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Financial Planning* For The Second Half Of Life

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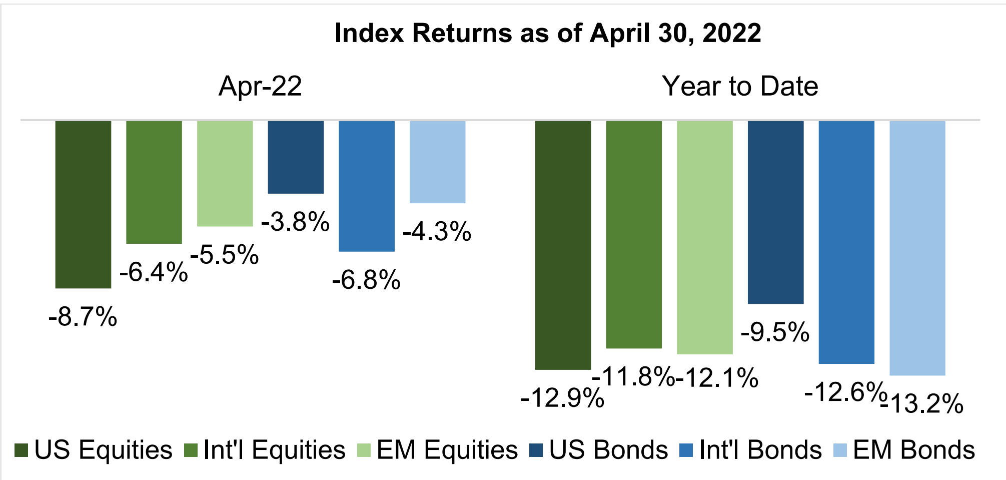
May 12, 2022

Dear Clients,

Both stocks and bonds have experienced a great deal of volatility since the beginning of the year repeatedly re-testing a market low. [1] Over this stretch of challenging performance, the actions of the Federal Reserve and the invasion of Ukraine have proven to be heavy market influencers.



Of the two it's hard to say which has been more impactful for the US, the invasion or the Federal Reserve and its challenge of inflation. Ukraine has fought magnificently against Russian aggression while western democracies have instituted effective sanctions, announced intentions to stop purchasing Russian oil and natural gas and supplied Ukraine with weaponry. The invasion is evolving into a disastrous miscalculation on the part of the Russian dictator. [2] As the war in Ukraine has continued, the geopolitical implications have spread beyond the battlefield, as relations between Russia and the West have hit multiple decade lows. Also, there is a greater chance of a global slowdown as the sanctions against Russia continue causing commodity prices to remain quite elevated. See the chart below showing the impact on the markets in relation to the invasion by Russia.

The Federal Reserve has consistently warned the markets that aggressive interest rate hikes are coming in the months ahead. Bonds have put in one of their worst quarters ever. Yields have increased across the curve and there are no major bond asset classes with positive results. One significant factor driving the bond markets is the Federal Reserve's response to inflation and the continued rate hikes we'll see throughout this year. Remember the inverse relationship between rising rates and bond prices.

1. AssetMark Monthly Market Review 2. Source: Renaissance Marco, Bloomberg

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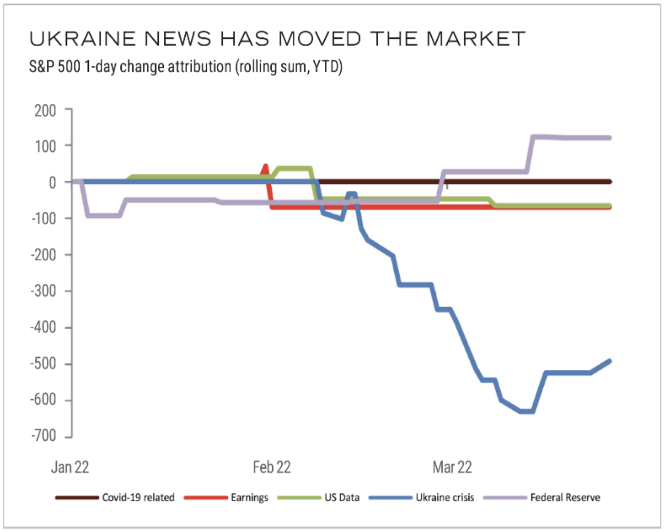


Looking Forward

In sum, the outlook for the markets and the economy both in the US and globally is uncertain, and we should all expect continued volatility across all asset classes in the short term. But core macroeconomic fundamentals remain very strong while US corporations and the US consumer are, broadly speaking, financially healthy. There is very low unemployment, low interest rates from a historical perspective, consumer spending is still robust and both corporate and personal balance sheets are healthy. The markets will turn positive before the negative news has dissipated. Remember the adage "Wall Street climbs a wall of worry"!!

Thank you for the trust you have placed in us and we will continue to work hard to navigate the challenges and opportunities on your behalf. We look forward to discussion your evolving financial goals, as well as reviewing the mixture of asset allocation approaches within your portfolio, as we seek to keep your investment plan aligned with your needs.

Sincerely,

Kadi

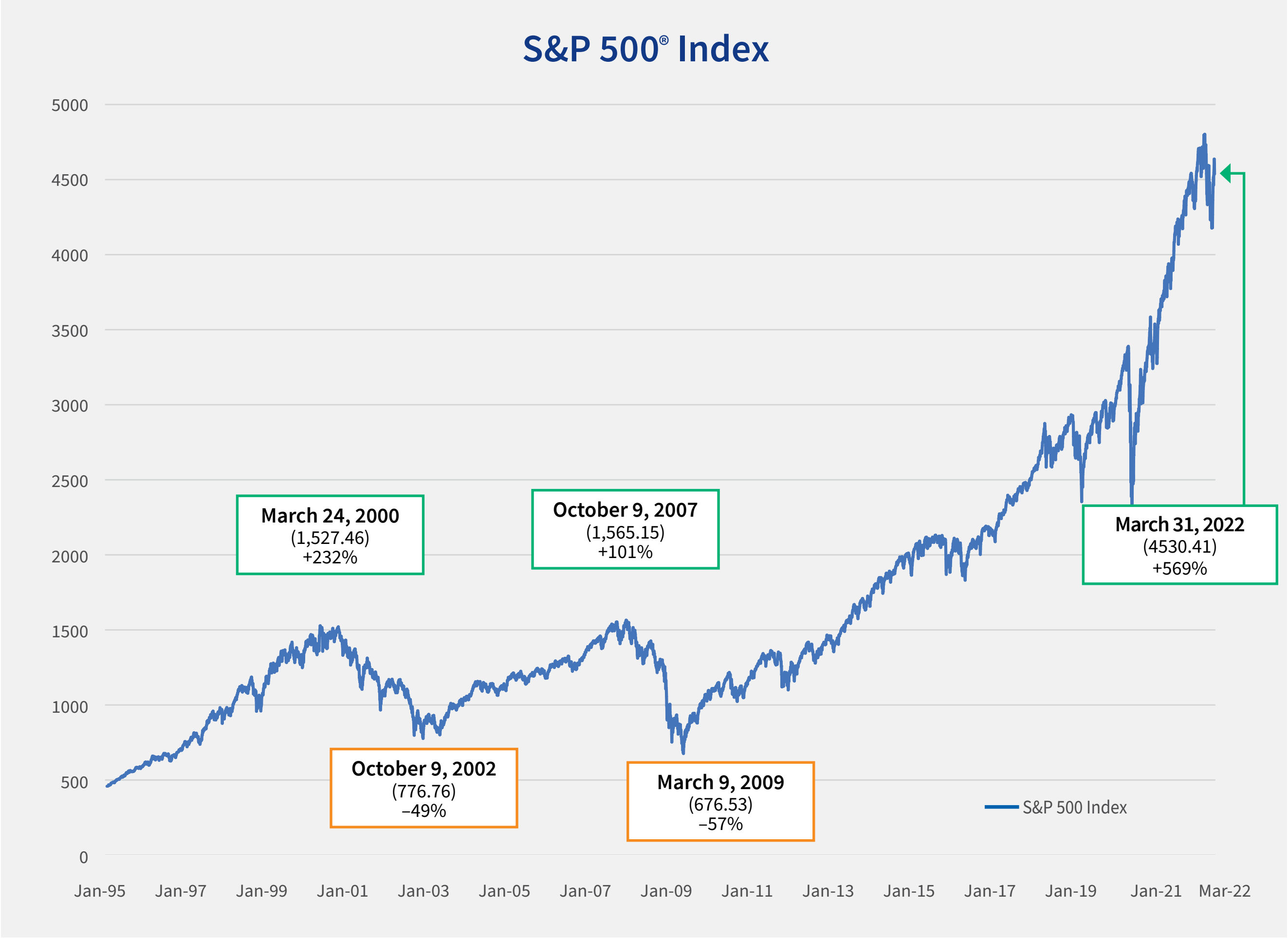
Kadi F. Hinz
Financial Planner*, MSFA

A look back at the stock market

Investing for the long-term

When it comes to investing in the stock market, it's important to remember that while the long-term trend of the market has been positive, **there have been periods of significant price declines, which can come at the wrong time if you are recently retired or nearing retirement.** Of course, past performance is not indicative of future results.

The order in which you encounter positive or negative investment returns—known as the "sequence of returns"—poses a retirement risk that should not be ignored. **If you experience a market downturn in the early years of your retirement, it may increase the possibility of eventually running out of money.** Of course, no one can control the sequence of returns, but there are strategies that can help you protect against this retirement risk.



Source: FactSet, 2022. This illustration is based on historical S&P 500® Index Adjusted Daily Closing Prices for the period 1/3/95–3/31/22. Price return only. Does not include dividend reinvestment. The S&P 500® Index is one of the most commonly used benchmarks for the U.S. stock market. Indexes are unmanaged. You cannot invest directly in them. Performance illustrated is not indicative of future results.

Market volatility is to be expected over time.

That's why it's important to look for ways to help reduce downside risk.

Stock market volatility since 1900[1]

Dips (Decline of 5% or more)	Corrections (Decline of 10% or more)	Bear markets (Decline of 20% or more)
412	128	33
3.4 per year[2]	1.1 per year[2]	Once every 3.7 years[2]

[1]Source: Ned Davis Research, Inc. 2022, based on Dow Jones Industrial Average, daily closes, 1/2/1900–12/31/2021. [2]Average for period shown.

Ask your financial professional how an annuity with a guaranteed lifetime withdrawal benefit can offer you protected lifetime income.

Annuities are long-term products designed for retirement.

Income protection features may be standard or optional. Additional fees, age restrictions and limitations apply. With variable annuities, investment requirements may also apply. Depending on investment performance and income needs, you may not need to rely on the protection provided by an income protection feature. As an alternative to electing an income protection feature, you can annuitize your contract and receive income payments for life at no additional cost. Early withdrawals may be subject to withdrawal charges. Partial withdrawals may reduce benefits available under the contract, as well as the amount available upon a full surrender. Withdrawals of taxable amounts are subject to ordinary income tax, and if taken prior to age 59½, an additional 10% federal tax may apply. An investment in a variable annuity involves investment risk, including the possible loss of principal. Any investment in a retirement account (such as an IRA) automatically receives the benefit of tax deferral; an annuity provides no additional tax-deferred benefit.

Variable annuities are sold by prospectus only. The prospectus contains the investment objectives, risks, fees, charges, expenses and other information regarding the contract and underlying funds, which should be considered carefully before investing. Please contact your insurance and securities licensed financial professional or call 1-800-445-7862 to obtain a prospectus. Please read the prospectus carefully before investing.

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