As a matter of fact, the S&P 500 had a streak of eight straight record highs from October into November, its longest streak since 1997. The momentum was fueled by strong earnings, a dovish tapering announcement by the Fed, passage of the infrastructure bill, and an encouraging October jobs report.

PART 2: See-Saw

The middle of the month had its ups and downs. The momentum from the first week came to a screeching halt as the October inflation report was released… and it wasn't pretty. As a result, interest rates spiked which sent tech stocks tumbling. However, stocks recovered over the next few days as big retailers reported solid earnings beats. Then came the news of Jerome Powell being selected to head the Federal Reserve for the next four years. Initially, the market reacted negatively to the news, but it was just coming to terms with the announcement, until…

PART 3: Omicron

The jury is still out on the newest COVID variant, but the market has not reacted well to it so far. The last three trading days of November essentially gave back all the gains for the month. December is shaping up to be a volatile one!

Market Indices

Source: Morningstar
Percent annualized total return rates as of 11/30/2021

Index	YTD	1 Year	3 Year	5 Year	10 Year	15 Year
MSCI ACWI	13.98%	19.27%	15.96%	13.99%	11.39%	6.93%
MSCI ex US	3.54%	9.14%	9.95%	9.28%	6.73%	3.70%
S&P 500	23.18%	27.92%	20.38%	17.90%	16.16%	10.44%
NASDAQ	23.19%	30.15%	30.62%	25.21%	21.49%	14.45%
DJIA	14.61%	18.52%	12.95%	15.05%	13.78%	9.88%
Russell 2000	12.31%	22.03%	14.22%	12.14%	13.06%	8.56%
Barclays US Bond	-1.29%	-1.15%	5.52%	3.65%	3.04%	4.06%

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.

Index Descriptions

Global (including US)

International

500 largest US stocks

Tech-weighted US index

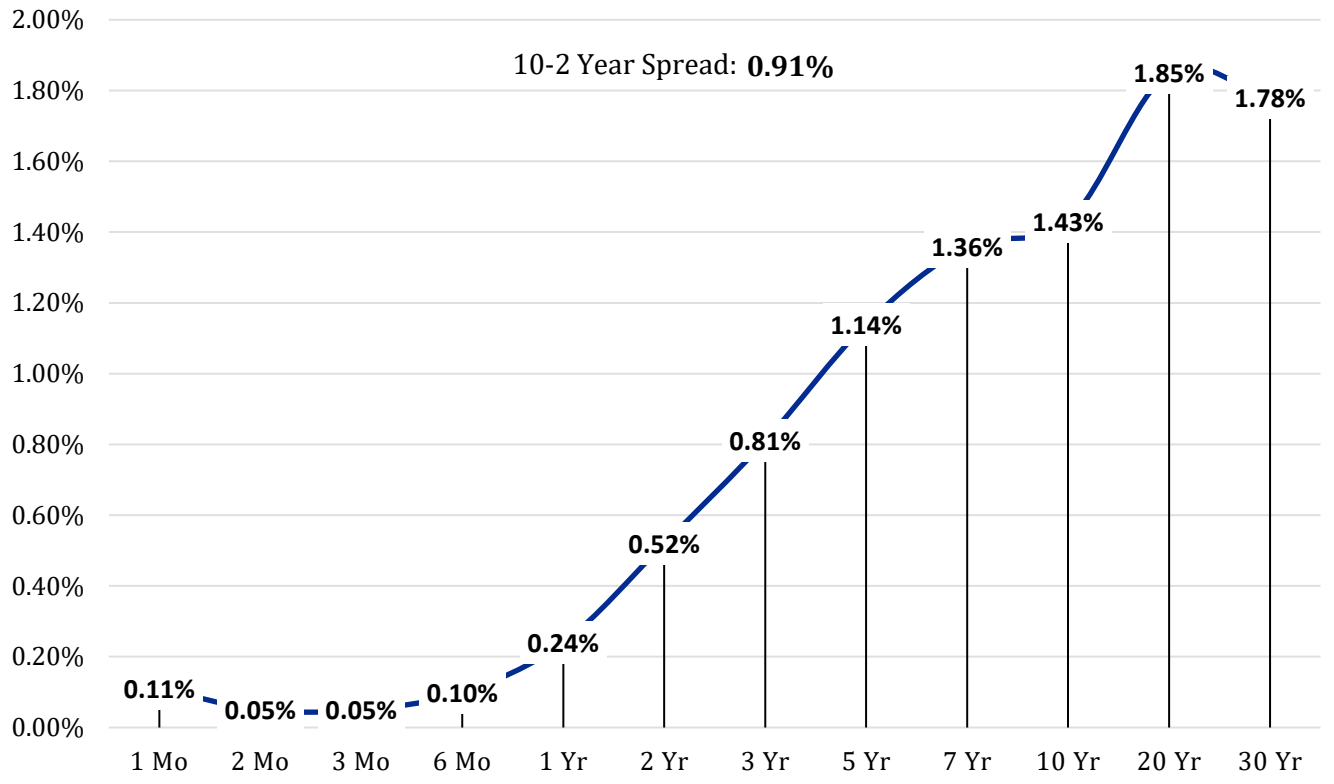
30 large blue-chip US stocks

US small cap stocks

US intermediate BBB+ bonds

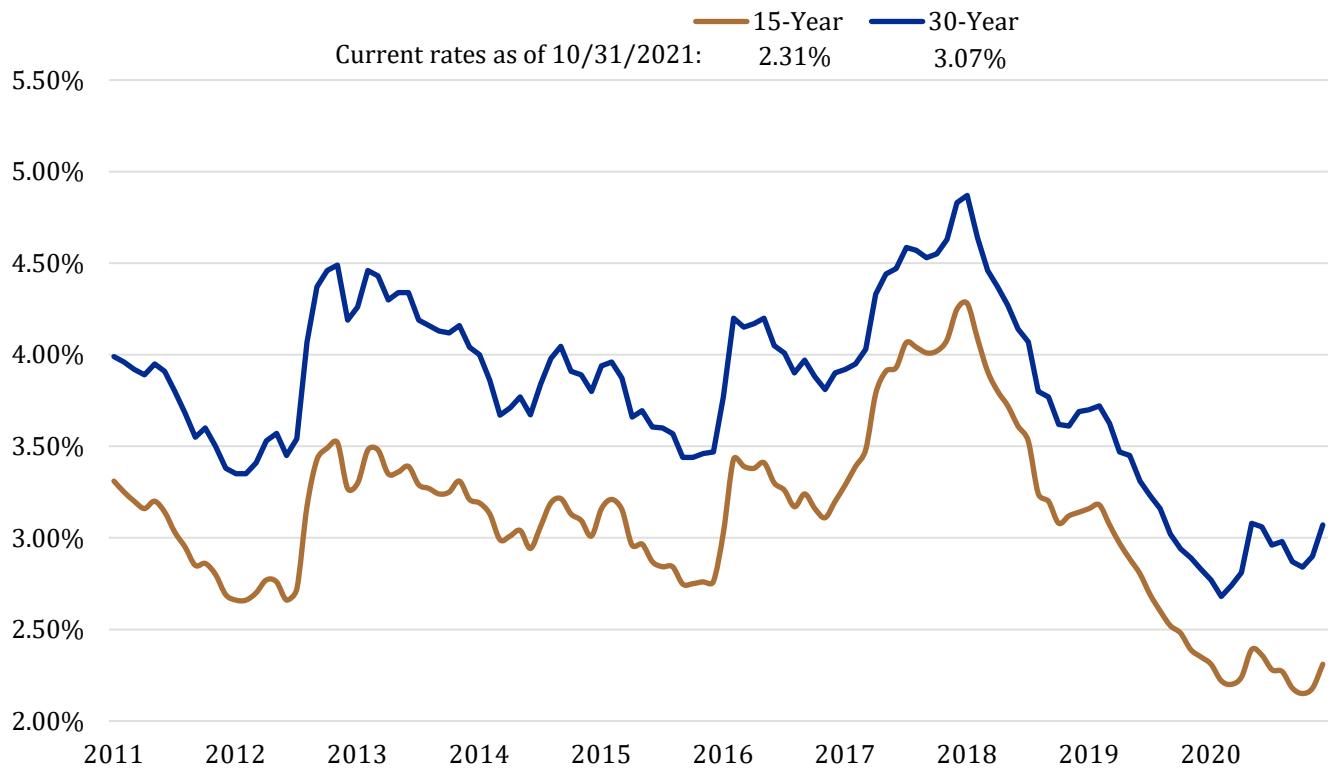
Treasury Yield Curve

Source: U.S. Department of the Treasury
Rates as of 11/30/2021



Mortgage Rates

Source: Freddie Mac
10-Year rolling monthly rates



Featured Article

For years you've focused on your career and saving for retirement. In doing so, you may have lost sight of the big picture of what your ideal retirement would look like – and how you might make it happen.

Don't Overlook these 3 Elements to Your Plans for an Amazing Retirement

11/16/2021 – Nicholas J. Toman, CFP® (Click here for the link to the article online)

As your primary working years wind down, and the reality of retirement begins to set in, there are countless things that will require your attention as you prepare for the next phase of life. Your mindset will need to shift from one focused primarily on wealth accumulation — which often involves very passive strategies that become almost automatic — to a more active approach focused on the combination of preserving and distributing your wealth. Investments, income, taxes, health care and estate planning are all areas of financial life that will need your attention and should no longer be left to chance.

Savings tools, such as 401(k)s, 403b(s) IRAs and Roth IRAs, are often used to build our wealth and contributed to regularly without much thought or personal oversight. This type of passive approach to creating wealth worked for many pre-retirees when we had time on our side and could take advantage of the power of compounding over many years. However, investments are only a part of your overall retirement story and should be managed with a consideration for all those other areas of your financial life that will need your full attention.

1. Get a Clear Picture of What You Want Out of Retirement

To begin building a retirement plan specific to you, it's critical to understand a few important concepts. Probably the most important thing to understand is what is going to matter most to you during your golden years. What have you worked hard for during your career that you are looking forward to in retirement? This may seem obvious, but if you haven't spent time actually thinking about these things, it will be almost impossible for your money to do what you want it to do.

I suggest using the acronym FORM to help you get stared. This stands for Family, Occupation, Recreation and Money. The first three letters are your WHYs. The last letter is your HOW.

- **Family:** Are your plans to leave a legacy to your children or just manage your money so you can enjoy retirement to the fullest?
- **Occupation:** Is a part-time job doing something you love or taking that lifetime hobby and starting a business part of the equation?
- **Recreation:** How about traveling the world, learning something new or even being a "snowbird" during those harsh winter months.

These are just a few of many different things that could matter most to you and make retirement the best time of life.

2. Get a Retirement Budget (and Write It Down)

As your WHYs become clear, it's time to consider the HOW: Money. You should begin to determine a budget specific to your retirement. This should include both your needs and wants. Who worked all these years to reduce their standard of living?

In addition to understanding your fixed monthly expenses, it's also important to budget for those regular known discretionary expenses that will enhance your enjoyment. Things such as having that weekly date night with your spouse, playing in a local golf league, or taking your grandchildren on a family vacation should be considered. However, the next part to having a retirement specific budget is to ensure that this is written. Don't overlook the importance of moving this from your thoughts to an actual document that will serve as the cornerstone of your retirement income plan.

3. Organize Your Sources of Wealth by the Purpose They Will Serve

Once we have clarity about our WHYs and understand our retirement specific income needs, we can move on to the next step: "Separating our wealth by its purpose." This is all about taking our basket of various investments, insurance tools and bank accounts and creating a coordinated plan that assigns a purpose to each.

For example, some of your wealth could be dedicated to creating reliable and predictable income needed to account for any budget shortfalls. Other purposes for your money could include accounting for future health care needs, including long-term care, legacy and wealth transfer desires, future housing plans, or even a portion dedicated for continued growth and accumulation given that longevity for most is a reality. The idea is about going from a basket of uncoordinated accounts and investment tools to one that is coordinated by specific purposes.

These are a few very important things you can do to help get your retirement preparation started. The combination of understanding those things that will matter to you most and the costs to fund those dreams can be powerful. This will allow you to then define the purposes for your wealth and allow you to better determine what investment, insurance and banking tools will be most appropriate for you.

Take action today and begin your journey to an amazing retirement.

Strata News

Here are some important updates coming in 2022…

Social Security Administration Announces 5.9% COLA for 2022

Millions of Americans receiving Social Security benefits will be getting a raise next month, as the Social Security Administration has announced a **5.9%** Cost of Living Adjustment (COLA) for 2022. This is the highest COLA increase since 1982.

IRS Announces 401(k) Limit Increase for 2022

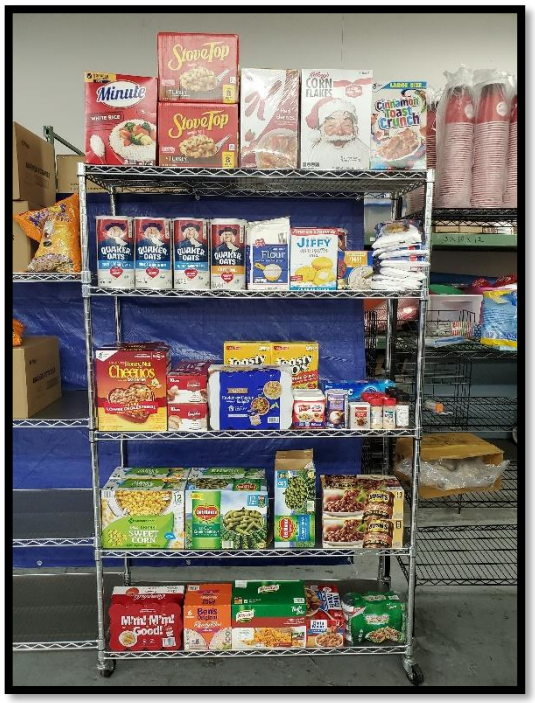
If the above Social Security announcement does not apply to you, pay attention, because this one probably does. The IRS has increased the contribution limit for 401(k), 403(b), and most 457 plans to **$20,500** for 2022, a $1,000 increase from the $19,500 that we have been limited to for the past couple years. The catch-up contribution limit (if you are 50 or older) will remain at $6,500.

Unfortunately, there will be no increases to IRA/Roth contribution limits for 2022.

Community Service

Our **2nd Annual Strata Financial Group 401(K)anned Food Drive** ran from November 1st through November 15th and we were blown away by the generosity and support of our clients and community. We collected **944 lbs.** of food and **$50** in cash donations. Additionally, Goodwill raised another $852.81 as part of their "round up at the register" campaign that ran from November 1st – 15th. All donations were delivered to Goodwill's "Good Will" pantry that has served 27,567 meals to 1,082 families so far in 2021. The "Good Will" pantry has their next distribution scheduled for Wednesday, December 15th from 10:00AM – 12:00PM. THANK YOU to everyone who donated and supported our food drive. Because of you, hundreds of families in our local community will not go hungry this holiday season.

Kyle, Mitch, Hannah, and Emily helping load 944 lbs. of food into the Goodwill truck.



Strata's donations on the shelves at Goodwill ready to be provided to families in need.

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Disclosures