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M3 FINANCIAL PULSE

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THE MONTH IN BRIEF

Stocks rallied in December, closing out a decidedly positive year on Wall Street. The S&P 500 added another 2.86% last month, rising 28.88% for 2019. What helped the market? The trade dispute between the U.S. and China cooled a bit, as both nations took what was characterized as an initial step toward a potentially larger trade accord. Also, some fundamental indicators hinted that the economy might be picking up rather than slowing down. These factors put investors in a buying mood as the year ended. In Washington, the Federal Reserve left interest rates alone, and a new law was passed impacting retirement accounts. A considerable number of overseas stock markets advanced, and the broad commodities sector fared well.

1 - money.cnn.com/data/markets/sandp/ [12/31/19]

FACT OF THE MONTH

The economy has **expanded** for an unprecedented **126 straight months,** marking the first time in history the U.S. has skirted a recession for an entire calendar decade.

Source: https://www.morningbrew.com/daily/stories/2019/12/20/reason-optimism-endofyear-economic-indicators

S&P 500 Index is an index of 500 of the largest exchange-traded stocks in the US from a broad range of industries whose collective performance mirrors the overall stock market. Investors cannot invest directly in an index. Past performance is no guarantee of future results.
The Federal Reserve System is the central banking system of the United States and controls the Federal Funds Rate, an important benchmark in financial markets used to influence the supply of money in the U.S. economy. Gross Domestic Product (GDP) is a measure of output from U.S factories and related consumption in the United States. It does not include products made by U.S. companies in foreign markets.Inflation is the rise in the prices of goods and services, as happens when spending increases relative to the supply of goods on the market. Moderate inflation is a common result of economic growth.

WHAT COULD BLOCK YOU FROM ACHIEVING YOUR RETIREMENT GOALS?

Here are some common missteps you can avoid so you can achieve the retirement you are dreaming about.

1. **Not cushioning with cash.** You should typically have 3-6 months of income in cash–safe, easily liquid investments so that you don't have to dip into your other investments when an emergency pops up. The penalties for early withdrawals and taxes can really derail you from your goals.
2. **Not starting early enough.** Don't make the mistake of continuing to 'plan to do it in the future' when it comes to saving for retirement. Start now with any amount you can.
3. **Miscalculating your retirement downsizing.** Many of us may plan on significantly reducing our expenses in retirement and then only plan for this smaller budget. But many early retirees find they are spending the same amount in retirement and then don't have enough savings to support their budget.
4. **Being blindsided by medical expenses.** A 65-year old couple retiring in 2019 can expect to spend $285,000 in health care and medical expenses throughout retirement, according to Fidelity's annual Retiree Health Care Cost Estimate.[1] Don't forget to plan for these out-of-pocket medical expenses you will likely face.

You should have a comprehensive, carefully-crafted retirement savings plan to guide you and to spot check if you are on track. Work with a financial advisor who can give you clarity in how your plan is looking and what modifications may be necessary.

1 https://www.plansponsor.com/estimates-health-care-costs-retirement-continue-rise/

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